January 30, 2018

National Stock Exchange of India Limited
Exchange Plaza
Plot No.C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Dear Sirs,

Sub: Qualified institutions placement of equity shares of face value of INR 1 each (the "Equity Shares") by JM Financial Limited (the "Company") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013 (including the rules made thereunder) (the "Issue")

Symbol: **JMFINANCIL**

Please find enclosed an electronic copy of the preliminary placement document in connection with the Issue (in .pdf format) approved by the duly authorised Committee of the Board of the Company at its meeting held on January 30, 2018.

Please also find attached a certified true copy of the resolution passed by the Committee on January 30, 2018 in which it approved the preliminary placement document and decided to open the Issue. A copy of the Due Diligence certificate issued by the Merchant Bankers is also enclosed.

We request you to upload the electronic copy of the preliminary placement document on your website. You may please treat this as compliance of the applicable provisions of the SEBI ICDR Regulations.

Yours faithfully,
for JM Financial Limited

P.K.Choksi

P K Choksi
Group Head – Compliance, Legal
& Company Secretary

Encl.: as above

JM FINANCIAL

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE COMMITTEE OF THE BOARD OF DIRECTORS AT ITS MEETING HELD ON JANUARY 30, 2018

"**RESOLVED THAT** the draft preliminary placement document ("Preliminary Placement Document") in relation to the Issue, which includes disclosures contained in Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a copy of which was placed before the Committee duly initialled by the Managing Director for the purpose of identification, be and is hereby approved for filing/uploading with BSE Limited and National Stock Exchange of India Limited, where the Equity Shares of the Company are listed, and any other regulatory authority as may be required under the applicable laws."

"**RESOLVED FURTHER THAT** any two of Mr. Vishal Kampani, Managing Director, Mr. Prashant Choksi, Group Head – Compliance, Legal & Company Secretary and Mr. Manish Sheth, Group Chief Financial Officer be and are hereby jointly authorised to make any changes to the Preliminary Placement Document that they, in their absolute discretion, think fit and also to effect and/or carry out such alterations, additions, omissions, variations, amendments or corrections in the Preliminary Placement Document as may be necessary or desirable."

"**RESOLVED FURTHER THAT** the final version of the Preliminary Placement Document be signed by Mr. Vishal Kampani, Managing Director and Mr. Prashant Choksi, Group Head – Compliance, Legal & Company Secretary."

Certified to be true

P.K.Choksi

Place: Mumbai
Date: January 30, 2018

P K Choksi
Group Head – Compliance, Legal
& Company Secretary

JM FINANCIAL

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE COMMITTEE OF THE BOARD OF DIRECTORS AT ITS MEETING HELD ON JANUARY 30, 2018

"**RESOLVED THAT** the Committee hereby approves the following:

i. opening of the Issue on January 30, 2018 and
ii. convening a meeting of the Committee on Friday, February 2, 2018 to determine the closing date of the Issue and the price at which the Equity Shares will be issued and allotted."

"**RESOLVED FURTHER THAT** Mr. Vishal Kampani, the Managing Director, Mr. P K Choksi, Group Head – Compliance, Legal & Company Secretary and Mr. Manish Sheth, Group Chief Financial Officer be and are hereby severally authorised to take all steps as they may deem necessary to give effect to the above resolution."

Certified to be true

P. C. Choksi

Place: Mumbai
Date: January 30, 2018

P K Choksi
Group Head – Compliance, Legal & Company Secretary

Preliminary Placement Document
Not for Circulation
Serial Number: _____
Strictly Confidential

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for QIBs on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe or buy the Equity Shares in any jurisdiction where such offer or sale is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted through the Placement Document.

JM FINANCIAL

JM FINANCIAL LIMITED

*JM Financial Limited (our "**Company**"), was originally incorporated as a private limited company under the name of J.M. Share and Stock Brokers Private Limited on January 30, 1986 under the Companies Act, 1956. Subsequently, our Company became a deemed public limited company pursuant to the provisions of Section 43A of the Companies Act, 1956 on June 15, 1988. On September 15, 2004 name of our Company was changed to JM Financial Limited. For further details with respect to changes to the name of our Company, please see section "General Information" on page 269.*

Registered Office and Corporate Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025
Telephone: +91 22 6630 3030; **Facsimile**: +91 22 6630 3223; **E-mail**: shareholdergrievance@jmfl.com; **Website**: www.jmfl.com
CIN: L67120MH1986PLC038784

Our Company is issuing [●] Equity Shares (as defined below) at a price of ₹ [●] per Equity Share ("**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [•] million ("**Issue**"). For further details, please see section "*Summary of the Issue*" on page 36.

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, AND THE RULES MADE THEREUNDER.

797,674,467 equity shares of our Company of face value of ₹ 1 each ("**Equity Shares**") are currently listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together with BSE, "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on January 29, 2018 was ₹ 161.00 and ₹ 161.20 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue have been received from BSE on January 30, 2018 and NSE on January 30, 2018. Applications shall be made for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges. A copy of the Placement Document (which includes disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, at Mumbai ("**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED BELOW), IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN REGULATION 2(1)(zd) OF THE SEBI ICDR REGULATIONS ("QIBs") WHICH ARE NOT: (A) EXCLUDED PURSUANT TO REGULATION 86 OF THE SEBI ICDR REGULATIONS; AND (B) RESTRICTED FROM PARTICIPATING IN THE ISSUE UNDER THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LAWS, ARE ELIGIBLE TO INVEST IN THIS ISSUE.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT, OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS, TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND BIDDERS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. BIDDERS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH BIDDER IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT. BIDDERS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document together with the respective Application Form (as defined hereinafter) and the Placement Document and the Confirmation of Allotment Note (as defined hereinafter). For further details, please see section "*Issue Procedure*" on page 213. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each Bidder, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act, except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States and to U.S. persons only to persons who are qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**") and referred to in this Placement Document as "**U.S. QIBs**") who are also "qualified purchasers" (as defined in the United States Investment Company Act of 1940, as amended and the related rules (the "**Investment Company Act**"), and referred to in this Placement Document as "**Qualified Purchasers**") pursuant to applicable exemptions under the Securities Act and the Investment Company Act, and (b) outside the United States to non-U.S. persons in an "offshore transaction" in reliance on Regulation S. Our Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. Prospective purchasers in the United States are hereby notified that our Company is relying on the exemption under Section 4(a)(2) of the Securities Act and exception under Section 3(c)(7) of the Investment Company Act. For further information, see the sections "*Selling Restrictions*" and "*Purchase and Transfer Restrictions*" on beginning on pages 226 and 233, respectively. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "**QIBs**".

The information on our Company's website or any website directly or indirectly linked to our Company's website or the websites of the Book Running Lead Managers or any of their Affiliates, does not constitute nor form a part of this Preliminary Placement Document and Bidders should not rely on such information contained in, or available through, any such websites.

This Preliminary Placement Document is dated January 30, 2018.

BOOK RUNNING LEAD MANAGERS	
IDFC BANK	CREDIT SUISSE
IDFC Bank Limited	**Credit Suisse Securities (India) Private Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Group, and the Equity Shares which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Group and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Group and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers, having made reasonable enquiries, have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise) except their own information. Accordingly, neither the Book Running Lead Managers nor any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Managers, as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the Book Running Lead Managers nor on any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of, our Company or by, or on behalf, of the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

This Preliminary Placement Document is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "**Prospectus Directive**"). This Preliminary Placement Document has been prepared on the basis that all offers of the Equity Shares offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Equity Shares. Accordingly, any person making or intending to make an offer of Equity Shares which are subject of the placement contemplated in this Preliminary Placement Document within the European Economic Area should only do so in circumstances in which no obligation arises for our Group or the Book Running Lead Managers to produce a prospectus for such offer. None of our Group or the Book Running Lead Managers, have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Book Running Lead Managers which constitute the final placement of the Equity Shares contemplated in this Preliminary Placement Document.

The communication of this Preliminary Placement Document and any other document or materials relating to the issue of the Equity Shares offered hereby is not being made, and such documents and/ or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, such documents and/ or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/ or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Equity Shares offered hereby are only available to, and any investment or investment activity to which this Preliminary Placement Document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Preliminary Placement Document or any of its contents.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Our Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

Within the United States, this Preliminary Placement Document is being provided only to persons who are U.S. QIBs and also Qualified Purchasers. Distribution of this Preliminary Placement Document to any person other than the purchaser or subscriber specified by the Book Running Lead Managers or their respective representatives, and those persons, if any, retained to advise such purchaser or subscriber with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Preliminary Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue (in consultation with the Book Running Lead Managers or their representatives), and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to not make copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, Bidders must rely on their own examination of our Group and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such investor, subscriber under applicable legal, investment or similar laws or regulations.

Each subscriber to the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under applicable law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities including the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Company's website, www. jmfl.com, any website directly or indirectly linked to the website of our Company or on the websites of the Book Running Lead Managers or its respective affiliates, does not constitute or form part of this Preliminary Placement Document. Bidders should not rely on such information contained in, or available through, such websites.

NOTICE TO INVESTORS IN THE UNITED STATES AND U.S. PERSONS

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company could be an "investment company" as defined in the U.S. Investment Company Act and has not been and will not be registered under the U.S. Investment Company Act. Accordingly, the Equity Shares are being offered and sold (a) to persons in the United States and to U.S. persons who are reasonably believed to be both U.S. QIBs and Qualified Purchasers pursuant to Section 4(a)(2) of the U.S. Securities Act and Section 3(c)(7) of the U.S. Investment Company Act and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S. The Equity Shares are transferable only in accordance with the restrictions described in "*Purchase and Transfer Restrictions*" on page 233.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE, CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION, MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO NON-U.S. PERSONS IN CERTAIN OTHER JURISDICTIONS

For information relating to selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 226. The Equity Shares are transferable only in accordance with the restrictions described in "*Purchase and Transfer Restrictions*" on page 233.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the Bidders in the Issue.

By Bidding for, and by subscribing to, any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Managers, as follows:

- You are a QIB as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and are not excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

- You have made, or are deemed to have made, as applicable, the representations set forth under sections "*Selling Restrictions*" and "*Purchase and Transfer Restrictions*" on pages 226 and 233 of this Preliminary Placement Document, respectively;

- You are eligible to invest in India under applicable laws including FEMA Regulations and have a valid and existing registration with SEBI, as amended and any modification, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities; you will make all necessary filings with the appropriate regulatory authority including the RBI, as required pursuant to applicable laws.

- If you are Allotted any Equity Shares in the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so Allotted except on the floor of the Stock Exchanges. Additional restrictions apply if you are within the United States. Please see the section "*Purchase and Transfer Restrictions*";

- You are aware that the Equity Shares have not been and will not be registered through a prospectus under the Companies Act (as defined hereinafter), the SEBI ICDR Regulations or under any other law in force in India. This Preliminary Placement Document has not been and the Placement Document will not be reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs and that this Preliminary Placement Document and the Placement Document will not be registered as a prospectus under the Companies Act. The Equity Shares offered by way of the Issue will not be offered to the public in India or any class of investors, other than Eligible QIBs;

- You are entitled to subscribe to, and acquire, the Equity Shares under applicable law and you have fully observed such law and you have the necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out, or referred to, in this Preliminary Placement Document), and complied with all necessary formalities and that you will honour such obligations;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue, and that your participation in the Issue is on the basis that you are not, and will not, up to the date of Allotment, be a client of the Book Running Lead Managers. Neither of the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue, and are not in any way acting in a fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are, therefore, unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and accordingly, you acknowledge that you have been advised not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Group's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Our Company or any of our Shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates assumes no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public, and the Allotment of the Equity Shares shall be on a discretionary basis by our Company, in consultation with the Book Running Lead Managers;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company in the format prescribed in the SEBI Listing Regulations will be filed by our Company with the Stock Exchanges. If you are Allotted more than 5.00% of the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges, and the Stock Exchanges will make the same available on their respective websites and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including, in particular, the section "*Risk Factors*" on page 44;

- In making your investment decision, you have (i) relied on your own examination of our Group and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Group, the Equity Shares and the terms of the Issue based solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsel and advisors, or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters, (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- You are seeking to subscribe to / acquire the Equity Shares in the Issue for your own investment and not with a view of sale or distribution;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including, but not limited to, the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You, and any accounts for which you are subscribing for the Equity Shares, (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and / or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to your investment in the Equity Shares, and (v) you are seeking to subscribe to the Equity Shares for your own investment and not with a view to resell or distribute them and have no reason to anticipate any change in your circumstances, financial or otherwise, which may cause or require you to sell all or some of the Equity Shares in the near future. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each such managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such managed account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the SEBI ICDR Regulations) of our Company and are not a person related to the Promoter, either directly or indirectly, and your Bid does not directly or indirectly represent the 'Promoter', or 'Promoter Group' of our Company or persons related to the Promoters;

- You agree that in terms of the Companies Act, 2013, our Company shall file the list of Eligible QIBs (to whom the Preliminary Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Equity Shares Allotted) and if the Allotment of Equity Shares in the Issue results in you being one of the top ten Shareholders, we shall also be required to disclose your name and shareholding details to the RoC, and you consent to such disclosure being made by us, under the Companies Act, 2013;

- You have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

- You will have no right to withdraw your Bid after the Issue Closing Date;

- You are eligible to apply for and hold the Equity Shares Allotted to you, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable laws;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**");

- To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue. For the purposes of this representation:

  (a) the expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  (b) 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations.

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the applications for the final listing and trading approvals will be made only after Allotment. There can be no assurance that the final approvals for listing and trading of the Equity Shares will be obtained in time or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use their best efforts, as agents of our Company, to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

- The contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act. You understand and agree that our Company has not registered and does not invest to register under the Investment Company Act and is relying upon Section 3(c)(7) of such act, and investors will not be entitled to the benefits of the Investment Company Act;

- If you are within the United States or a U.S. person (as defined in Regulation S, except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)), you are a "Qualified Purchaser" and a U.S. QIB, and are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirement of a Qualified Purchaser and a U.S. QIB, for investment purposes only, and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not an affiliate of our Company or a person acting on behalf of such an affiliate;

- If you are outside the United States, you are not a U.S. person, and are subscribing for the Equity Shares in an "offshore transaction" within the meaning of Regulation S under the Securities Act, and are not our Company's or the Book Running Lead Managers' affiliate or a person acting on behalf of such an affiliate;

- You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the Securities Act provided by Section 4(a)(2) under the Securities Act and the Equity Shares may not be eligible for resale under Rule 144A thereunder. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the sections titled "*Selling Restrictions*" and "*Purchase and Transfer Restrictions*" on pages 226 and 233, respectively, particularly, you represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts at Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to, and including, the Allotment, listing and trading of the Equity Shares offered by way of the Issue;

- You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- Our Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given by you to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable;

- You will attend to all necessary filings with appropriate regulatory authorities, as required pursuant to applicable laws; and

- You understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari-passu* in all respects with the existing Equity Shares including the right to receive all dividend and other distributions declared, made or paid in respect of the existing Equity Shares after the date of issue of the Equity Shares.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard an FPI, other than Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such P-Notes are issued after compliance with 'know your client' norms, and (iii) such offshore derivatives investments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instruments is made by, or on behalf of, it subject to the following conditions: (a) such offshore derivative instruments are transferred to persons, subject to fulfilment of SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPI is required to collect regulatory fee of US$1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of P-Notes issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. FPI is required to deposit this regulatory fee once every three years, provided that for the block of three years beginning April 1, 2017, the FPI shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017 (i.e. July 20, 2017).

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal and tax advisers regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations, including without limitation, Indian laws, rules, regulations and guidelines applicable to P-Notes.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of, or claims on, the Book Running Lead Managers. FPI affiliates (other than Category III FPI and unregulated broad-based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Book Running Lead Managers may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", 'recipient", "investors", "prospective investors" and "potential investor" are to the Bidders in the Issue, references to the "Company", "JM Financial", "Issuer" are to "JM Financial Limited" and references to "we", "us" or "our" are to our Company, together with its Subsidiaries.

Currency and Units of Presentation

In this Preliminary Placement Document, references to:

- "₹", "Rs.", "Rupees", "INR", or "Indian Rupees" are to Indian Rupees, the official currency of the Republic of India;
- "Euro" or "€" are to Euro, the official currency of the member states of the European Union;
- "£", "GBP" or "Pound" are to Pound Sterling, the official currency of the United Kingdom; and
- "USD" or "US$" or "U.S. dollar" are to United States Dollars, the official currency of the United States of America.

All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GOI", "Central Government" or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "lakh" or "lac" mean "100,000", and the word “million” means “10 lakh” and the word "crore" means "10 million" or "100 lakh" and the word "billion" means "1,000 million" or "100 crore".

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the extent of one decimal places and all figures, in percentage terms, have been rounded off to one decimal place.

Financial Data and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal" or "Fiscal year", when used in the section "*Industry Overview*", refer to the 12 month period ending March 31 of that year.

Our Company publishes its financial statements in Indian Rupees. Our Audited Standalone Financial Statements, Audited Consolidated Financial Statements, the Unaudited Special Purpose Interim Condensed Standalone Financial Information and Unaudited Special Purpose Interim Condensed Consolidated Financial Information each prepared in connection with the Issue, included herein have been prepared in accordance with Indian GAAP prescribed by the Institute of Chartered Accountants of India (“**ICAI**”), the Companies Act, 1956, the Companies Act, 2013, Accounting Standards notified under the Companies Act and the requirements of the Listing Regulations, including the notes thereto and the reports thereon are included in this Preliminary Placement Document in the section "*Financial Information*" beginning from page 270.

Unless the context otherwise requires, all financial data in this Preliminary Placement Document are derived from our Audited Standalone Financial Statements, Audited Consolidated Financial Statements, Unaudited Special Purpose Interim Condensed Standalone Financial Information and Unaudited Special Purpose Interim Condensed Consolidated Financial Information. The Audited Standalone Financial Statements and Audited Consolidated Financial Statements have been audited by the previous statutory auditors, M/s. Khimji Kunverji & Co, Chartered Accountants. The limited review report for the Unaudited Special Purpose Interim Condensed Standalone Financial Information and Unaudited Special Purpose Interim Condensed Consolidated Financial Information was issued by our current Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants. Deloitte Haskins & Sells LLP, Chartered Accountants, our current Statutory Auditors as required under the Companies Act, were appointed by the Shareholders at the annual general meeting held on July 24, 2017.

Indian GAAP differs in certain significant respects from United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) (“**U.K. GAAP**”), International Financial Reporting Standards (“**IFRS**”) and generally accepted accounting principles followed in the U.S. (“**U.S. GAAP**”). Our Company has not attempted to quantify the impact of U.K. GAAP or U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of our financial statements to those of U.K. GAAP, U.S. GAAP or IFRS. Each of U.K. GAAP, U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader’s level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

In addition, MCA, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. This circular requires our Company to prepare Ind AS based financial statements for the accounting period commencing April 1, 2018 with comparative financial statements for the accounting period on ending March 31, 2018. The nature and extent of the possible impact of Ind AS on our financial reporting and accounting practices is currently uncertain, and there can be no assurance that such impact will not be significant. Investors are advised to avail independent financial and accounting advice to analyze the impact of the application of Ind AS to the preparation and presentation of our financial statements. Our Company cannot assure you that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of Ind AS will not result in a materially adverse effect on our Company’s future financial information. For further information on the transition to Ind AS, see “*Risk Factors – Non-banking financial companies in India will be required to prepare financial statements under the Ind AS for periods beginning from April 1, 2018. There is limited clarity on the impact of such transition to Ind AS*” and “*Significant Differences between Indian GAAP and Ind AS*” on pages 48 and 122, respectively.

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Preliminary Placement Document regarding market position, growth rates and other industry data pertaining to our Company's business consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise statistical information included in this Preliminary Placement Document pertaining to the various sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this context, please note that we have relied on report on '*Industry report on Assessment of various financial products and services in India*' published in January 2018. This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Information included in this Preliminary Placement Document from CRISIL Research Report is subject to the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. JM Financial Ltd. will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Neither our Company nor the Book Running Lead Managers have independently verified this data, nor do we or the Book Running Lead Managers make any representation regarding the accuracy of such data. Similarly, while our Company believes that its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither we nor the Book Running Lead Managers can assure potential investors as to their accuracy. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

All statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'will likely result' 'is likely', 'are likely', 'believe', 'expect', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Instability or difficult conditions in the financial markets could adversely affect our business, results of operations and financial condition;
- We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share;
- Any volatility in interest rates could adversely affect our net interest margin, financial performance and results of operations;
- We operate in highly regulated business and are subject to various laws and regulations and regulatory investigations;
- Non-compliance with RBI inspection/ observations;
- disruption in funding sources;
- Any default and late or non-payment by from our customers;
- We will be required to prepare financial statements under Indian Accounting Standards ("**Ind AS**") with effect from April 1, 2018. Accounting standards under Ind AS vary from accounting standards under Indian GAAP;
- Higher levels of NPAs due to customer defaults impact the quality of our portfolio; and
- We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Summary of significant differences among Indian GAAP and Ind AS*", "*Industry Overview*" and "*Business*" and on pages 44, 92, 122, 126 and 166, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the Book Running Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company with limited liability incorporated under the laws of India. Except for Mr. Paul Zuckerman, all the Directors and key managerial personnel are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code (as defined below), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, each of the United Kingdom, Republic of Singapore and Hong Kong (among others) are some of the countries that have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees at the applicable foreign exchange rate on the date of such judgment or award becomes enforceable and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Further, any judgment or award in foreign currency would be converted with Rupees on the date of such judgement or award and not on the date of payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares. The following table sets forth information, for the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As of January 29, 2018, the exchange rate (RBI reference rate) was ₹ 63.55 to US$ 1.00.

(₹ per US$)

	Period End	Average[(1)]	High[(2)]	Low[(3)]
Fiscal Year Ended:				
March 31, 2017	64.84	67.09	68.72	64.84
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
Quarter Ended:				
December 31, 2017	63.93	64.74	65.55	63.93
September 30, 2017	65.36	64.29	65.76	63.63
June 30, 2017	64.74	64.46	65.04	64.00
March 31, 2017	64.84	67.01	68.23	64.84
Months Ended				
December 31, 2017	63.93	64.24	64.54	63.93
November 30, 2017	64.43	64.86	65.52	64.41
October 31, 2017	64.77	65.08	65.55	64.76
September 30, 2017	65.36	64.44	65.76	63.87
August 31, 2017	64.02	63.97	64.24	63.63
July 31, 2017	64.08	64.46	64.82	64.08

Source: www.rbi.org.in

(1) Represents the average of the official rate for each working day of the relevant period;

(2) Maximum of the official rate for each working day of the relevant period;

(3) Minimum of the official rate for each working day of the relevant period.

(4) In case of holiday, the official rate for previous working day has been considered.

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise implies or requires, the terms and abbreviations stated hereunder shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines, charter documents and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements thereto, as of the date of this Preliminary Placement Document. Notwithstanding the foregoing, terms used in the sections "*Taxation*" and "*Financial Information*" beginning on pages 245 and 270, respectively, shall have the meanings given to such terms in such sections.

Company related terms

Term	Description
"Issuer", "JM Financial", or "Company"	JM Financial Limited
Articles or Articles of Association	Articles of association of our Company, as amended from time to time.
"Audited Consolidated Financial Statements"	Our audited consolidated financial statements as at, and for the years ended March 31, 2017, March 31, 2016 and March 31, 2015, each prepared in accordance with Indian GAAP respectively
"Audited Standalone Financial Statements"	Our audited standalone financial statements for the years ended March 31, 2017, March 31, 2016 and March 31, 2015, each prepared in accordance with Indian GAAP respectively
"Board of Directors" or "Board"	The board of directors of our Company or any duly constituted committee thereof
"Compliance Officer"	The compliance officer of our Company
"Credit Suisse"	Credit Suisse Securities (India) Private Limited
"Director(s)"	Director(s) of our Company
"Executive Director(s)"	The Director(s) appointed as Managing Director of our Company in accordance with the Companies Act
"Equity Share(s)"	The equity shares of our Company, each having a face value of ₹ 1
"Financial Information"	Our Audited Standalone Financial Statements, our Audited Consolidated Financial Statements, our Unaudited Special Purpose Interim Condensed Standalone Financial Information and Unaudited Special Purpose Interim Condensed Consolidated Financial Information
"Group", "our Group", "we", "us" or "our"	Our Company, together with our Subsidiaries
"IDFC Bank"	IDFC Bank Limited
"Independent Director"	A non-executive, independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations
"JM ESOS"	JM Financial Limited, Employee Stock Option Scheme
"Key Managerial Personnel"	Key Managerial Personnel of our Company as of the date of this Preliminary Placement Document, in accordance with the Companies Act, 2013, namely: a. Mr. Vishal Kampani, Managing Director, b. Mr. Manish Sheth, Chief Financial Officer, and c. Mr. Prashant Choksi, Company Secretary.
"Memorandum" or "Memorandum of Association"	Memorandum of association of our Company, as amended from time to time.
"Non-executive Director"	A Director, not being an Executive Director or an Independent Director
"Promoters"	J. M. Financial & Investment Consultancy Services Private Limited and Mr. Nimesh Kampani
"Registered Office and Corporate Office"	The registered office of our Company is located at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025, Maharashtra
"RoC" or "Registrar of Companies"	Registrar of Companies, Mumbai
"Senior Management"	Mr. Adi Patel, Mr. Anil Bhatia, Mr. Atul Mehra, Mr. Bhanu Katoch, Mr. Darius Pandole, Ms. Dipti Neelakantan, Mr. Manish Prasad, Mr. Manish Sheth, Mr. Nimesh Kampani, Mr. Prakash Chellam, Mr. Prashant Choksi, Mr. Rajeev Chitrabhanu, Mr. Shashwat Belapurkar, Mr. Subodh Shinkar, Mr. Vishal Kampani and Mr. V P Shetty
"Shareholder(s)"	The holder(s) of Equity Shares of our Company, unless otherwise specified in the context thereof.
"Subsidiaries"	Subsidiaries of our Company as of the date of this Preliminary Placement Document, in accordance with the Companies Act, 2013, namely: a. JM Financial Credit Solutions Limited, b. JM Financial Products Limited,

Term	Description
	c. JM Financial Asset Reconstruction Company Limited, d. JM Financial Services Limited, e. JM Financial Commtrade Limited, f. JM Financial Overseas Holdings Private Limited (Mauritius), g. JM Financial Singapore Pte Limited (Singapore), h. JM Financial Securities,Inc. (Delaware - United States of America), i. JM Financial Capital Limited, j. JM Financial Home Loans Limited, k. Infinite India Investment Management Limited, l. JM Financial Asset Management Limited, m. JM Financial Properties and Holdings Limited, n. CR Retail Malls (India) Limited, and o. JM Financial Securities Limited (being renamed as JM Financial Institutional Securities Limited).
"Statutory Auditors"	Current statutory auditors of our Company, being Deloitte Haskins & Sells LLP, Chartered Accountants
"Unaudited Special Purpose Interim Condensed Consolidated Financial Information"	Our interim unaudited consolidated financial statements as of, and for the nine month period ended, December 31, 2017 comprises condensed interim statement of profit and loss for the nine month period ended December 31, 2017, condensed interim balance sheet as at December 31, 2017 and condensed cash flow statement for the nine month period ended December 31, 2017, and selected notes, each prepared in accordance with Indian GAAP
"Unaudited Special Purpose Interim Condensed Standalone Financial Information"	Our interim unaudited standalone financial statements as of, and for the nine month period ended, December 31, 2017 comprises condensed interim statement of profit and loss for the nine month period ended December 31, 2017, condensed interim balance sheet as at December 31, 2017 and condensed cash flow statement for the nine month period ended December 31, 2017, and selected notes, each prepared in accordance with Indian GAAP

Issue related terms

Term	Description
"Allocated" or "Allocation"	The allocation of Equity Shares following the determination of the Issue Price to Eligible QIBs on the basis of the Application Form submitted by them, by our Company in consultation with the Book Running Lead Managers and in compliance with Chapter VIII of the SEBI ICDR Regulations
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, the issue and allotment of Equity Shares to be issued pursuant to the Issue
"Allottees"	Eligible QIBs to whom Equity Shares are issued and Allotted pursuant to the Issue
"Application Form"	The form (including any revisions thereof) pursuant to which an Eligible QIB shall submit a Bid for the Equity Shares in the Issue
"Bid(s)"	Indication of interest of an Eligible QIB, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
"Bidder"	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
"Book Running Lead Managers" or "Lead Managers" or "BRLMs"	Book Running Lead Managers to the Issue, namely IDFC Bank and Credit Suisse
"CAN" or "Confirmation of Allocation Note"	Note or advice to Eligible QIBs confirming Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Eligible QIBs
Category III FPIs	Investors who are not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices as defined under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
"Closing Date"	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, *i.e.* on or about [•] 2018
"Cut-off Price"	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the Book Running Lead Managers
"Designated Date"	The date of credit of Equity Shares, pursuant to the Issue, to the Eligible QIB's demat account, as applicable to the respective Eligible QIBs
"Eligible FPI"	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not allowed to participate in the Issue
"Eligible QIBs"	QIBs, as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations which are not:

Term	Description
	(a) excluded pursuant to regulation 86 of the SEBI ICDR Regulations, (b) not registered as foreign portfolio investors, foreign venture capital investors, or any other QIB that is a non-resident or (c) 'owned' or 'controlled' by non residents / persons resident outside India, as defined under FEMA, except as specifically set forth in this Preliminary Placement Document.
"Escrow Account"	The non-interest bearing, no-lien, escrow bank account, without any cheques or overdraft facilities, to be opened with regard to any money received towards the subscription of the Equity Shares in the name of "JMFL – QIP 2018 Escrow Account" with the Escrow Banks
"Escrow Agreement"	Agreement dated January 30, 2018, entered into amongst our Company, the Escrow Banks and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
"Escrow Banks"	IDFC Bank Limited and ICICI Bank Limited
"Floor Price"	The floor price of ₹ 161.44, as certified by Deloitte Haskins & Sells LLP, Chartered Accountants, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations. The Floor Price, net of discount of [●]% is ₹ [●].
"Issue"	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
"Issue Closing Date"	[●], which is the last date up to which the Application Forms shall be accepted
"Issue Opening Date"	January 30, 2018, the date on which the acceptance of the Application Forms shall have commenced by our Company or the Book Running Lead Managers on behalf of the Company.
"Issue Period"	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids including any revision and/ or modification thereof
"Issue Price"	₹ [●] per Equity Share
"Issue Size"	The issue of [●] Equity Shares aggregating up to [●]
"Mutual Fund"	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
"Pay-in Date"	The last date specified in the CAN for payment of application monies by the Eligible QIBs
"Placement Agreement"	Agreement dated January 30, 2018 entered into amongst our Company and the Book Running Lead Managers
"Placement Document"	The placement document to be issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013
"Preliminary Placement Document"	This preliminary placement document dated January 30, 2018, issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013
"Promoter Group"	Promoter group, as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
"QIBs" or "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations or such other persons as maybe permitted by applicable laws to acquire the Equity Shares to be issued pursuant to the Issue
"QIP"	This qualified institutions placement, being a private placement to Eligible QIBs under Chapter VIII of the SEBI ICDR Regulations and the applicable sections of the Companies Act
"QP" or "Qualified Purchasers"	A "qualified purchaser" as defined under the Investment Company Act
"Relevant Date"	January 30, 2018, which is the date of the meeting of our Board, or any committee duly authorised by the Board, deciding to open the Issue

Industry related terms

Term	Description
"ALCO"	Asset Liability Management Committee
"ALM"	Asset Liability Management
"AML"	Anti– Money Laundering
"ARC/SC"	Asset reconstruction company/Securitization Company
"AAUM"	Average assets under management
"AUM"	Assets under management
"Average Asset"	Average of opening and closing asset (net of goodwill, if any) of the year / period
"Average Equity"	Average of opening and closing equity (net of goodwill, if any) of the year / period
"CAGR"	Compounded annual growth rate

Term	Description
“CBLO”	Collateralized borrowing and lending obligation
“Cost of Borrowing”	The ratio of finance costs to daily average of borrowings
“Cost to Income Ratio”	Ratio of total expenses less finance costs, sub brokerage and provisions, to total revenue less finance costs and sub brokerage
“Cost to Net Income”	Ratio of total expenses less finance costs, sub brokerage and provisions , to total revenue less finance costs and sub brokerage
“Cost to Net Total Income”	Ratio of total expenses less finance costs, sub brokerage and provisions, to total revenue less finance costs and sub brokerage
“CRAR”	Capital to risk assets ratio
“CRISIL Research Report”	Report titled ‘*Industry report on Assessment of various financial products and services in India*’ dated January, 2018, prepared by CRISIL Limited
“CSR”	Corporate social responsibility program
“FII”	Foreign institutional investor
Finance Cost	Sum of Interest expense and processing cost, if any
“FMC”	Forward Markets Commission India
“FPO”	Further public offer
“GBL”	Group borrower lending limits
“Gross NPA”	Gross Non-Performing Assets as per RBI regulations for banks or NBFCs
“HFC”	Housing finance company
“HNI”	High net worth individual
“IFD”	Independent financial distributors
“IFRS”	International Financial Reporting Standards
“IPO”	Initial public offering
“KYC”	Know your customer
“LAP”	Loan against property
“LAS”	Loans against shares/securities
“Loan book”	Loan book includes gross advances of our lending book profile
“NAV”	Net Asset Value
“NBFC”	Non-banking financial company
“NBFC-D”	Deposit-taking non-banking financial company
“NBFC-ND-SI”	Systematically important non-deposit taking non-banking financial company
“Net Interest Income”	Interest income on loan book less finance costs
“Net Interest Margin”	The ratio of Net Interest Income to daily average of Loan Book
“Net NPA”	Net Non-Performing Assets as per RBI regulations for banks or NBFCs
“NHB”	National Housing Bank
“NPA”	Non-performing asset
“Qualified Purchaser”	Qualified purchasers as defined under the Investment Company Act
“PAT”	For Consolidated information, Profit after tax, and minority interest and share of associates. For Others, Profit after tax
“PBT”	Profit before tax
“ROA/ Return on Assets”	For Consolidated Information, Profit after tax, share of associates and before minority interest to Average Assets. For others, PAT to Average Assets
“ROE/ Return on Equity”	PAT to Average Equity
“SARFAESI Act”	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
“SLB”	Securities lending and borrowing
“SME”	Small and medium enterprise
“SR”	Security receipts
“Tier I Capital”	As defined under the RBI regulations for NBFCs
“Tier II Capital”	As defined under the RBI regulations for NBFCs
“SLB”	Securities lending and borrowing
Yield	The ratio of interest income to the daily average of loan book

Conventional and general terms / Abbreviations

Term	Description
"AGM"	Annual general meeting
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
"AS"	Accounting Standards issued by ICAI, as required under the Companies Act
“AY”	Assessment year
"BSE"	BSE Limited
"CCI"	Competition Commission of India

Term	Description
"CDSL"	Central Depository Services (India) Limited
"CIN"	Corporate Identity Number
"CSR"	Corporate social responsibility
"Civil Procedure Code"	The Code of Civil Procedure, 1908
"Companies Act"	Companies Act, 1956 and/ or the Companies Act, 2013, as applicable
"Companies Act, 1956"	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the rules made thereunder
"Companies Act, 2013"	Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified
"Competition Act"	The Competition Act, 2002
"Depositories Act"	The Depositories Act, 1996
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
"Depository Participant"	A depository participant as defined under the Depositories Act
"DIN"	Director Identification Number
"EGM"	Extraordinary general meeting
"EHSMS"	Environmental, Health and Safety Management System
"FDI"	Foreign direct investment
"FDI Policy"	Consolidated FDI policy issued by the Department of Industrial Policy and Promotion by circular D/o IPP F. No. 5(1)/2017-FC-1 of 2017, with effect from August 28, 2017
"FEMA"	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder
"FEMA Regulations"	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
"Form PAS-4"	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.
"FPI"	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
"FVCI"	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
"GAAP"	Generally accepted accounting principles
"GAAR"	General Anti-Avoidance Rules
"GBP"	Great Britain Pound
"GDP"	Gross domestic product
"GIR"	General index registrar
"GoI"/ "Government"	Government of India, unless otherwise specified
"HUF"	Hindu undivided family
"ICAI"	The Institute of Chartered Accountants of India
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"Ind AS"	Indian accounting standards converged with IFRS, as notified by the Ministry of Corporate Affairs through the IAS Rules in its general statutory rules dated February 16, 2015
"Indian GAAP"	Generally accepted accounting principles in India, including the accounting standards specified under the Companies (Accounts) Rules, 2014, as amended
"IT"	Information technology
"Investment Company Act"	The United States Investment Company Act of 1940, and the related rules and regulations
"Lac"/ "lakh"	Lakhs
"NRI" or "Non-Resident Indian"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"p.a."	Per annum
"RBI"	Reserve Bank of India
"RBI Act"	The Reserve Bank of India Act, 1934
"Regulation S"	Regulation S under the Securities Act
"RoC"	Registrar of Companies, Mumbai
"Rule 144A"	Rule 144A under the Securities Act
"₹" / "Rs." / "Rupees" / "INR"	Indian Rupees, the legal currency of the Republic of India
"SCR (SECC) Rules"	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations)

Term	Description
	Regulations, 2012
"SCRA"	Securities Contracts (Regulation) Act, 1956
"SCRR"	Securities Contracts (Regulation) Rules, 1957
"SEBI"	Securities and Exchange Board of India
"SEBI Act"	The Securities and Exchange Board of India Act, 1992
"SEBI FII Regulations"	The *erstwhile* Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
"SEBI FPI Regulations"	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
"SEBI Insider Trading Regulations"	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
"SEBI Listing Regulations"	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"SEBI ICDR Regulations"	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
"Securities Act"	The United States Securities Act of 1933, as amended
"SENSEX"	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
"SEZ"	Special economic zone
"Stock Exchanges"	BSE and NSE, taken together
"STT"	Securities transaction tax
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011
"U.S.$ ", "U.S. dollar", or "USD"	United States Dollar, the legal currency of the United States
"U.S. person"	"U.S. person" as defined in Regulation S, except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)
"U.S. QIB"	A qualified institutional buyer, as defined under Rule 144A
"USA" "U.S. ", or "United States"	The United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia).
"VCF"	Venture capital fund

Unless the content otherwise requires, the words and expressions used but not defined in this Preliminary Placement Document will have the same meaning as assigned to such terms under the Companies Act, SEBI ICDR Regulations, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms specifically defined in this Preliminary Placement Document, shall have the meanings given to such terms in the sections where specifically defined.

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant page of this Preliminary Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the Company indicating both registered office and corporate office.	Cover page, 273
b.	Date of incorporation of the Company.	Cover page, 269
c.	Business carried on by the Company and its Subsidiaries with the details of branches or units, if any.	166
d.	Brief particulars of the management of the Company.	199
e.	Names, addresses, DIN and occupations of the directors.	199-201
f.	Management’s perception of risk factors.	44
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	Not Applicable
(ii)	Debentures and interest thereon;	Not Applicable
(iii)	Deposits and interest thereon; and	Not Applicable
(iv)	Loan from any bank or financial institution and interest thereon.	Not Applicable
h.	Names, designation, address and phone number, e-mail ID of the nodal/ Compliance Officer of the Company, if any, for the private placement offer process.	269
2.	**PARTICULARS OF THE ISSUE**	
a.	Date of passing of board resolution.	36
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	36
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	36
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	36
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which the Company intends to raise by way of securities.	Cover page
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not applicable
(ii)	Rate of dividend;	Not applicable
(iii)	Rate of interest;	Not applicable
(iv)	Mode of payment; and	Not applicable
(v)	Mode of Repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	20
i.	Purposes and objects of the offer.	83
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	83
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
i.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	207
ii.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	267
iii.	Remuneration of directors (during the current year and last three financial years).	203-205
iv.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	208
v.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of	120

S. No.	Disclosure Requirements	Relevant page of this Preliminary Placement Document
	the said reservations or qualifications or adverse remark.	
vi.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceeding the year of circulation of offer letter in the case of company and all of its Subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the Company and all of its Subsidiaries.	266
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c.	The monies received under the Issue shall be used only for the purposes and objects indicated in the offer letter.	

SUMMARY OF BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 44 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017, included in this Preliminary Placement Document. For further information, see "Financial Information" on page270.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to JM Financial Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to JM Financial Limited on a consolidated basis.

Overview

We are an established financial services group providing a range of financial services. Beginning with the establishment of JM Financial and Investment Consultancy Services Private Limited in September 1973, the major shareholder and promoter of our Company, our longstanding operations in the financial services sector has resulted in establishing "JM Financial" as a recognized brand.

Our primary business verticals include:

- fund based activities comprising real estate, corporate/ structured finance and capital markets lending as well as the asset reconstruction business;
- investment banking and securities business covering (i) equity and fixed income capital markets transactions, mergers and acquisitions advisory and private equity syndication, (ii) investment advisory and distribution which includes wealth management, and (iii) institutional equities;
- alternative asset management business which involves managing private equity funds and a real estate fund; and
- asset management business which involves the mutual fund business.

Fund Based Activities. Our fund based activities are conducted principally through three of our Subsidiaries: JM Financial Credit Solutions Limited ("JMFCSL") and JM Financial Products Limited ("JMFPL") which entities are registered with the Reserve Bank of India ("RBI") as non-banking financial companies ("NBFCs"); and JM Financial Asset Reconstruction Company Limited ("JMFARCL"), which is registered with the RBI under the SARFAESI Act, and in which we own 50.01% shareholding. While JMFCSL is primarily engaged in the business of extending wholesale credit to developers of real estate projects, JMFPL undertakes the business of structured finance/ corporate lending to corporates and capital markets lending to high networth individuals, retail and wealth segment clients. JMFPL also leverages its balance sheet to extend large sized loans to real estate developers. We are in the process of growing our SME lending business in JMFPL as well as our housing finance business in JMFPL's wholly owned subsidiary, JM Financial Home Loans Limited ("JMFHLL"). JMFHLL has recently been granted a license to operate as a housing finance company by the National Housing Bank of India. JMFARCL is engaged in the asset reconstruction business, a key focus area within our fund based activities.

Investment Banking and Securities Business (IWS). The investment banking and securities business includes management of capital markets transactions, advising on mergers & acquisitions, and private equity syndication. We also provide investment advisory and distribution services, involving equity brokerage services, wealth management, capital market lending for wealth management and broking clients and distribution of financial products. This segment also includes our institutional equities business. The average daily turnover for the securities business for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017, was ₹ 24,196.0 million, ₹ 21,369.0 million, ₹ 29,874.2 million and ₹ 48,899.5 million, respectively.

Alternative Asset Management. Our alternative asset management business involves administration and management of our private equity and real estate funds, i.e. JM Financial India Fund and JM Financial Property Fund. These funds are close to completion of their respective terms, and we are currently in the process of launching another private equity fund, JM Financial India Trust II.

Asset Management. Our asset management business is conducted through JM Financial Asset Management Limited ("JMFAML"), which manages the assets under schemes launched by JM Financial Mutual Fund ("JMFMF"). Our mutual fund clients predominantly include institutional and corporate clients as well as high net worth individuals.

Revenues from our fund based activities, investment banking and securities, alternative asset management, and asset management business contributed 68.9%, 27.1%, 0.2% and 3.8%, respectively, of our total revenues in Fiscal 2017. Profit before tax from these segments represented 80.1%, 14.8%, (0.9)% and 5.9%, respectively, of our profit before tax in Fiscal 2017. Profit after tax from these segments represented 76.6%, 20.3%, (1.8)% and 5.3%, respectively, of our profit after tax in Fiscal 2017.

In the nine months ended December 31, 2017, these segments contributed 69.9%, 25.5%, 0.9% and 3.7%, respectively, of our revenues, and represented 76.8%, 14.9%, 0.9% and 6.7%, respectively, of our profit before tax, and 68.8%, 21.9%, 2.2% and 6.2%, respectively, of our profit after tax, in such period.

The tables below set forth certain information relating to our principal business segments in the periods indicated:

Segment	Fiscal 2015				Fiscal 2016				Fiscal 2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)											
Fund Based Activities	8,062.1	21,041.7	3,474.4	2,165.9	10,789.3	25,583.5	5,486.0	3,150.1	16,250.2	32,407.6	7,787.5	3,603.4
Investment Banking and Securities	5,219.3	5,998.8	1,239.9	847.5	4,946.9	5,605.0	794.4	539.6	6,387.5	6,388.4	1,436.9	953.7
Alternative Asset Management	274.4	847.2	149.5	110.5	128.5	830.6	43.8	37.5	44.0	806.8	(85.6)	(86.4)
Asset Management	467.5	1,375.8	178.1	96.5	855.4	1,832.1	563.4	249.3	892.9	2,285.1	574.3	247.1
Others/ Unallocated	1,391.7	1,659.6	127.2	84.8	1,939.7	876.4	40.9	28.1	2,130.1	1,474.3	4.2	(15.8)
Total Segment Revenue	**15,415.0**	**30,923.1**	**5,169.1**	**3,305.2**	**18,659.8**	**34,727.6**	**6,928.5**	**4,004.6**	**25,704.7**	**43,362.2**	**9,717.3**	**4,702.0**
Less: Inter - segment	(1,384.6)	-	-	-	(1,813.2)	-	-	-	(2,112.1)	-	-	-
Total	**14,030.4**	**30,923.1**	**5,169.1**	**3,305.2**	**16,846.6**	**34,727.6**	**6,928.5**	**4,004.6**	**23,592.6**	**43,362.2**	**9,717.3**	**4,702.0**

Segment	Nine Months ended December 31,							
	2016				2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)							
Fund Based Activities	11,468.1	31,449.1	5,392.3	2,574.9	16,090.9	36,345.2	6,961.5	3,041.7
Investment Banking and Securities	4,159.5	5,993.1	745.5	526.9	5,866.5	6,804.0	1,348.4	966.4
Alternative Asset Management	34.4	785.7	(66.7)	(67.5)	196.7	903.8	78.3	97.0
Asset Management	634.3	2,140.2	387.6	168.6	850.1	2,195.5	607.1	273.2
Others/ Unallocated	1,386.3	1,622.7	(3.9)	(9.4)	1,840.3	1,884.7	72.9	42.9
Total Segment Revenue	**17,682.6**	**41,990.8**	**6,454.8**	**3,193.5**	**24,844.5**	**48,133.2**	**9,068.2**	**4,421.2**
Less: Inter - segment	(1,339.6)	-	-	-	(1,822.0)	-	-	-
Total	**16,343.0**	**41,990.8**	**6,454.8**	**3,193.5**	**23,022.5**	**48,133.2**	**9,068.2**	**4,421.2**

In Fiscal 2015, 2016 and 2017, and in the nine months ended December 31, 2017, our profit after tax (on a consolidated basis) was ₹ 3,305.2 million, ₹ 4,004.6 million, ₹ 4,702.0 million and ₹ 4,421.2 million, respectively, and profit after tax (on a standalone basis) was ₹ 781.0 million, ₹ 1,122.5 million, ₹ 1,067.3 million and ₹ 872.2 million, respectively.

Competitive Strengths

Strong track record of over four decades of trusted partnership with clients

Commencing the group's operations with the establishment of JM Financial and Investment Consultancy Services Private Limited in September 1973 by our major shareholder and promoter, we believe that our longstanding operations in the financial services industry in India has resulted in establishing "JM Financial" as an established brand. We believe that the group's client focused business approach over four decades has enabled us to develop strong relationships across the corporate, institutional, HNI and the retail client base. We believe that the established brand and trusted partnership with our clients has enabled us to ensure a track record of strong financial performance.

Diversified business model, strong brand, and well positioned to benefit from industry trends

We have grown from an investment banking, mergers and acquisitions, advisory, equity broking and wealth management business to a diversified financial services group encompassing real estate developer loans, structured finance, corporate and capital markets lending, asset reconstruction, investment banking, research based securities broking and wealth management, asset management and alternative asset management. We believe that our diversified financial products and services platform enables us to develop and maintain strong relationships with clients and customers across our businesses, and leverage such relationships to generate repeat business and cross-sell our products and services. In addition, our business model involves a diversified revenue stream, comprising a mix of fee based and fund based income. We were initially focused on providing asset management and corporate finance solutions to corporates and institutions and subsequently diversified into fund based activities over the years. We believe that these diversified offerings have helped us gain more visibility as a financial services entity, and thereby improved our recall value with our client base. While we have continued our strong performance in our investment banking and securities business, we have significantly grown our fund based lending businesses focused on increased profitability and ROE. We believe that our client oriented approach, together with our ability to capitalize on emerging market trends, has enabled us to develop a consistently profitable and sustainable business model, which has resulted in further strengthening the brand equity through the brand "JM Financial" as an established organization in the financial services industry in India.

We believe that our extensive presence across the rapidly growing financial services industry in India, including in credit, investment banking and securities, asset reconstruction, investment advisory and distribution has enabled us to grow our businesses across different segments. In addition, our significant experience and established corporate relationships also enable us to access specialist industry expertise and grow our businesses. We believe our existing fee based businesses (investment banking and securities business, asset management and alternative asset management businesses) and fund based businesses (lending business and asset reconstruction business) are well established and are well positioned to benefit from emerging industry trends. We expect our businesses to benefit from the increased activity in the Indian capital markets, growing trend of increased household savings moving towards financial assets, structural reforms being implemented in India including the insolvency and bankruptcy code, increase in stressed assets and focus on their resolution and industry growth in wholesale finance. We have also ventured into housing finance and SME lending (including education infrastructure lending) businesses to capitalize on the opportunities in these segments and further diversify our loan portfolio.

Consistent track record of growth and profitability

We believe that our diversified business model provides multiple growth opportunities, and enables us to manage short-term volatility in our business cycles to ensure consistent growth and profitability. Our corporate and developer loan book has increased from ₹ 9,173.0 million as of March 31, 2012 to ₹ 111,787.9 million as of December 31, 2017. AUM for our ARC business has grown from ₹ 7,583.9 million as of March 31, 2012 to ₹ 125,003.4 million as of December 31, 2017, while AUM for our mutual fund business has grown from ₹ 62,829.2 million as of March 31, 2012 to ₹ 142,961.6 million as of December 31, 2017. Similarly, AUM for our wealth management business has grown from ₹ 185,956.2 million as of March 31, 2012 to ₹ 319,101.2 million as of December 31, 2017. In addition, our capital markets lending book has grown from ₹ 10,856.3 million as of March 31, 2012 to ₹ 31,800.2 million as of December 31, 2017.

We believe that the diversity of our businesses, strong brand, asset classes, client segments and geographies has enabled us to ensure a stable and sustainable financial performance, reflected in our consistent growth in revenues and profitability. We recorded total revenue of ₹ 14,030.4 million, ₹ 16,846.6 million, ₹ 23,592.6 million and ₹ 23,022.5 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively. Our total revenue increased at a CAGR of 29.7% from Fiscal 2015 to Fiscal 2017. We recorded profit before tax of ₹ 5,169.1 million, ₹ 6,928.5 million, ₹ 9,717.3 million and ₹ 9,068.2 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively. Our profit before tax increased at a CAGR of 37.1% from Fiscal 2015 to Fiscal 2017. Our profit after tax after minority interests in such periods was ₹ 3,305.2 million, ₹ 4,004.6 million, ₹ 4,702.0 million and ₹ 4,421.2 million, respectively. Our profit after tax increased at a CAGR of 19.3% from Fiscal 2015 to Fiscal 2017. Our ROA was 5.3%, 5.4%, 4.7% and 4.4% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017 (on an annualized basis), respectively. Our ROE was 14.6%, 15.3%, 15.6% and 17.3% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017 (on an annualized basis), respectively.

The following table sets out certain information on our key business verticals:

	Fiscal			Nine Months ended December 31,	
	2015	2016	2017	2016	2017
	(₹ million)				
Segment Revenues					
Fund Based Activities	8,062.1	10,789.3	16,250.2	11,468.1	16,090.9
Investment Banking and Securities	5,219.3	4,946.9	6,387.5	4,159.5	5,866.5
Alternative Asset Management	274.4	128.5	44.0	34.4	196.7
Asset Management	467.5	855.4	892.9	634.3	850.1
Others	1,391.7	1,939.7	2,130.1	1,386.3	1,840.3
Total Segment Revenue	15,415.0	18,659.8	25,704.7	17,682.6	24,844.5
Less: Inter - segmental revenue	(1,384.6)	(1,813.2)	(2,112.1)	(1,339.6)	(1,822.0)
Total	**14,030.4**	**16,846.6**	**23,592.6**	**16,343.0**	**23,022.5**
Segment Profit Before Tax					
Fund Based Activities	3,474.4	5,486.0	7,787.5	5,392.3	6,961.5
Investment Banking and Securities	1,239.9	794.4	1,436.9	745.5	1,348.4
Alternative Asset Management	149.5	43.8	(85.6)	(66.7)	78.3
Asset Management	178.1	563.4	574.3	387.6	607.1
Others	127.2	40.9	4.2	(3.9)	72.9
Total	**5,169.1**	**6,928.5**	**9,717.3**	**6,454.8**	**9,068.2**
Segment Profit After Tax After Minority Interests					
Fund Based Activities	2,165.9	3,150.1	3,603.4	2,574.9	3,041.7
Investment Banking and Securities	847.5	539.6	953.7	526.9	966.4
Alternative Asset Management	110.5	37.5	(86.4)	(67.5)	97.0
Asset Management	96.5	249.3	247.1	168.6	273.2
Others	84.8	28.1	(15.8)	(9.4)	42.9
Total	**3,305.2**	**4,004.6**	**4,702.0**	**3,193.5**	**4,421.2**
Segment Capital Employed					
Fund Based Activities	21,041.7	25,583.5	32,407.6	31,449.1	36,345.2
Investment Banking and Securities	5,998.8	5,605.0	6,388.4	5,993.1	6,804.0
Alternative Asset Management	847.2	830.6	806.8	785.7	903.8
Asset Management	1,375.8	1,832.1	2,285.1	2,140.2	2,195.5
Unallocated	1,659.6	876.4	1,474.3	1,622.7	1,884.7
Total	**30,923.1**	**34,727.6**	**43,362.2**	**41,990.8**	**48,133.2**

Strong lending book profile reflected in strong growth, asset quality and returns

Our fund based activities are primarily focused on wholesale lending to real estate developers, corporate lending and capital markets lending, as reflected in our aggregate loan book which has grown at a CAGR of 45.1% from March 31, 2015 to March 31, 2017. Our aggregate loan book was ₹ 53,876.0 million, ₹ 72,148.8 million, ₹ 113,428.3 million and ₹ 143,588.1 million, as of March 31, 2015, 2016, 2017 and December 31, 2017, respectively.

We continue to manage the credit risk associated with our lending business through a diversified credit portfolio, and have accordingly been able to increase our customer base and client accounts across our loan book. Our loan approval and administration procedures, as well as our collection and enforcement procedures are designed to ensure consistent recovery and minimize delinquency. In particular, we have developed customized credit analysis procedures for each product depending on the nature of the customer, purpose of the loan and the amount of loan advanced. We analyze past financial information and the applicant's business performance to assess their ability to repay loans. In addition to document verification and credit bureau reports, we conduct site verifications, interviews, as well as market and banking reference checks on the applicant, co-applicant and guarantor, as applicable. Other measures adopted to assess institutional borrowers include the viability of their business and financing products, the credit history of such institutions, the reputation and experience of the relevant promoters and founders of such institutions, as well as their credit, collection and other operational procedures and policies. In particular, for our developer/ real estate financing business, we endeavor to maintain our position as senior secured lender at all times, by avoiding entering into consortium arrangements. In most cases, we also conduct micro market surveys and lend largely to residential projects and developers that are not subject to any concentration risks. We also have stringent eligibility criteria for borrowers in this segment, including having achieved certain minimum delivery records, experience, and commercial presence. We believe that these risk management efforts are reflected in our relatively low NPA levels. Gross NPAs were ₹ 479.3 million, ₹ 203.3 million, ₹ 141.0 million and ₹ 801.4 million in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively, while Net NPAs were ₹ 390.2 million, ₹ 117.1 million, ₹ 8.1 million and ₹ 683.6 million in such periods. Gross NPAs were 0.9%, 0.3%, 0.1% and 0.6% of our gross advances as of March 31, 2015, 2016, and 2017, and December 31, 2017, respectively, while Net NPAs were 0.7%, 0.2%, 0.0% and 0.5% of our net advances as of such dates.

Our lending book has accordingly yielded strong ROA and ROE. Our lending business' ROA was 4.5%, 4.9%, 4.7% and 4.0% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the in nine months ended December 31, 2017 (on an annualized basis), respectively. Our lending business's ROE was 15.7%, 16.7%, 17.9% and 17.2%, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the in nine months ended December 31, 2017 (on an annualized basis), respectively.

The following table sets forth certain key performance indicators with respect to our lending business as of the dates or for the periods indicated, as applicable:

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million, except ratios and percentages)			
Loan Book:				
Real Estate	28,446.4	56,285.5	81,061.1	83,898.2
Corporate Credit and Structured Finance	9,910.0	5,930.6	15,604.0	27,889.7
Capital Market	15,519.6	9,932.7	16,763.2	31,800.2
Total	**53,876.0**	**72,148.8**	**113,428.3**	**143,588.1**
Gross NPA	479.3	203.3	141.0	801.4
Gross NPA as Percentage of Gross Assets (%)	0.9%	0.3%	0.1%	0.6%
Net NPA	390.2	117.1	8.1	683.6
Net NPA as Percentage of Net Assets (%)	0.7%	0.2%	0.0%	0.5%
Capital Adequacy ratio	35.0%	28.8%	24.1%	21.3%
Tier I ratio	34.5%	28.3%	23.8%	20.9%

Ratios[1]	**Fiscal**			**Nine Months ended December 31, 2017**
	2015	**2016**	**2017**	
Yield (%)	14.8%	15.0%	14.4%	13.3%
Cost of Borrowing (%)	10.3%	9.7%	9.5%	8.6%
Net Interest Margin (%)	6.7%	8.0%	7.3%	6.5%
ROA (%)	4.5%	4.9%	4.7%	4.0%
ROE (%)	15.7%	16.7%	17.9%	17.2%

(1) Calculated on an annualized basis

Diversified funding sources and strong credit profile

Our funding requirements are currently predominantly met through credit facilities from banks, issuance of commercial paper and redeemable non-convertible debentures on a private placement basis. We have access to funds from multiple classes of credit providers, including public sector banks, private commercial banks and mutual funds. We also access money market borrowings from mutual funds. We believe that we have developed and maintained stable long-term relationships with our lenders and established a track record of timely servicing of our debt obligations. We believe that our quality loan portfolio, stringent credit appraisal and risk management processes allow us to reduce cost of borrowings. The following table sets forth our long term and short term borrowing profile by instrument as of the dates indicated:

	As of March 31,						As of December 31, 2017	
	2015		2016		2017			
	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
	(₹ million, except percentages)							
Long Term Borrowings:								
Term loans	1,698.3	3.6%	14,710.0	22.1%	23,486.2	21.7%	36,685.4	25.6%
Non-convertible debentures	3,987.6	8.4%	11,922.0	17.9%	30,737.5	28.5%	47,035.7	32.8%
Inter corporate deposit	-	-	1,600.0	2.4%	-	-	-	-
Finance lease obligation	13.8	0.0%	12.5	0.0%	10.7	0.0%	10.9	0.0%
Total	**5,699.7**	**12.1%**	**28,244.5**	**42.3%**	**54,234.4**	**50.2%**	**83,732.0**	**58.4%**
Short Term Borrowings:								
Commercial papers	36,655.1	77.6%	30,602.6	45.9%	48,628.5	45.0%	57,524.4	40.1%
Short term loan from bank	-	-	1,100.0	1.6%	-	-	100.0	0.1%
Inter corporate deposit	850.0	1.8%	900.00	1.3%	400.00	0.4%	250.0	0.2%
Overdraft accounts/ Loans from banks	1,262.8	2.7%	2,865.4	4.3%	3,507.3	3.2%	350.7	0.2%
Borrowings under securities lending and borrowings (SLB)	-	-	566.4	0.8%	1,245.9	1.2%	1,515.8	1.1%
Borrowing under CBLO	2,746.4	5.8%	2,428.5	3.6%	-	-	-	-
Total	**41,514.3**	**87.9%**	**38,462.9**	**57.7%**	**53,781.7**	**49.8%**	**59,740.9**	**41.6%**
Grand Total	**47,214.0**	**100.0%**	**66,707.4**	**100.0%**	**108,016.1**	**100.0%**	**143,472.9**	**100.0%**

Our Company together with its Subsidiaries has strong credit ratings from agencies including CRISIL, ICRA and Fitch. We believe our strong credit rating allows us to borrow funds at competitive rates from diverse sources, reflected in our reduced cost of funds. For further information on our credit ratings, see "*Business – Credit Ratings*" on page 195.

Depth of management team

We believe that the considerable experience of our Board and senior management team in the financial services sector is a significant competitive advantage that has enabled us to successfully diversify and grow a profitable and sustainable business model. The Board comprises distinguished industry experts. Mr. Nimesh Kampani, Chairman of the JM Financial group is an industry veteran with extensive experience in the financial services industry, and has been instrumental in consolidating our market position as one of India's leading financial service providers. He has served as a member on several committees of regulatory authorities in the financial services industry. Mr. Vishal Kampani, Managing Director of our Company, has garnered considerable experience as a senior investment banker, and has continued to shape our businesses focused on improving profitability while strengthening our diversified businesses.

The Board is supported by a professional and experienced senior management team that has extensive experience in the banking and financial services sector, which has enabled us to develop strong relationships with our major clients and the financial industry network. Each of our businesses are supported by a dedicated team of managers with specialized professional expertise. Our leadership team includes heads of our real estate / developer financing, corporate/structured financing, capital market lending, investment banking, institutional securities, investment advisory and distribution, asset reconstruction, and private equity businesses, each with extensive experience in such business.

For further information on our management team, see "*Board of Directors and Senior Management*" on page 199.

Extensive operational network and wide customer coverage

We serve our customers through our distribution network of 291 offices across 19 States and one Union Territory, as of December 31, 2017. As of December 31, 2017, the wealth management team included 58 advisors located across Mumbai, Delhi, Bangalore, Ahmedabad, Pune, Kolkata and Hyderabad and an extensive network IFDs with coverage across 114 cities through a combination of branches and franchisees. As of December 31, 2017, our securities business had research coverage of established companies as well as institutional coverage of recognized investors across various regions. Our asset management business included 14 branches and 81 service centers as of December 31, 2017, with an investor reach of over 126,109 investors. As of December 31, 2017, our asset reconstruction business had six offices across India, and our investment banking business had two offices in India. We also have offices in Mauritius, Singapore and United States of America.

We believe that our widespread operational network allows us to effectively serve existing customers and develop new customers through proximity and frequent interaction. Our extensive operational network reduces concentration in a particular region and ensures that each of our businesses engages best practices across regions in a consistent manner. Our ability to address our customer requirements with a range of product and service offerings through our extensive operational network also results in increasing sales and managing operating costs.

Business Strategies

Continue to focus on risk adjusted profitable and sustainable growth and diversify assets and liabilities

We believe there is significant growth and additional revenue opportunities in offering additional products across the financial services industry and expanding customer access to such products and services. We continue to grow our AUM in a profitable manner by increasing our penetration through our diversified portfolio of products and services. We continue to focus on profitability as a key factor driving our business decisions. We are strategically focused on market opportunities within the financial services sector that enable us to focus on higher profitability. We have developed and implemented stringent credit appraisal processes and standards to manage risks associated with our operations.

We intend to diversify our assets by strategically focusing on other high growth and profitable lending businesses and further expand our capital market and corporate lending businesses. We intend to continue to expand our product portfolio to address the diverse financial needs of our customers and capitalize on emerging industry opportunities by focusing on high growth and dispersed-risk retail lending. In particular, we intend to increase our focus on lending to the SME sector, cater to the finance requirements of education infrastructure, grow our housing finance business with a focus on affordable housing segment, expand the retail segment for the asset management business, pursue strategic opportunities under our asset reconstruction business, and offer real estate brokerage services. We expect that our diverse revenue streams will reduce our dependence on any particular product, spread our risk exposure across industries, businesses, geographies and customer segments.

We also intend to further diversify our funding profile, strategically adding additional funding resources, including insurance companies and retail investors. We will continue to focus on developing a diversified funding model to achieve optimal cost of funds while balancing liquidity and concentration risks. As our cost of borrowings is determined by our credit ratings, financial discipline and business performance, we will continue to source funding at competitive rates from the debt capital markets and reduce the proportion of bank borrowings to reduce funding costs. In particular, with respect to our credit business, a decrease in cost of borrowings will enable us to price our products in a more competitive manner. Based on our balance sheet, we believe that we will continue to improve our credit ratings and access additional sources of funds.

Strengthen our credit profile

We have identified the SME and retail credit segment as a strategic focus area to grow our credit portfolio. In order to diversify our operations from our wholesale credit business and diversify our risk profile, we intend to increasingly focus on market opportunities in the retail credit segment. Our borrowers in the capital market lending segment are largely retail and HNI customers. We also intend to further strengthen our retail lending profile by increasing our focus on SME lending and also developing our housing finance business focused on the affordable housing segment. As an integral part of our strategy to increasingly focus on growing our retail credit portfolio and profile, we continue to introduce stringent measures to further improve our credit approval processes, revise our credit policies regularly to address customer requirements and market developments, and streamline distribution channel in our capital markets lending business. We believe that our strategic focus on growing our retail lending business will enable us to diversify our risk profile, increase interest income, improve capital utilization efficiencies, eventually resulting in superior credit ratings and lower cost of funds. We also believe that expanding our retail customer base will allow us to generate significant opportunities for cross-selling our wider range of products and services.

Strengthen our position across various businesses and expand into new verticals

We believe that our investment banking business provides us with competitive advantages that we can leverage to increase our market share and ranking in our other financial services businesses. In order to strengthen our wealth management business, we intend to continue to recruit specialized personnel and improve the mix of our AUM to include more equity as a proportion of total AUM. We also intend to expand into newer geographies and increase our customer base in our real estate financing business, to spread our credit risk and drive overall growth of the segment. In addition to our existing corporate and capital market loan products, we intend to leverage our network to develop complementary business segments and establish ourselves as the preferred provider of financial products for our customers' financial needs. By offering a wide range of products and services, we also expect to attract more customers and to increase our scale of operations. We expect that our strategically complementary businesses will allow us to offer new products to existing customers while also attracting new customers. We also expect to leverage our extensive knowledge of the financial markets and localized industry and customer requirements to enable us to diversify into various financial products and services that address the specific requirements of customers, differentiating us from our competitors.

Asset reconstruction

In particular, we intend to expand our presence in the financial services sector with our asset reconstruction business, by leveraging our expertise in the sector to identify and acquire stressed assets and NPAs that may be resolved. The significant rise in NPA volumes in the banking sector and corresponding pressure on the banking industry to maintain adequate capital and strengthen their balance sheet provides our ARC business significant opportunities. We believe that recent regulatory developments streamlining insolvency and bankruptcy proceedings and the regulatory framework around distressed assets in India, will lead to attractive opportunities for the acquisition and resolution of distressed assets from banks and other financial institutions at competitive prices. Our subsidiary JMFARCL commenced this business in 2008, and we believe that our deep experience in the financial services industry will provide a competitive advantage in identifying, resolving and leveraging such distressed asset opportunities. We intend to focus on resolutions and acquisitions, and adopt turn-around strategies for distressed credit across sectors. This will involve working with banks and other stakeholders, and we believe our established position in the financial services sector provides us with significant opportunities to leverage these relationships. We propose to strengthen our team of specialized personnel and advisors for our ARC business, in order to implement our resolution and recovery mechanisms. We intend to focus on restructuring the capital or business, as required, with the existing management, and provide additional financing. In addition, we intend to undertake sale of core / non-core assets, working within the regulatory framework set out under the Insolvency and Bankruptcy Code, 2016. As NPAs and stressed asset acquisitions in India in recent years have increasingly involved significant upfront payments, we intend to grow our capital base in the ARC business to pursue such strategic opportunities.

Housing finance

Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rates are expected to boost overall housing loan demand over the next two Fiscal years (*Source: CRISIL Report*). We believe there is significant growth potential in the housing finance industry, including favorable government initiatives such as the Housing For All Mission by 2022, the Pradhan Mantri Awas Yojana ("PMAY") and the Smart Cities Mission. Leveraging our industry experience in the real estate lending business, we intend to focus on developing our housing finance business focusing on retail customers in the affordable housing segment. Our step-down subsidiary JMFHLL has obtained a license to operate as a non-deposit taking housing finance company from the National Housing Bank on November 17, 2017. Offering housing loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms, and lower risk weights for certain classes of loans. We intend to leverage our credit ratings to have relatively low cost of funds to build this business. We are also seeking to improve our technology processes to create efficiencies for such business.

SME lending including loans to NBFCs and education infrastructure lending sector

We have over the years focused on growing our real estate financing business through our wholesale lending operations. We now intend to develop our retail credit business to achieve economies of scale and intend to diversify our risk across geographies, industries and collaterals. In order to achieve this, we propose to increase our lending to the SME sector, offer loans to other NBFCs, and focus on financing brownfield projects like K12 schools in the education infrastructure space. We anticipate greater demand for education infrastructure owing to rapid urbanization. (*Source: CRISIL Report*). We believe that focusing on these additional verticals will enable us to maintain steady growth and improve profitability while adopting a cautious credit underwriting approach. In addition to using technology to help develop these businesses, we intend to focus on sector research in the SME lending space in order to manage credit risks through awareness of early warning signals.

Asset management business

Average AUM for our mutual funds business was ₹ 142,961.6 million for the nine months ended December 31, 2017. Our asset management business caters largely to corporate, institutional and high net worth individuals. We plan to profitably enter the retail segment with smaller ticket sizes. We believe we will be able to leverage our existing distribution network and diversify into the retail segment.

Leverage customer base across verticals

We continue to leverage our wide customer base by cross-selling products across different business segments. We believe we can thereby provide more attractive products and services to our customers while achieving superior operating leverage. We continue to focus on leveraging our corporate relationships and significant expertise garnered from our investment banking platform for our fund based businesses. In order to achieve this, we intend to engage dedicated relationship managers assigned to specific corporate groups and other customers. While the relationship managers engage with our customers to address their specific requirements, our internal products teams assist in developing customized solutions for such customers. We continue to develop our data analytics platform, which analyzes customer information to identify and develop new loan products and cross-sell current loan products. In addition, we are in the process of expanding our network of wealth managers to cross-sell various financial products such as mutual funds, fixed deposits, IPOs and bonds. We are focused on improving the productivity from our existing wealth resources.

In addition, as we grow our asset reconstruction business, we continue to effectively leverage our investment banking expertise to assist with debt restructuring and resolution of assets. We also continue to engage with promoters and HNIs that are associated with our investment banking business, to promote our wealth management and capital markets funding products. Similarly, we propose to leverage our existing relationships with wealth management clients to promote our investment banking products. We believe that our extensive presence across financial services provides us with substantial opportunity to grow and synergize our businesses further. We also believe that strengthening our customer relationships across businesses, and broadening our customer base for each business, will assist in improving our profitability.

Focus on technology to manage and grow business

As we continue to expand our geographic reach, enter into new businesses and scale our operations, we continue to focus on further developing and integrating technology to support growth, facilitate synergies between our businesses and thereby improve the quality of services. We intend to increase connectivity of our distribution network to our central operations in Mumbai through our technology platform. We have made significant investments in strengthening our online technology platform, which we believe will assist in growing our equity broking business in a cost effective manner. We will also continue to build on our technology platform to more effectively coordinate with and service IFDs. In order to support our growing investment advisory and equities brokerage business, we intend to further develop our online platform for investments in mutual funds and IPOs in order to handle the significant increase in business volumes. In our credit business, we are exploring the use of technology to reduce time to market and also control operating costs in the new businesses with the intention of gradually diversifying from wholesale lending into retail lending, and digitizing the credit evaluation and appraisal processes.

As our customer base increases, we will have access to an increasing amount of data. We intend to continue investing in our analytics capabilities to ensure that we are able to gain actionable insights from such data. We will continue to, use analytics to help us understand customer preferences, design new products, identify targets for cross-selling and increase customer transactions.

Enhance the 'JM Financial' brand

While we believe we have developed brand equity as a prudent organization in the financial sector in India, we intend to leverage and enhance the brand to further expand our presence in the financial sector and develop new customer relationships beyond our existing businesses. Our primary focus will be to provide relevant information to customers at all times, and develop our presence as a 'one-stop-shop' financial services provider with a comprehensive product and services portfolio.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Preliminary Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 44, 83, 224, 213 and 241, respectively.

Issuer	JM Financial Limited
Issue Price	₹ [●] per Equity Share
Discount	[●]% discount to Floor Price
Face Value	₹ 1 per Equity Share
Floor Price	₹ 161.44 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. The Floor Price, net of discount of [●]% is ₹ [●]. In terms of Regulation 85 of the SEBI ICDR Regulations, a discount of not more than 5.00% to the Floor Price may be offered by our Company.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹ [•] A minimum of 10.00% of the Issue Size i.e. up to [●] Equity Shares shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution	December 18, 2017
Date of Shareholders' Resolution passed by way of postal ballot	January 29, 2018
Eligible Investors	The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered, shall be determined by our Company in consultation with the Book Running Lead Managers. The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act who are also "qualified purchasers" as defined in the Investment Company Act, and (b) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Equity Shares, see "*Purchase and Transfer Restrictions*" on page 233. Please see sections "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchase and Transfer Restrictions*" on pages 215, 226 and 233, respectively of this Preliminary Placement Document.
Dividend	Please see sections "*Description of Equity Shares*", "*Dividends*" and "*Taxation*" on pages 241, 91 and 245, respectively.
Indian Taxation	Please see section "*Taxation*" on page 245.
Equity Shares issued and outstanding immediately prior to the Issue	797,674,467 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing	In-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue have been received from BSE and NSE on January 30, 2018. Our Company will make applications to each of the Stock Exchanges after Allotment and after credit of Equity Shares to the relevant beneficiary accounts with the Depository Participants with the Stock Exchanges to obtain final listing and trading approval for the Equity Shares.

Lock-up	Please see section "*Placement*" on page 224 of this Preliminary Placement Document.	
Transferability Restrictions	The Equity Shares to be issued pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. The Equity Shares are also subject to certain other restrictions on transferability. Please see the sections "*Purchase and Transfer Restrictions*" and "*Selling Restrictions*" on pages 233 and 226, respectively.	
Use of Proceeds	Please see the section "*Use of Proceeds*" on page 83 for information regarding the use of net proceeds from the Issue.	
Risk Factors	Please see the section "*Risk Factors*" on page 44 for a discussion of the risks you should consider before investing in the Equity Shares.	
Pay-In Date	Last date specified in the CAN sent to the Eligible QIBs for payment of application money.	
Closing	The Allotment of the Equity Shares expected to be made on or about [●].	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The Shareholders who hold Equity Shares as on the relevant record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Issue Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act. Please see sections "*Dividends*" and "*Description of the Equity Shares*" on pages 91 and 241, respectively.	
Minimum Application Size	The minimum value of offer or invitation to subscribe to each Eligible QIB is ₹ 20,000, calculated at the face value of the Equity Shares.	
Security Codes for the Equity Shares	ISIN	INE780C01023
	BSE Code	523405
	NSE Code	JMFINANCIL

SUMMARY FINANCIAL INFORMATION

*The following summary financial information and other data should be read together with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and our financial information, including the notes thereto and the reports thereon, which appear in the section **"Financial Information"**. The summary financial information set forth below is derived from the Audited Standalone Financial Statements, Audited Consolidated Financial Statements, Unaudited Special Purpose Interim Condensed Standalone Financial Information and the Unaudited Special Purpose Interim Condensed Consolidated Financial Information prepared in accordance with Indian GAAP. Solely for the convenience of the reader, the selected data set out below is presented in a format different from our Audited Standalone Financial Statements, Audited Consolidated Financial Statements, the Unaudited Special Purpose Interim Condensed Standalone Financial Information and the Unaudited Special Purpose Interim Condensed Consolidated Financial Information. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind AS, IFRS or other accounting principles.*

Summary of Consolidated Statement of Profit and Loss

(₹ in millions)

Particulars	Nine-months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Income				
Revenue from operations	21,007.1	21,592.4	14,948.4	11,962.3
Other operating income	2,015.4	2,000.2	1,898.2	2,068.1
Total revenue	**23,022.5**	**23,592.6**	**16,846.6**	**14,030.4**
Expenses:				
Employee benefits expense	2,974.1	3,058.1	2,639.1	2,352.4
Finance costs	8,377.2	7,819.6	5,120.9	4,202.0
Depreciation and amortisation expense	194.0	233.2	202.9	180.5
Other expenses	2,409.0	2,764.4	1,955.2	2,126.4
Total Expenses	**13,954.3**	**13,875.3**	**9,918.1**	**8,861.3**
Profit before tax	**9,068.2**	**9,717.3**	**6,928.5**	**5,169.1**
Tax expense				
- Current tax	3,047.1	3,437.5	2,244.8	1,589.6
- Deferred tax	(69.9)	(85.0)	(20.3)	(27.8)
- Tax adjustment of earlier years(net)	#	(4.1)	(0.1)	2.1
Total tax expense	**2,977.2**	**3,348.4**	**2,224.4**	**1,563.9**
Profit for the year / period	**6,091.0**	**6,368.9**	**4,704.1**	**3,605.2**
Add: Share in profit of associates	9.0	119.8	553.3	187.6
	6,100.0	**6,488.7**	**5,257.4**	**3,792.8**
Less: Profit for the year/period attributable to:				
Minority interest	1,678.8	1,786.7	1,252.8	487.6
Owners of parent (Net consolidated profit for the year/period)	**4,421.2**	**4,702.0**	**4,004.6**	**3,305.2**
Earnings per share: (Face value per share ₹ 1)				
Basic (₹)	5.55	5.93	5.08	4.32
Diluted (₹)	5.52	5.89	5.04	4.25

# Denotes amount below ₹50,000/-

Summary of Standalone Statement of Profit and Loss

(₹ in millions)

Particulars	Nine-months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Income				
Revenue from operations	344.4	474.6	350.7	295.6
Other income	948.4	1,154.9	1,227.0	749.8
Total revenue	**1,292.8**	**1,629.5**	**1,577.7**	**1,045.4**
Expenses:				
Employee benefits expense	52.3	82.5	100.8	86.8
Finance costs	292.5	396.0	271.5	75.9
Depreciation and amortisation expense	5.5	6.7	3.8	4.0
Other expenses	78.0	75.0	80.4	73.7
Provision for diminution in the value of investments	-	-	0.1	-
Total Expenses	**428.3**	**560.2**	**456.6**	**240.4**
Profit before tax	**864.5**	**1,069.3**	**1,121.1**	**805.0**
Tax expense				
- Current tax	-	-	1.0	25.0
- Deferred tax	(7.7)	1.3	(2.4)	(1.0)
- Tax adjustment of earlier years(net)	-	0.7	-	-
Total tax expense	**(7.7)**	**2.0**	**(1.4)**	**24.0**
Profit for the year/ period	**872.2**	**1,067.3**	**1,122.5**	**781.0**
Earnings per share: (Face value per share ₹ 1)				
Basic (₹)	1.09	1.35	1.42	1.02
Diluted (₹)	1.09	1.34	1.41	1.00

Summary of Consolidated Balance Sheet

(₹ in millions)

	As at December 31, 2017	As at March 31, 2017	2016	2015
Equity and Liabilities				
Shareholder's Funds				
Share capital	797.6	794.5	789.0	783.7
Reserves and surplus	34,443.9	30,783.0	26,558.8	23,673.3
Capital reserve on consolidation	1,749.5	1,749.5	1,746.9	972.7
Minority interest	12,402.3	11,091.8	6,685.5	6,546.0
	49,393.3	**44,418.8**	**35,780.2**	**31,975.7**
Share application money pending allotment	0.1	#	-	-
Non-Current Liabilities				
Long term borrowings	56,798.9	40,643.9	24,724.1	2,613.7
Deferred tax liabilities (net)	613.3	683.2	852.9	873.1
Other long term liabilities	432.8	294.3	153.3	27.0
Long term provisions	789.0	665.7	640.0	551.6
	58,634.0	**42,287.1**	**26,370.3**	**4,065.4**
Current liabilities				
Current maturities of long-term borrowing	26,933.1	13,590.5	3,520.4	3,086.0
Short term borrowings	59,740.9	53,781.7	38,462.9	41,514.3
Trade payables	4,525.5	8,233.6	3,120.2	2,084.0
Other current liabilities	4,660.2	3,177.8	2,455.5	1,375.3
Short term provisions	102.9	94.3	899.8	947.9
	95,962.6	**78,877.9**	**48,458.8**	**49,007.5**
Total	**2,03,990.0**	**1,65,583.8**	**1,10,609.3**	**85,048.6**
Assets				
Non-Current Assets				
Property, Plant & Equipment	3,647.6	3,725.8	3,316.6	3,333.7
Intangible assets	85.6	88.6	75.3	67.2
Capital work-in-progress	18.8	13.6	10.9	16.9
Goodwill on consolidation	1,260.1	1,056.6	1,052.6	1,052.6
Non-current investments	4,480.6	5,139.1	5,099.2	4,814.5
Long term loans and advances	99,895.5	64,280.2	48,038.8	30,709.9
	1,09,388.2	**74,303.9**	**57,593.4**	**39,994.8**
Current Assets				
Current investments	21,617.5	19,580.7	2,618.1	1,582.3
Debt securities held as stock-in-trade	-	98.6	2,568.9	3,590.1
Assets held for arbitrage activities	5,598.6	1,204.7	591.4	-
Trade receivables	6,743.1	11,789.1	3,549.1	2,266.8
Cash and bank balances	8,607.1	8,690.6	12,650.5	8,328.7
Short term loans and advances	48,475.8	49,871.8	30,380.8	29,088.2
Other current assets	3,559.7	44.4	657.1	197.7
	94,601.8	**91,279.9**	**53,015.9**	**45,053.8**
Total	**2,03,990.0**	**1,65,583.8**	**1,10,609.3**	**85,048.6**

# Denotes amount below ₹50,000/-

Summary of Standalone Balance Sheet

(₹ in millions)

	As at December 31, 2017	As at March 31, 2017	2016	2015
Equity and Liabilities				
Shareholder's Funds				
Share capital	797.6	794.5	789.0	783.7
Reserves and surplus	16,935.2	16,460.7	15,761.2	15,648.1
	17,732.8	**17,255.2**	**16,550.2**	**16,431.8**
Share application money pending allotment	0.1	#	-	-
Non-Current Liabilities				
Long term borrowings	-	-	0.2	2.2
Deferred tax liabilities (net)	1,091.6	1,099.3	1,097.9	1,100.3
Other long term liabilities	10.0	10.0	10.0	10.0
Long term provisions	2.9	2.8	2.0	2.1
	1,104.5	**1,112.1**	**1,110.1**	**1,114.6**
Current liabilities				
Short term borrowings	6,214.3	2,065.6	4,263.4	1,218.8
Trade payables	18.6	9.3	8.7	10.3
Other current liabilities	51.5	85.6	98.3	74.7
Short term provisions	27.0	6.1	688.7	636.5
	6,311.4	**2,166.6**	**5,059.1**	**1,940.3**
Total	**25,148.8**	**20,533.9**	**22,719.4**	**19,486.7**
Assets				
Non-Current Assets				
Property, Plant & Equipment	29.6	21.5	27.3	18.9
Intangible assets	0.7	1.0	1.3	1.6
Non-current investments	17,018.3	17,691.5	17,566.0	16,616.1
Long term loans and advances	1,502.4	1,490.1	1,648.6	1,622.0
Other non-current assets	146.2	20.1	24.6	36.3
	18,697.2	**19,224.2**	**19,267.8**	**18,294.9**
Current Assets				
Current investments	23.0	-	-	-
Cash and bank balances	123.8	117.3	125.4	332.2
Short term loans and advances	6,154.7	1,047.4	3,125.2	757.8
Other current assets	150.1	145.0	201.0	101.8
	6,451.6	**1,309.7**	**3,451.6**	**1,191.8**
Total	**25,148.8**	**20,533.9**	**22,719.4**	**19,486.7**

# Denotes amount below ₹50,000/-

Summary of Consolidated Cash Flow Statement

(₹ in millions)

	Nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Net cash flow (used in) / generated from operating activities (**A**)	(25,671.4)	(21,494.7)	(9,181.4)	(17,170.9)
Net cash flow (used in) / generated from investing activities (**B**)	(1,881.2)	(6,644.3)	2,640.3	(2,809.5)
Net cash flow (used in) / generated from financing activities (**C**)	25,701.3	23,261.3	13,048.8	17,830.7
Net increase/(decrease) in Cash and cash equivalents Before Consolidation Adjustment	**(1,851.3)**	**(4,877.7)**	**6,507.7**	**(2,149.7)**
Cash and cash equivalents of ARC as on September 30, 2016 **(D)(Refer note)**	-	402.4	-	-
Net increase/(decrease) in Cash and cash equivalents after Consolidation Adjustment (A+B+C+D)	**(1,851.3)**	**(4,475.3)**	**6,507.7**	**(2,149.7)**
Cash and cash equivalents at beginning of the year/period	3,956.5	8,431.8	1,924.1	4,073.8
Cash and cash equivalents at end of the year/ period	**2,105.2**	**3,956.5**	**8,431.8**	**1,924.1**
Cash and bank balances as presented in Summary of Consolidated Balance Sheet	8,607.1	8,690.6	12,650.5	8,328.7
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	6,501.9	4,734.1	4,218.7	6,404.6
Cash and cash equivalents at end of the year/period	**2,105.2**	**3,956.5**	**8,431.8**	**1,924.1**

Note: **Additions due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited (ARC) w.e.f. September 30, 2016.**

Summary of Standalone Cash Flow Statement

(₹ in millions)

	Nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Net cash flow (used in) / generated from operating activities (**A**)	(4,865.0)	2,571.7	(2,209.1)	187.4
Net cash flow (used in) / generated from investing activities (**B**)	1,573.7	1,013.1	158.7	(2,750.3)
Net cash flow (used in) / generated from financing activities (**C**)	3,294.2	(3,598.4)	1,821.2	720.5
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**2.9**	**(13.6)**	**(229.2)**	**(1,842.4)**
Cash and cash equivalents at beginning of the year/period	73.9	87.5	316.7	2,159.1
Cash and cash equivalents at end of the year/period	**76.8**	**73.9**	**87.5**	**316.7**

	Nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Cash and bank balances as presented in Summary of Standalone Balance Sheet	123.8	117.3	125.4	332.2
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	47.0	43.4	37.9	15.5
Cash and cash equivalents at end of the year/period	**76.8**	**73.9**	**87.5**	**316.7**

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information disclosed in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are those that we consider to be most significant to our business, results of operations and financial conditions at the date of this Preliminary Placement Document. However, they are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as the other financial information included in this Preliminary Placement Document. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward-Looking Statements" on page 14.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017 included in this Preliminary Placement Document. For further information, see "Financial Information" on page 270.

Our financial statements included in this Preliminary Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Preliminary Placement Document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to JM Financial Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to JM Financial Limited on a consolidated basis.

INTERNAL RISK FACTORS

1. Instability or difficult conditions in the financial markets could adversely affect our business, results of operations and financial condition.

Our businesses are materially affected by conditions in the domestic and global financial markets, as well as economic and political conditions in India. We provide a wide range of services and products to participants in the Indian capital markets and also offer capital markets financing, broking services, distribution of initial public offerings, mutual funds, distribution of other financial products, and investment banking services. Factors such as macroeconomic and monetary policies, volatility in security prices, industry-specific trends, upward and downward trends in the market, mergers and acquisitions activity, legislation and regulations relating to the financial and securities industries, perceived lack of attractiveness of the Indian capital markets, inflation, foreign direct investment, availability of short-term and long-term market funding sources and cost of funding, could affect our business. If there is a prolonged or significant downturn or extreme volatility in the Indian capital markets, our revenue, net investment income and fund management fees could decrease, which would have a material adverse effect on our business, financial condition and results of operations.

Any instability or periods of unfavorable market or economic conditions could lead to a decrease in the volume and value of primary and secondary market transactions, thereby reducing the demand for our broking, investment banking and advisory services and increasing price competition amongst financial services companies. As a result, any decline in transaction volumes would lead to a decline in our revenues received from commissions. Further, during such periods, the private equity funds for which we act as investment advisors also may be impacted by reduced opportunities to exit and realize value from their investments. In addition, unstable or volatile economic conditions could lead to a decrease in real estate and infrastructure projects, thereby reducing the demand for our real estate financing business as well.

The Indian financial market and the Indian economy are influenced by global economic and market conditions, particularly Asian emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Such periods and economic climate may deteriorate due to factors beyond our control, including rising interest rates or inflation, terrorism or political uncertainty, any adverse global or domestic events, including the events that may negatively impact liquidity and investment inflows from foreign and domestic investors.

2. ***We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share. Further, our growth depends on our ability to compete effectively in this competitive environment.***

We operate in a highly competitive market and face significant competition from other players in the financial services industry and from companies seeking to attract our customers' financial assets. The financial services market is being served by a range of financial entities, including traditional banking institutions, other Indian and foreign brokerage houses, investment banks, asset managers, captive finance affiliates of players in various industries, public sector banks, NBFCs and small finance banks.

Many of our competitors may have greater financial resources, may be larger in terms of business volume and customer base, have greater brand recognition among customers, better institutional distribution platforms and may have significantly lower cost of funds compared to us. Some of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide and accordingly, may be more flexible and better positioned to take advantage of market opportunities. Moreover, as interest rate is a key factor driving a customers' decision in selecting a financier, competitors may offer loans at lower rates, owing to access to lower cost of capital, to retain market share. This competition is likely to further intensify as more and more international players enter into Indian financial services industry as a result of regulatory changes. Our future success will depend, to a large extent, on our ability to respond in a timely and effective manner to these competitive pressures. There can be no assurance that we will be able to compete successfully with such competitors and gain market share.

Our fund based activities compete based on a number of factors, including, cost effective sources of funding, successful implementation of new technologies, client relationships, reputation and past performance of our professionals, market focus and the relative quality and price of our services and products, and managing operational costs. Further, variable or floating rate interest options, lower processing fees, monthly reset periods, multiple book runners and financial advisors handling transactions are becoming increasingly common in the Indian financial sector, resulting in an increase in competition. Competitive factors in relation to our asset management and alternative asset management operations include the amount of firm capital we can invest in new products and our ability to increase assets under management, including our ability to attract capital for new investment funds. Further, the Indian securities industry is fragmented and is susceptible to low barriers to entry. Many of our product and service offerings in the brokerage and distribution businesses are easy to replicate. This increases the risk of consolidation among our competitors and entry of other players in the market offering our product substitutes.

Our ability to compete in our fund based business effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we extend loans to our customers. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate financing products, variable payment terms, bundled services and lower processing fees introduced by our competitors. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive financing sector. Our inability to compete effectively in the increasingly competitive market may adversely affect our net interest margins, income and market share.

Such competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets. Further, the financial services industry in India is undergoing rapid and significant technological and other changes. We use technology in many aspects of our business. If we do not anticipate, innovate, keep pace with and adapt to technological and other changes impacting the Indian financial services industry, it could harm our ability to compete in the market, decrease the attractiveness of our products to customers and materially and adversely affect our business prospects. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance industry. Increasing competition may adversely affect our net interest margins, income and market share. For further information, see "*Business – Competition*" on page 197.

3. Any volatility in interest rates could adversely affect our net interest margin, financial performance and results of operations.

Our results of operations depend to a large extent on our fund based activities which is primarily our lending business. Revenues generated from our fund based activities depend on the level of our net interest earned, which is a function of the total amount of our credit book and net interest margin. In Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, our net interest margin was 6.7%, 8.0%, 7.3% and 6.5%, respectively. Our various financing products provide a range of loans at fixed or floating rates of interest. Our funding arrangements also include both fixed and floating rate borrowings.

Since our financing products involve both floating and fixed rates, an inability to match our borrowing profile with our loan product portfolio may lead to various risks such as increase in interest rate. Our net interest income from financing activities and net interest margin would be adversely impacted in case of an increase in interest rate, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds. In the event of a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could adversely impact our interest income from financing activities and net interest margin. Further, we operate in a highly competitive industry which may further require us to reduce the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we raise funds.

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Interest rates in India have been volatile in the past. There can be no assurance that we will be able to adequately manage our interest rate risk. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest margin, thereby adversely affecting our business prospects, future financial performance and results of operations.

4. We operate in highly regulated business and are subject to various laws and regulations and regulatory investigations which may have a material adverse effect on our business, financial condition or results of operation.

We are subject to a wide variety of banking and financial services laws, regulations and regulatory policies and a number of regulatory and enforcement authorities, including but not limited to, RBI, SEBI, RERA, SARFAESI, Monetary Authority of Singapore and NHB. We are subject to detailed regulation and supervision by these regulatory authorities and are also exposed to the constant changes in the regulations and policies formulated by such regulatory authorities.

Our fund based activities are primarily provided through our NBFCs, JMFPL, JMFCSL and JMFCL, as well as JMFARCL which are regulated principally by the RBI and are subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure, other prudential norms, deployment of assets, requirement of net owned funds, borrowing limits, and credit ratings. JMFARCL being involved in the asset reconstruction business is also regulated and registered under the SARFAESI Act. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and financial performance. For instance, the RBI has introduced the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI, SEBI, the GoI and/or the other regulators will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SI, and consequently on our fund based activities. Any change in the rules applicable to us as an NBFC-ND-SI may adversely affect our business, financial condition and results of operations. Further, the RBI has not established a ceiling on the rate of interest that can be charged by NBFCs in the asset finance sector and requires that the board of directors of each NBFC to adopt an interest rate model that takes into account relevant factors such as the cost of funds, margin and risk premium. Moreover, it is unclear whether NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates.

In addition, we are also subject to the corporate laws, taxation laws and other laws in effect in India which require continued monitoring and compliance on our part. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may adversely affect our business, results of operations and financial condition. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, financial condition, cash flows and results of operations. Additionally, we are required to make various filings with the RBI, SEBI, NHB, the Registrar of Companies and other regulatory authorities pursuant to the provisions of RBI regulations, SEBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

5. ***Non-compliance with RBI inspection/ observations may have a material adverse effect on our business, financial condition or results of operation. Our overseas operations are also subject to inspections from regulators in such jurisdictions. Any adverse observations from such regulators could have a material adverse effect on our business, financial condition or results of operation***.

We are subject to periodic inspections by the RBI, SEBI and other regulators. During the course of assessment, RBI advises on issues related to various risk and regulatory non-compliances, and during such inspections the RBI has in the past made certain observations regarding our business and operations, including with respect to satisfying our capital adequacy requirements. While we have responded/in the process of responding to these observations and have informed RBI regarding the status of our compliance, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. While we attempt to be in compliance with all regulatory provisions applicable to us, in the event we are not able to comply with the observations made by the regulators, we could be subject to supervisory actions, which may have a material adverse effect on our reputation, financial condition and results of operations.

6. ***Our business requires substantial funds, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

Our liquidity and profitability are, in large part, dependent upon our timely access to, and costs associated with raising funds. Our funding requirements historically have been met from a combination of term loans, commercial paper, cash credit, non-convertible debentures, as well as equity contributions. Our finance costs were ₹ 4,202.0 million, ₹ 5,120.9 million, ₹ 7,819.6 million and ₹ 8,377.2 million in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, respectively. Our business depends and will continue to depend on our ability to access diversified low cost funding sources. As a financial services company, we face certain additional regulatory restrictions on our ability to obtain financing. For example, recent regulatory developments have affected NBFCs' access to select funding sources, and have affected costs of borrowings. Our ability to borrow funds on acceptable terms and refinance existing debt may also be affected by a variety of factors, including our credit ratings, the regulatory environment and government policy initiatives in India, liquidity in the credit markets, the strength of the lenders from whom we borrow, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our financing agreements. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

Pursuing our growth strategy and introducing new product offerings to our customers will have an impact on our long-term capital requirements. The market for such funds is competitive and our ability to obtain funds at competitive rates will depend on various factors. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including the regulatory environment and policy initiatives in India, liquidity in the market, developments in international markets affecting the Indian economy, investors' and/ or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. If we are unable to obtain adequate financing or financing on terms satisfactory to us and in a timely manner, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations would be materially and adversely affected.

7. ***Any default and late or non-payment by from our customers could adversely affect our business, results of operations and financial condition. Any such defaults and late or non-payments would result in provisions or write-offs in our financial statements which may materially and adversely affect our asset quality, cash flows and profitability.***

We offer a wide range of financial products and services which involves providing credit, as a result of which we are subject to the risk of customer default including delays in repayment or non-payment of interest and/ or principal amounts. Such defaults may occur due to factors beyond our control, including developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates and changes in regulations.

A significant portion of our credit is advanced to developers of residential real estate projects and is therefore less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. We have a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of real estate developers to make timely payments of their loans. Any negative trends or financial difficulties affecting our customers could increase the risk of their default. If our customers fail to repay loans in a timely manner or at all, then our financial condition and results of operations will be adversely impacted. Any delay in enforcing on the collateral due to delays in enforcement proceedings before the Indian courts or due to any other reasons may lead to potential losses. Further, if we are not able to successfully manage these risks associated with lending to these customers, then it may become difficult for us to make recoveries on these loans. We may also experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. We may also be required to make loss provisions in respect of loans to such customers in accordance with applicable regulations and, in certain cases, may be required to write-off such loans.

Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. If our borrowers fail to repay loans in a timely manner or at all, our business prospects, financial condition and results of operations will be adversely impacted. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. Although we have robust risk management controls, there can be no assurance that our risk management controls will be sufficient to prevent future losses on account of customers default. We have previously faced certain instances of customers defaulting and/or failing to repay dues in connection with loans or finance provided by us. We have, in certain instances, initiated legal proceedings to recover amounts due from delinquent customers. For further information in relation to litigation, see "*Legal Proceedings*" on page 264.

8. ***We will be required to prepare financial statements under Indian Accounting Standards ("Ind AS") with effect from April 1, 2018. Accounting standards under Ind AS vary from accounting standards under Indian GAAP and there can be no assurance that our financial statements prepared and presented in accordance with Ind-AS will not materially or adversely vary from our historical financial statements prepared and presented under Indian GAAP, which could adversely affect the trading price of the Equity Shares.***

We currently prepare our annual and interim financial statements under Indian GAAP. NBFCs in India, including us, are required to prepare annual and interim financial statements under Ind AS in accordance with the notification dated March 30, 2016 by the Ministry of Corporate Affairs, Government of India. We will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards". We meet the criteria to adopt Ind AS in the first phase (i.e., accounting periods beginning from April 1, 2018) with comparatives for the period ending on March 31, 2018.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our balance sheets, statements of profit and loss, cash flow statements or other financial statements will not be presented differently under Ind AS than under Indian GAAP or IFRS, and we have not conducted a review to identify or determine the extent of any such differences. Our management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. When we adopt Ind AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the adoption of Ind AS by us will not adversely affect our business prospects, financial condition and results of operations. For further information, see "*Summary of Significant Differences between Indian GAAP and Ind AS*" on page 122.

9. Higher levels of NPAs due to customer defaults impact the quality of our portfolio and our business may be adversely affected if we are unable to provide for such higher levels of NPAs.

We derive a significant portion of our revenue from our fund based activities, which represented 57.5%, 64.0%, 68.9% and 69.9% of our total revenues in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, respectively. Customer defaults could adversely affect our NPA levels and increase our provisions made for our NPAs, which could in turn adversely affect the results of operations of our fund based activities, cash flows and profitability. As of March 31, 2015, 2016 and 2017 and as of December 31, 2017, our gross NPA ratios were 0.9%, 0.3%, 0.1% and 0.6% respectively, while our net NPA ratios were 0.7%, 0.2%, 0.0% and 0.5%, respectively. However, there can be no assurance that our future NPA ratios will be consistent with ratios observed in the past, or at levels that will allow us to maintain profitability. Also, there can be no assurance that we will be able to maintain our NPA ratios at levels with the credit performance of our customers, or at which our credit and our underwriting analysis, servicing and collection systems and controls will be adequate. We may not be successful in our efforts to improve collections and/ or recover existing NPAs. In addition, we may experience greater defaults in principal and/ or interest repayments in future. Thus, if we are unable to maintain our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

Moreover, there can also be no assurance that there will be no deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, or if our provisioning coverage is insufficient to cover our existing or future levels of NPAs, our ability to raise additional capital and debt funds as well as our business prospects, financial condition and results of operations could be adversely affected.

In addition, any adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning therefore may have an adverse effect on our financial performance. For example, the regulatory framework applicable to NBFCs in India was amended in November 2014 to require NBFCs such as ours to follow more stringent NPA evaluation criteria. Prior to Fiscal 2016, the RBI required NBFCs to classify an asset as an NPA when it had remained overdue for a period of six months or more. By a circular dated November 10, 2014 (which was subsequently incorporated in the Master Direction-NBFC-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016), the RBI announced that the asset classification norms for NBFCs are to be made consistent with those applicable to banks, in a phased manner, as follows: assets (other than lease-rental and hire purchase assets) become NPAs if they become overdue: (a) for five months or more in Fiscal 2016; (b) for four months or more in Fiscal 2017; and (c) for three months or more in Fiscal 2018. In addition, the overdue period for higher provisioning requirements are also expected to be reduced in a phased basis. Our repayment schedules may not be adequate to cater to any losses that may arise out of similar unanticipated adverse regulatory developments. Growth of our business and AUM may be adversely affected in the event our NPA levels increase which could materially and adversely affect our business prospects, financial condition and results of operations.

10. ***We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition.***

We are involved in various legal proceedings in the ordinary course of our business. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. These legal proceedings may not be decided in our favor and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, liquidity, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further information, see "*Legal Proceedings*" on page 264.

11. ***We may not be able to recover our secured loans on a timely basis, or at all, and the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under such defaulted loans. Our inability to recover outstanding amounts under loans may adversely affect our business.***

The value of the collateral securing our loans may fluctuate or decline due to factors beyond our control, including those affecting the Indian and global economy in general. While we ensure that there is a buffer for reduction in value, this may not be sufficient if the value of the collateral reduces significantly, in particular in cases of loans that are secured by highly depreciating assets, shares, properties or any other assets. In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of spurious items as security, prolonged legal proceedings, unavailability of a ready market and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, certain kinds of loans that are advanced by us are not secured by any assets.

In India, foreclosure on collateral may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. Foreclosure on collateral generally requires a written petition to an Indian court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral.

A decline in the value of the security could impair our ability to realize the secured assets upon any foreclosure, which may require us to increase our provision for loan losses. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. If we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, our profitability could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

12. ***Our business is tied to the JM Financial group's goodwill and 'JM Financial' brand name. Any adverse impact on the brand name 'JM Financial' or any change in control of the JM Financial group or any other factor affecting the business and reputation of the JM Financial group may have a concurrent adverse effect on our reputation, business and results of operations.***

Our business is tied to our JM Financial group's goodwill and 'JM Financial' brand name, which is registered as a trademark by J.M. Financial & Investment Consultancy Services Private Limited, our promoter group company. Any adverse impact of our goodwill or change in control of the JM Financial group may affect our reputation, business, financial condition and results of operations. Negative public opinion about the financial services industry generally or about the 'JM Financial' brand name and our business specifically could materially adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action. Such negative public opinion can result from factors from our or our third-party service providers' actual or alleged conduct and from actions taken by regulators and community organizations in response to such conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Any adverse developments regarding the brand could materially and adversely affect our business financial condition and results of operations. Further, we depend on the brand recognition, and failure to maintain and enhance awareness of the brand would adversely affect our ability to retain and expand our customer base.

13. We have significant exposure to corporate loans and any impact on their financial performance or the sector in which they operate or the economy in general will adversely affect our results of operation.

As of December 31, 2017, advances under our corporate lending portfolio represented 19.4% of our aggregate advances as of such date. Our corporate lending portfolio comprises loans to corporates engaged in various sectors, including in the infrastructure sector. Our financial position is dependent on global and domestic trends in these sectors. Regulatory actions or policy announcements by the Government of India or state government authorities or any other factors outside our control which could cause significant deterioration in the performance of a particular sector, may adversely impact the ability of borrowers in that industry to service their debt obligations. Accordingly, there can be no assurance that these borrowers will continue to honor their obligations. Further, there can be no assurance that there will be no defaults in future and that there will not be any delay in payments of interest and/ or principal from these borrowers. If any of these borrowers were to become non-performing, our exposure to credit risk would increase, and our net profits would decline and, due to the degree of such exposures, our ability to meet capital requirements could be compromised.

14. We are subject to various risks related to our distribution business, which may impact our revenues and profitability.

We distribute financial products issued by third-party institutions, through our brokerage platform and network of sub-brokers and authorised persons. Due to the complexity of the structure of some third-party products that we distribute, we are subject to various risks, including credit risks, interest risks, liquidity risks and other risks.

Since we are third party distributors, we are not directly liable for any investment loss from or default of the products we distribute to our customers. However, we may be subject to customer complaints, litigation and regulatory investigation, which could have an adverse effect on our reputation and business. Further, the wealth management products that we distribute typically carry a risk and as a result, we may not be able to identify and quantify the risks of these products and fail to identify fraudulent, inaccurate or misleading information from the third-party provider, resulting in our customers investing in financial products that may be too risky for their risk tolerance and investment preference, and may lead to a significant loss. This may also subject us to customer complaints and litigation and negatively affect our reputation, customer relationships, results of operations and business prospects.

In addition, our distribution business also faces risks, including, decrease in distribution commissions, regulatory changes, clawback of payments from the third-party providers, credit risk related to the third-party providers, changing customer preferences with respect to products that we distribute, any adverse change in the relationship with a third-party provider and transition of customers to purchase product directly from such third-party providers. Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

15. We have a limited operating history in our housing finance and SME lending business, which makes it difficult to accurately assess our future growth prospects.

While our lending business management team has many years of experience in relevant industries, we have limited experience in our housing finance and SME lending business, and our success is dependent on our ability to effectively implement these businesses, as the financial services industry, in particular, the retail lending business, is a rapidly evolving industry that may not develop as expected. Assessing the future prospects of our business is challenging in light of both known and unknown risks and difficulties we may encounter, and could place significant demands on the management team and our other resources.

Growth prospects in these businesses can be affected by a wide variety of factors including: competition from other traditional lenders; regulatory limitations on the products we can offer and markets we can serve; other changes in the regulation; access to important marketing channels including TV and mass media, search engine marketing and strategic partnerships with affiliates; changes in customer behavior; access to adequate financing; increasingly sophisticated fraudulent borrowing and online theft; challenges with new products and new markets; and fluctuations in the credit markets and demand for credit.

Any failure on our part to scale up our infrastructure and management to meet the challenges associated with implementing these businesses could cause disruptions to our operations and could be detrimental to our long-term business outlook.

16. An inability to effectively manage and sustain our rate of growth, or maintain operational efficiencies, may adversely affect our business and we may not be able to increase our revenues or maintain our profitability.

We have been achieving consistent growth in our operating performance. Our total revenue increased by 20.1% from ₹ 14,030.4 million in Fiscal 2015 to ₹ 16,846.6 million in Fiscal 2016 and further increased by 40.0% to ₹ 23,592.6 million in Fiscal 2017. Our total revenue was ₹ 23,022.5 million in the nine months ended December 31, 2017. Although we have maintained a consistent and stable growth, our prior growth rates may not be sustainable or need not be an accurate indicator of our future performance. Our ability to sustain our growth depends on various factors, including our ability to manage our growth and expand our customer base which will continue to place demands on our management and other resources and there is no assurance that these demands will be met successfully. There can be no assurance that we would be able to increase revenue or maintain profitability on a quarterly or an annual basis. If this occurs, our business prospects, financial condition and results of operations will be adversely affected.

Our growth exposes us to a wide range of risks, including business risks, such as the possibility that the number of our NPAs may grow faster than anticipated, as well as operational, fraud, regulatory and legal risks. There can be no assurance that we will be able to successfully pursue our growth strategies of expansion of our housing finance portfolio, cross-selling of our products to our existing customers or diversifying our funding profile, and that pursuing these strategies will provide us the anticipated benefits in terms of growth and profitability. Further, we may be unable to develop adequate infrastructure or devote sufficient financial resources or develop and attract talent to manage our growth. Our inability to pursue these strategies successfully or at all, or an inability to manage our growth, may adversely affect our prospects. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to further expand our operations or our financing product portfolio.

17. We have recently obtained a license to operate as a non-deposit taking housing finance company from the National Housing Bank. If we are not successful in the housing finance business, we may lose some or all of the investments that we have made in it and our reputation, results of operations and financial condition may be adversely affected.

Our Company through our step-down subsidiary, JMFHLL, intends to venture into the housing finance segment by providing home loans to retail customer with a focus on affordable segment. To this end, JMFHLL has obtained a license to operate as a non-deposit taking housing finance company from the NHB on November 17, 2017. We may be required to capitalize JMFHLL directly or through one or more of our Subsidiaries in order to grow its housing finance business. We however, do not have substantial operating history in the housing finance business and we may face challenges in attracting and retaining talented professionals although that is a key element of our business strategy and capture a substantial share of housing finance segment and attract customers given the fierce competition in the housing finance market including the need to provide better and customized services and products to differentiate ourselves from the established players. We may face significant challenges in developing and institutionalizing our procedures and policies for that business.

If our housing finance business is unsuccessful, we may lose some or all of the investments that we make in JMFHLL and our reputation, financial condition and results of operations could be adversely affected.

18. Our business operations are heavily reliant on our information technology and telecommunication systems. Any failure of or disruptions/ security breach in our systems, inability to adapt to the technological changes could have an adverse impact on our business, operations and financial condition.

Our business is largely dependent on our information technology systems to record and process accurately a large number of transactions on a daily basis and in a timely manner and our ability to maintain and upgrade our information technology systems and infrastructure. The proper functioning of our financial, trading, risk management, accounting, customer database, customer service and other data processing systems in our computer systems and networks, along with the communications networks linking our information technology systems with relevant exchanges, banks, depositories, registrar and transfer agents and customer interfaces, is critical to our business and our ability to compete effectively. We also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, employee data and propriety business data, for which we could potentially be liable. Our financial, trading, customer database, customer service, accounting or other data processing systems and management information systems or our corporate website may fail to operate adequately or become disabled as a result of events that may be beyond our control, including a disruption of electrical or communications services. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these information technology systems, communication networks or their backup systems and procedures.

We rely on our information technology systems for processing securities transactions. Any prolonged disruption to, or failure of, our information processing or communications systems would limit our ability to process transactions. This would impair our ability to service our customers, which could materially and adversely affect our competitiveness, financial condition, cash flows and results of operations. Further, the information available to and received by us through our existing systems may not be sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies, and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operations and financial condition. Although we back up our business data regularly and have a contingency disaster recovery center, there can be no assurance that there will not be any unforeseen circumstances or that our disaster recovery planning is adequate for all circumstances.

We are also dependent on various third parties for the implementation of certain of our operations, including implementing information technology infrastructure and hardware, networking and back-up support for disaster recovery. As a result, we are exposed to the risk that these third party service providers may be unable to fulfil their contractual obligations or that they may be subject to the risk of fraud or operational errors or the risk that the data security systems provided by them may be inadequate or fail to perform. Failure to perform any of these functions by our third party service providers could materially and adversely affect our business, results of operations and cash flows.

Additionally, our success also depends in part on our ability to respond to technological advances and to emerging financing industry standards and practices on a cost effective and timely basis. Such development and implementation of technology entails significant technical and business risks. If we are unable to keep up with technological changes while our competitors invest in improved or better technologies, they may be able to offer customers better products and user experience. If we are unable to effectively compete on information technology enabled offerings, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Further, our hardware and software systems are also subject to damage or incapacitation by human error, natural disasters, power loss, lack of capacity during peak trading times or times of unusual market volatility, sabotage, computer viruses and other similar events. Our information technology system may not remain free of any interruptions and may not meet our requirements or be suitable for use in any particular condition. So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we may not encounter disruptions in the future due to substantially increased numbers of customers and transactions, or for other reasons. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third-party systems and power failures), we may be unable to develop necessary technology to compensate for these interruptions, which may materially and adversely affect our business, financial condition and results of operations.

19. We are exposed to significant credit risk in our business operations, including in our investment portfolio, which may expose us to significant losses and adversely affect our business and results of operations.

Our business involves providing finance to our customers and may suffer significant losses from credit exposures to our customers/ clients. Our investment banking and securities businesses are subject to the risk that a client or counterparty may fail to perform its obligations or that the value of any collateral held by us to secure the obligations might become inadequate. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect thereof, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of our customers/ clients to default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan.

We are exposed to credit risk arising out of receivables from clearing houses of stock exchanges which comprise initial margins placed with clearing houses and receivables relating to sale of securities which our clients have traded, but not yet settled, and also with fixed deposits placed with banks. In addition, we are dependent on various intermediaries, including brokers, merchant bankers, stock exchanges, banks, registrars and share transfer agents and clearing houses and if any of these intermediaries do not perform their obligations or any collateral or security they provide proves inadequate to cover their obligations at the time of the default, we could suffer significant losses and it would have an adverse effect on our financial condition, results of operations and cash flows. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances. We are also exposed to credit risks in relation to our investments in fixed-income securities and the value of our debt portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by changes in credit spreads in the bond markets.

While we attempt to minimize our exposure to specific customers, our internal measures and controls may not be sufficient. We also face credit risks with respect to institutional brokerage clients who may fail to settle large transactions, or investment banking clients who sometimes do not pay us for our services on time. Further, we provide margin lending to our customers which may cause significant financial losses in case our customer suffers losses due to unseasonal volatility or otherwise.

Accordingly, higher credit risk may expose us to greater potential losses, which may materially and adversely affect our business, prospects, financial condition and results of operations.

20. ***We depend on our ability to manage transactions and advisory assignments and on managing client concentrations.***

We provide investment banking services by offering equity capital markets services, corporate finance services, mergers and acquisitions advisory and private equity syndication services to corporate clients and financial sponsors. We are typically engaged on a time bound, transaction-by-transaction basis in connection with specific capital markets or mergers and acquisitions transactions. Due to the singular nature of such transactions and the fact that we do not have a recurring engagement with these clients, we are required to seek out new engagements periodically. Further, we typically earn fees in respect of our financial advisory business only upon the successful completion of a particular transaction or assignment. If we are unable to generate a substantial number of new engagements and generate fees from the successful completion of transactions, our business and results of operations would likely be adversely affected.

We also provide investment and financial advisory services which also typically does not provide for a long term contracted engagement. As a result, our fee earning engagements with many of our clients are not predictable and our investment and financial advisory revenue could decline materially due to such changes in the volume, nature and scope of our engagements.

21. ***Our capital markets lending business includes providing margin funding loans or loans against securities to our clients and any default by a client together with a downturn in the stock markets could result in substantial losses for us.***

Our capital markets lending business involves providing loans against securities, margin funding loans, ESOP funding, loan against properties, promoter funding or such other loans. As of March 31, 2015, 2016 and 2017 and as of December 31, 2017, our outstanding capital market lending book stood at ₹ 15,519.6 million, ₹ 9,932.7 million, ₹ 16,763.2 million and ₹ 31,800.2 million, respectively, and capital market loans as a percentage of our loan book were 28.8%, 13.8%, 14.8% and 22.1%, respectively.

We secure such loans by liquid and marketable securities at predetermined margin levels, properties or such other collateral which is appropriate for such loans. Any volatility in the stock markets or any adverse movements in prices of such collateral may cause the collateral securing these loans to decrease significantly in value. Further, our customers may also default on their obligations to us due to various factors, including, bankruptcy and lack of liquidity. Any significant adverse event or downturn in the securities or such other relevant market could have a material and adverse effect on our financial condition and results of operations.

22. Our risk management measures and internal controls, may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, market credit risk, operational risk, regulatory and compliance risk, business and continuity risk and legal risk. We have established a system of risk management and internal controls consisting of an organizational risk management framework, policies, risk management system tools and procedures that we consider to be appropriate for our business operations, and we have continued to enhance these systems. For further information, see "*Business—Risk Management*" on page 193. However, in case of any inherent limitations in the design and implementation of our risk management system, including internal controls, risk identification and evaluation, effectiveness of risk control and information communication, our risk management systems and mitigation strategies may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks.

The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour and information that is accessible regarding financial markets, customers or other relevant matters that are publicly available. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Inaccuracy in estimates of the level of margin to be maintained by our customers with us for the transactions undertaken by them could result in a shortfall in margins deposited by our customers with us, which may adversely affect our financial condition.

Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Operational risks can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. In addition, some of our transactions expose us to the risk of misappropriation or unauthorized transactions by our employees and fraud by our employees, agents, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Furthermore, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

As we expand our retail credit portfolio, some of our customers may not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, and may only be able to furnish limited information for us to assess their creditworthiness accurately. In addition, we may not receive updated information regarding any change in their financial condition or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation. It is therefore, difficult to carry out accurate credit risk analyses on our customers.

Although we have established policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and industry standards and practices on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

23. We are dependent on our senior management and other key personnel as well as certain intermediaries, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations, financial condition and cash flows.

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Company. For further information on the experience of our key management personnel, see "*Board of Directors and Senior Management*" on page 205. There can be no assurance that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows.

In addition, we compete with other financial institutions to attract and retain independent financial advisors to help distribute our products and our success and ability to retain them depends upon factors, including, the amount of sales commissions and fees we pay while complying with regulatory restrictions, the range of our product offerings, our reputation, our perceived stability, our financial strength, the marketing and services we provide to such intermediaries and the strength of our relationships with them. If we are unable to attract or retain sub-brokers it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. We may also be affected by regulatory changes impacting such intermediaries and may have to change our business practices in relation to such changes.

24. We are subject to the regulatory conditions and revisions relating to the sale of distressed assets by banks and financial institutions which could adversely affect the growth of our distressed asset business.

Asset reconstruction typically involves resolution of distressed assets acquired from banks, NBFCs and other financial institutions. The RBI guidelines presently require an asset reconstruction company to subscribe a minimum of 15% of the face value of the security receipts or SRs issued, and the remaining 85.00% of the face value of SRs may be subscribed by the selling banks and financial institutions. SRs issued by ARCs are valued at a net asset value based on recovery rating range assigned by an independent credit rating agency.

The RBI guidelines provide that if investment by a bank in SRs backed by stressed assets sold by it, is more than 50% of SRs under the securitization trust (10% from April 1, 2018), then the bank is required to create similar provisions if the stressed assets were held in its own book. As a result of these guidelines, lesser distressed assets may be sold in the coming years, which in turn could reduce the growth in the size of our credit book for distressed assets and thereby adversely impacting the growth and profitability of our distressed asset management business. Moreover, the RBI may also increase the provisioning requirements for an ARC. Any adverse revisions in the regulations governing the sale of distressed assets would have a material adverse effect on our distressed asset business and our financial condition and results of operations.

In addition, our distressed asset business is also dependent upon the process of resolution and recovery of stressed assets. Any delay or regulatory change in the resolution and the recovery mechanism has the ability to adversely affect recoveries from the stressed assets and the growth of our distressed asset business.

25. A significant decrease in our liquidity could negatively affect our business and reduce customer confidence in us.

We need to maintain adequate liquidity for our operations, such as, transaction settlement and margin lending, investment banking, and other business activities with substantial cash requirements. We are also subject to cash deposit and collateral requirements with clearing houses and exchanges, which may fluctuate significantly from time to time based on the nature and volume of our customers' trading activity. We meet our liquidity needs primarily through cash generated from operating activities and debt financing. Any reduction in our liquidity could affect our ability to trade on the exchanges, impair our business growth and reduce the confidence of our customers in us, which may result in the loss of customer accounts.

Our liquidity profile may be adversely affected due to a significant increase in our brokerage services, volatile markets, the settlement of large transactions on behalf of our brokerage customers and any obligation arising out of our underwriting activities. Further, in case we do not have sufficient liquidity, we seek external financing which could be limited and result in an increase in our borrowing costs, during unfavourable market conditions. Although we believe that we have diversified sources of external financing, such financing may not be available on acceptable terms.

26. Our asset management and/ or investment advisory business may adversely be affected by below par investment performance, pricing pressure and other competitive factors.

We provide asset management and investment advisory services to our clients and our revenue is primarily derived from management fees, which are based on the committed capital and/or assets under management and incentives, transaction fees, fixed fees or fees of a similar nature.

Our clients in the asset management business are largely institutional, corporates and high net worth individuals. The typical ticket size of their investments is large as compared to retail investors. Our ability to maintain or increase assets under management is subject to a number of factors, including investors' perception of our past performance, market or economic conditions, competition from other fund managers and our ability to negotiate terms with major investors. Our investment performance is a key factor in retaining our clients and competing for new business. In the event that our investments perform below par, our asset management and investment advisory revenues and earnings may suffer a decline and would affect our ability to raise capital for future funds, reduce or revenues and impair our growth. Further, to the extent that, over the life of the funds, we have received an amount of carried interest that exceeds a specified percentage of distributions made to the third party investors in these funds, we may be obligated to repay the amount of this excess to the third party investors.

As a result of below par investment performance, our existing clients may withdraw funds from our asset management and investment advisory services business in favor of better performing products, our incentive fees could decline or be eliminated entirely, firms with which we have business relationships may terminate these relationships with us and our capital investments in our investment funds or the seed capital we have committed to new asset management products may diminish in value or may be lost.

Certain of our investment management contracts with large institutional, corporates and high net worth individuals contain restrictions relating to investment policies for their portfolio, for instance limiting exposure concentrations in respect of certain asset classes, issuers, sectors, geographies or industries. Such restrictions may prevent us from implementing what we believe are the best investment strategies. This may restrict the performance of such investments and consequently our result of operations and financial condition.

Our investment performance may be adversely affected by the particular investments we make and the style/ type of investments we make. In addition, competition has increased with the establishment of new investment funds and increase in the size of investment funds which has led to an increase in difficulty for us to raise capital for new investment funds and also to a price competition which has resulted in a decrease in the fees in the asset management industry. Such fee reductions on our existing or future investment funds and other asset management products and services, without corresponding decreases in our cost structure, would adversely affect our revenues and results of operations.

27. We derive a portion of our revenue from our investment banking and securities business and are subject to various risks associated with investment banking and securities business.

We provide investment banking services by offering equity capital markets services, corporate finance services, mergers and acquisitions advisory and private equity syndication services to corporate clients and financial sponsors. Our investment banking revenue depends on numerous factors, including, macroeconomic factors, the general capital markets environment, and the market appetite for mergers and acquisitions. As a result, our investment banking income has historically varied significantly from period to period, and we expect it to continue to do so. Revenues from our investment banking and securities segment were ₹ 5,219.3 million, ₹ 4,946.9 million, ₹ 6,387.5 million and ₹ 5,866.5 million in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, respectively which represented 37.2%, 29.4%, 27.1% and 25.5% of our total revenues in such periods.

Our investment banking business exposes us to various risks including the failure to obtain necessary regulatory approvals or failure to timely execute a mandate, which may subject us to regulatory penalties and adversely affect our business. Moreover, the offering of securities of listed companies, are subject to a review process conducted by SEBI, making the result and timing of these reviews beyond our control, and may cause substantial delays to, or the termination of, securities offerings. Accordingly, there can be no assurance that regulatory approvals on securities offerings will be granted in a timely manner or at all in the future and a significant decline in the approval rate of the securities offerings advised by us could reduce our revenue from investment banking as typically our fees is received only upon the completion of a transaction.

We depend on the accuracy and completeness of information provided by or on behalf of our investment banking clients and any incomplete or inaccurate information furnished by our clients may lead to regulatory authorities issuing adverse observations in relation to public issues managed by us, resulting in loss of reputation. We are subject to regulatory sanctions, fines, penalties, investor compensation or other disciplinary actions or other legal liabilities for conducting inadequate due diligence in connection with an offering or the post transaction compliance supervision, fraud or misconduct committed by issuers, their agents, other sponsors or ourselves, misstatements and omissions in disclosure documents, or other illegal or improper activities that occurred during the course of the merchant banking or advisory process, or be subject to litigation and/ or regulatory action, in and outside India, arising from facilitating the sale of securities to investors.

As part of our investment banking business, our employees are exposed to sensitive data in relation to companies, including material non-public information and any unauthorized dissemination of such information, or its use for illicit trading purposes, by our employees could subject us to fines and regulatory actions, damage our client relationships and harm our reputation. Further, if our valuation and pricing for various investment banking mandates, which are based on estimates as to future growth prospects of the clients, the industry and the likely economic and political scenario, are inadequate, it could impact our reputation, client relationships and prospects.

Further, unfavorable market conditions and capital markets volatility including cyclicality of business, may also cause delays to, or the termination of, securities offerings advised by us, or may result in fewer mandates, which may in turn materially adversely affect our revenue from the investment banking business.

28. The real estate industry in India has witnessed significant downturns in the past, and any significant downturn in the future or any adverse developments in the real estate sector could adversely affect our business, financial condition and results of operations.

Economic developments within and outside India adversely affected the property market in India and our overall business in the recent past. The global credit markets have experienced, and may continue to experience, significant volatility and may continue to have an adverse effect on the availability of credit and the confidence of the financial markets, globally as well as in India. As a result of the global downturn, the real estate industry also experienced a downturn. It resulted in an industry-wide softening of demand for property due to a lack of consumer confidence, decreased affordability, decreased availability of mortgage financing, and resulted in large supplies of apartments. As part of our fund based activities, we extend significant credit to developers engaged in the real estate projects. We also operate a real estate focused private equity fund that has invested in residential, hospitality and mixed use development assets at individual project or at holding level in development companies. In certain cases, our collateral value against the loans is based on value of property.

As a result, we depend on the performance of the real estate sector in India and could be adversely affected if market conditions deteriorate. The real estate business is in turn significantly affected by changes in government policies, grant of statutory/ regulatory approvals, economic and other conditions, such as economic slowdowns, demographic trends, employment levels, availability of financing, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur. Further, any delay in the grant of necessary approvals for construction or any delay in construction by developers would lead to an adverse impact on our sales, collection and receivables. These factors can adversely affect the demand for, and pricing of, our investments in the real estate sector and may materially and adversely affect our financial condition, results of operations and cash flows. There can be no assurance that our real estate investments will grow, or will not decrease, in the future. Any such reduction in demand could have an adverse effect on our business, results of operations, financial condition and cash flows.

Even though the global credit and the Indian real estate markets have shown signs of recovery, market volatility and economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in the real estate industry. These effects include, but are not limited to, a decrease in the sale of, or market rates for, projects financed by us, delays in the release of certain of such projects in order to take advantage of future periods of more robust real estate demand and the inability of project contractors to obtain working capital. There can be no assurance that the government's responses to the disruptions in the financial markets will restore consumer confidence, stabilize the real estate market or increase liquidity and availability of credit. Any significant downturn in future would have an adverse effect on our business, financial condition and results of operations.

29. Our loan portfolio contains significant exposures to real estate which may lead to an increase in its impairment losses and adversely affect our financial condition and results of operations.

Our loan portfolio contains significant exposures to loans for residential construction, purchase or renovations, loans against property, and builder finance. Our total real estate loan portfolio amounted to ₹ 81,061.1 million, or 71.5% of our total advances, as of March 31, 2017 and ₹ 83,898.2 million or 58.4% of our total advances as of December 31, 2017. While we are diversifying out credit portfolio, our exposure to the real estate sector is expected to continue to be high. Our ability to receive repayment and interest upon these loans is dependent upon various factors, including the health of the overall economy, our borrowers' ability to repay and whether builders and developers are able to complete their projects on time and on prevailing residential real estate prices. These and other factors could lead to an increase in impairment losses and our financial condition and results of operations may be adversely affected.

30. Unsecured loans that we provide are susceptible to certain operational and credit risks which may result in increased levels of NPAs which may adversely affect our business, prospects, results of operations and financial condition.

As we grow our operations, we may increase unsecured advances. We may not be able to recover these loans through our standard recovery proceedings. Since such loans to these customers are unsecured, upon the occurrence of an event of default, our ability to realize the amounts due would be restricted to initiating legal proceedings for recovery. These unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting the right income levels of these customers or that our loan loss reserves will be sufficient to cover any actual losses. If our recovery team is unable to recover payments under these unsecured loans, we typically initiate legal action in respect of dishonored non-cash instruments. However, there can be no assurance that these legal proceedings would be commercially feasible or conclude in a manner favorable to us in a timely manner or at all. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

31. We have a high concentration of loans to certain customers and if a substantial portion of these loans were to become non-performing, the quality of our credit portfolio could be adversely affected.

We have a high concentration of loans to certain customers. For instance, for loans advanced under JMFCSL, we had 69 borrower groups and the average ticket size of advances per borrower group was ₹ 938.4 million as of December 31, 2017 and for the same period we had 24 borrower groups in the corporate lending segment, under JMFPL with an average ticket size of advances per borrower group at ₹ 1,141.2 million. The credit losses on such exposures exposes us to increased credit risk and may lead to an increase in the level of our NPAs, which could in turn adversely affect our financial performance and the trading price of the Equity Shares.

32. Our housing finance business is subject to extensive regulations which may have a material adverse effect on our business, financial condition or results of operation.

As an HFC, JMFHLL is required to observe conditions laid down by the NHB under the Housing Finance Companies (National Housing Bank) Directions, 2010, as amended from time to time ("NHB Directions"), and as set out in the license that has been granted to JMFHLL by the NHB. The conditions include compliance with publicity and marketing requirements specified and non-acceptance of public deposits.

The NHB Directions also require HFCs to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("CRAR"), consisting of Tier I and Tier II capital and a statutory liquidity ratio ("SLR"). The RBI has provided certain incentives to the housing finance industry by extending priority sector status to housing loans, and reducing the risk weights applicable for affordable housing loans for the purpose of calculation of CRAR. In order to maintain a SLR as laid down by the NHB, HFCs are required to maintain a minimum percentage of their public deposits in the form of approved investments of which a specified percentage must be held in approved securities and in fixed deposits. For further information see "*Industry Overview*" on page 126. However, there can be no assurance that the RBI and the NHB will continue to provide incentives to the housing finance industry in the future, or that JMFHLL will be able to maintain the prescribed capital adequacy ratio in future. If JMFHLL is unable to maintain the prescribed capital adequacy ratio or observe NHB Directions, it could have a material adverse effect on our growth, and as a result, our business, financial condition and results of operations.

Other regulations applicable to JMFHLL as an HFC include a cap on investments made in the capital market, including direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds, which should not exceed 20% of its net worth.

Further, Indian tax laws currently allow HFCs to claim a tax deduction up to 20.00% of profits from the provision of long-term finance for the construction or purchase of houses in India. Pursuant to Section 36(1)(viii) of the IT Act, up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. However, there can be no assurance that the GoI will continue to make this fiscal benefit available to HFCs and we might be subject to increased taxes if such benefit ceases to become available, which may in turn have an adverse effect on our business, financial condition and results of operations. In Fiscal 2015, the NHB introduced a new requirement for all HFCs to create a provision for deferred tax liability ("DTL") on the total amounts transferred to special reserves pursuant to this tax provision, including those transferred in the previous years, irrespective of whether the HFC intended to withdraw such amounts from the special reserves. The NHB has permitted HFCs to create DTL in respect of the balance amount transferred to special reserves in a phased manner in the ratio of 25:25:50 over a period of three years. Accordingly, JMFHLL is required to make provisions for DTL. Any significant change by the GoI in its various policy initiatives facilitating provision of housing and housing finance or any change in the tax incentives that it currently provides to HFCs may have an adverse effect on our business, financial condition and results of operations. Further, creation of a provision for DTL in the future will likely have an adverse effect on JMFHLL profit after tax and return on average equity, thereby affecting our business, results of operations and financial condition.

33. We may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or reputation.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India and in other jurisdictions where we have operations. These laws and regulations require us to adopt certain measures, including, to adopt and enforce "know-your-customer/ anti-money laundering/ combating financing of terrorism" ("KYC/AML/CFT") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. Remittances and trade finance transactions are increasingly required to be covered under our scrutiny and monitoring. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We face significant challenges in keeping pace with frequent reviews and rapid upgrading required by such regulatory developments. While we regularly adopt policies and procedures aimed at detecting and preventing the use of our networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. In addition, there may be significant inconsistencies in the manner in which specific operational and KYC/AML/CFT policies are actually interpreted and implemented at an operational level in each of the branch and other customer interface levels. Our business and reputation could suffer if any such parties use our banking channels for money-laundering or illegal or improper purposes.

We are required to implement timely and effective surveillance controls and measures towards ensuring that our brokerage platform is not misused by our customers or market participants to carry out manipulative trading activities. We are also required to monitor and analyze any surveillance alerts received from stock exchanges. Failure to implement such controls or monitor such alerts could lead regulatory actions against us and harm our reputation. We handle large volume of monetary transactions for a significant number of customers. While we have adopted policies and procedures aimed at detecting and preventing the use of our brokerage platforms to facilitate money laundering activities, terrorist acts and manipulative trading activities, such policies and procedures may not be comprehensive and completely eliminate instances in which we may be used by other parties to engage in money laundering and other illegal or improper activities.

While we continue to strengthen our AML, CFT and KYC procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties and, in certain circumstances, ask us to cease operations. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance.

34. The asset classes we manage may become less attractive to investors.

Net investments into mutual funds are, in part, determined by the relative attractiveness to investors of securities as an asset class and of the particular types of securities, which are the focus of such mutual funds. In the event that securities, or particular types of securities, were to become less attractive to investors or investors were to invest more through index based investment products, there may be reduced sales and/ or increased redemptions from those mutual funds. If as a result of the foregoing, there is reduced investment into and increased redemptions from such mutual funds, it could result in a decrease in the AUM of the schemes managed by us.

35. Internal or external fraud or misconduct or misselling by our employees could adversely affect our reputation and our results of operations.

We sell investment products as part of our investment banking and securities business. We sell our third-party distribution products through employees as well as sub-brokers franchisees, and direct selling agents. Our investment advisory division and our sub-brokers aid customers in choosing products, explaining the benefits of such product, disclosing product features and advising on whether to continue with a particular product or switch products. We may be subject to misconduct or misselling by our employees which could result in binding us to transactions that exceed authorised limits or present unacceptable risks or concealing unauthorized or unlawful activities from us.

Our business, including any cash collection involved in our operations, may expose us to the risk of fraud, misappropriation or unauthorized transactions by our representatives and employees responsible for dealing with such cash collections. We may accordingly face allegations from customers about misselling or unauthorized trading by our employees. In addition, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation or misselling by our representatives and employees, which could adversely affect our goodwill. Employee misconduct or misselling could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions, penalties and serious reputational or financial harm. Although we have systems in place to prevent and deter fraudulent activities by our employees, there can be no assurance that such systems will be effective in all cases. Any instances of such fraud or misconduct or misselling could adversely affect our reputation, business, results of operations and financial condition.

36. We rely on third-party intermediaries and service providers who may not perform their obligations satisfactorily or in compliance with law. Any such non-compliance with law or unsatisfactory service by the third-party intermediaries and service providers engaged by us for certain services could have an adverse impact on our business and results of operations.

We rely on third parties intermediaries, such as exchanges, clearing houses and other financial intermediaries to facilitate our financial transactions. In addition, we rely on third parties such as independent financial advisors to help distribute our products and other external agencies for customer services. As a result, we face various risks, including, fraud, misconduct, and misselling, by such third parties, operational failure of such third parties' systems, adverse change or termination in our relationship with such third parties, failures in compliance or adequate controls, including KYC checks, by such third parties, regulatory changes relating to the operations of such third parties, violation of laws and regulations, including those relating to licensing/registration of sales intermediaries, by such third parties, inadequate due diligence in the sales process by such third parties and regulatory actions due to improper business practices of such third parties. Any of these risks may result in litigation or regulatory action against us, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

We enter into outsourcing arrangements with third party vendors providing services that include, among others, software services and professional services. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure that there will be no disruptions in the provision of such services or that these third parties may not adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations may be adversely affected. In case of any dispute, there can be no assurance that the terms of such agreements will not be breached, which may result in litigation costs. Such cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition and results of operations.

We also rely on third parties to provide certain critical trading infrastructure and software, in connection with our institutional brokerage and our trading businesses. If the third parties upon which we rely cannot expand system capacity to handle increased demand, or if any of their systems otherwise fail to perform or experience interruptions, malfunctions, disruptions in service, slower response times or delays, then we could incur reputational damage, regulatory sanctions, litigation and loss of trading, any of which could materially adversely affect our business, financial condition and results of operations. In addition, we license certain software and technology from third parties. Any premature termination of our license agreements or the loss of the ability to use such software or technology for any reason would have an adverse impact on our reputation, business and operations.

37. We are subject to regulations in relation to minimum capital adequacy requirements and a decline in our CRAR will require us to raise fresh capital which may not be available on favourable terms, or at all, which may affect our business, prospects, results of operations and financial condition. A decline in our capital adequacy ratio could also restrict our future business growth.

We are subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or CRAR. Under the RBI's Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time, our Company is required to have a regulatory minimum CRAR of 15.00%, with a minimum Tier 1 capital of 10.00%. As at December 31, 2017, CRAR was 21.3%, of which Tier 1 capital was 20.9% for our lending business. The RBI through a notification dated November 10, 2014 on 'Revised Regulatory Frame work for NBFC' had announced that the minimum Tier 1 capital requirements for all NBFCs that have an asset size of ₹ 5,000 million and above will be increased in a phased manner as follows: 8.5% by March 31, 2016 and 10% by March 31, 2017.

As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us, and this may adversely affect the growth of our business. This could result in non–compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

38. We may face asset-liability mismatches that could adversely affect our cash flows, financial condition and results of operations.

We may face liquidity risks due to mismatches in the maturity of our assets and liabilities creating liquidity shortage or surplus and depending upon the interest rate movement, such situations may adversely affect our interest income from financing activities. If we are unable to obtain additional borrowings or to renew our existing credit facilities for matching tenures of our loan portfolio in a timely and cost-effective manner, or at all, it may lead to mismatches between our assets and liabilities, which could adversely affect our cash flows, financial condition and results of operations.

As is typical for NBFCs, a portion of our funding requirements is met through short-term funding sources such as working capital, bank loans, cash credit, short-term loans, commercial paper and non-convertible debentures. If we do not generate sufficient cash flow from operations to service our debt obligations and working capital requirements, it may have an adverse effect on our business prospects, financial condition and results of operations.

39. We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance.

Our businesses involve various mobile and internet based customer applications and as result, we are exposed to various cyber threats including (i) phishing and trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; and (ii) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; and (iii) data theft, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information. If we suffer from any of such cyber threats, it could materially and adversely affect our business, financial condition and results of operations. In addition, we also face the risk of our customers incorrectly blaming us and terminating their engagement with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

40. If we are not able to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business.

Due to our various lines of business, we are subject to regulations prescribed by SEBI, RBI, RERA, NHB and other regulatory authorities and accordingly, we are required to obtain certain approvals, permits, licences, registrations and permissions for operating our business (including for the operation of our branches). In future, we will be required to obtain, renew and maintain such permits, registrations and approvals. While we believe that we will be able to obtain, renew and maintain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all.

Further, some of our permits, licenses and approvals are subject to several conditions and there can be no assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals. Failure by us to obtain, renew or maintain the required permits or approvals may result in the interruption of our operations or delay or prevent our growth plans and may have a material adverse effect on our business, financial condition and results of operations.

41. Failure to maintain confidential information securely or significant security breaches could adversely impact our business, financial condition, cash flows, results of operations and prospects.

In the course of our business operations, we are involved in the acquisition and secure processing, transmission and storage of sensitive, confidential and proprietary information, including our investment banking, trading, clearing and settlement, and research businesses. We are exposed to significant risks related to data protection and data security due to, among others, our brokerage platform involving extensive data transmission and processing, our outsourcing of certain business operations, our reliance on licensed technologies and outsourced employees for some of the key components of our information technology systems and their maintenance. We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Further, computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure.

Information security breaches could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our customers'/clients' confidential, proprietary and other information, identity theft or disruptions of and errors within our systems. We employ security systems, including sophisticated threat management systems and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful. Failed security measures could have a material adverse effect on our business, our future financial performance and the trading price of the Equity Shares. We may need to expend significant resources to protect against security breaches, intrusions, attacks or other threats or to address problems including reputational harm and litigation, caused by breaches. Although we take measures to safeguard against systems related and other fraud, there may be certain situations that fraud may occur. Our reputation could be adversely affected by significant fraud committed by employees, customers or outsiders.

Further, data collection and storage are increasingly subject to various legislation and regulations and our attempts to comply with applicable legal requirements may not be successful, and may also lead to increased costs for compliance, which may materially and adversely affect our business, financial condition, cash flows, results of operations and prospects.

42. We introduce new products for our customers and there is no assurance that our new products will be profitable in the future. Further, we face additional risks as we expand our product and service offerings and grow our business.

In order to continue to expand our businesses, we introduce new products and services in our existing lines of businesses as permitted by the relevant regulatory authorities. For instance, we intend to expand our retail credit portfolio, begin lending to education infrastructure projects, grow our asset reconstruction business, and develop our housing finance business. Failure to consider, identify and provide for all additional risks may result in an adverse financial impact on us. Such new products and services would result in us incurring additional costs and we cannot guarantee that such new products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to obtain sufficient financing to support or a failure to understand customer demand and market requirements or a failure to understand the regulatory and statutory requirements for such products or lack of management focus on these new products. If we are unable to achieve the intended results with respect to our offering of new products and services, or manage the growth of our business, our financial condition, cash flows, results of operations and prospects could be materially adversely affected.

43. Failure to identify and address conflicts of interest appropriately could adversely affect our business.

We along with other financial services firms are subject to increased scrutiny concerning perceived conflicts of interest that increase the risk of financial liability and reputational harm resulting from adverse regulatory actions. We are subject to various laws relating to the prevention of insider trading, front running and other conflicts of interest. Conflicts of interest may exist between our clients, our employees and our departments. There can be no assurance that we or our sub-brokers, franchises, independent financial distributors, will always manage such conflicts of interest, including compliance with various applicable laws and regulations. In addition, our internal controls and measures to prevent such conflict of interest may be incorrectly implemented and fail to perform as expected. Any such failure to manage such conflicts could harm our reputation and impair client confidence in us and could materially and adversely affect our business, financial condition and results of operations.

44. Any material errors in our research or advise could have a material adverse effect on our business, financial condition or results of operations.

Our equity brokerage group offers research based equity advisory and as of December 31, 2017, our institutional research team had extensive coverage of Indian stocks across sectors, and also provided macroeconomic and industry-related research. Our research is based on information obtained from reliable sources, however, there can be no guarantee in the accuracy, adequacy or completeness of the information. Any error or omission in the information or for the results obtained from the use of such information may cause our research findings to be incorrect. Further, certain industry and market data may be subject to assumptions and methodologies and assumptions vary widely among different data sources and such assumptions may change based on various factors. There can be no assurance that the assumptions are correct or will not change and, accordingly our research findings may be incorrect. We also provide investment advisory services to our customers and our advice is based on various factors, including, information provided to us by the customer or collected by us, our analysis of the risk profile of the customers, market assumptions and our methodologies. Any errors in the factors that our advice depends on can lead to us to providing incorrect advice, which can further lead to customer complaints and have an adverse effect on our business prospects and harm our reputation.

45. Our business and operations are tied to our reputation. Any impairment of our reputation or erosion of the 'JM Financial' brand or failure to optimize the 'JM Financial' brand in the marketing of our products and services could have a material adverse effect on our capacity to retain our current customers and attract new customers and therefore on our sales and profitability.

Our customers expect quality and high service levels and products. Any failure to meet the needs and demands of our customers may result in a loss of reputation and affect the brand name. We operate in a competitive environment, and we believe that the brand recognition provides us with a significant competitive advantage. We also believe our future success will in part be impacted by further development of the brand and our ability to effectively market our products to target customers in India and internationally. Any adverse publicity, whether or not justified, relating to our operations, products, employees or agents could tarnish our reputation and adversely impact the brand and customer goodwill. Damage to our reputation and loss of brand equity could reduce demand for our products. Any impairment of our reputation or erosion of the brand or failure to optimize the brand in the marketing of our products could have a material adverse effect on our capacity to retain our current customers and attract new customers and therefore on our sales and profitability, as well as require additional resources to rebuild our reputation and restore the value of the brand.

46. Our substantial indebtedness and the conditions imposed by our financing and other agreements could adversely affect our ability to conduct our business and operations.

As of December 31, 2017, we had total outstanding debt of ₹ 143,472.9 million, and our debt to equity ratio (including minority interest) was 2.9. Most of our financing arrangements are secured by our movable and immovable assets. In addition, we may incur substantial indebtedness in the future as we continue to expand our business operations.

The high level of our indebtedness could have several important consequences, including but not limited to the following:

- a substantial portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favorable to us may be limited;
- fluctuations in market interest rates may affect the cost of our borrowings, as certain of our indebtedness is subject to floating rates of interest;
- impact on our credit ratings; and
- we may have difficulty in satisfying repayments and other restrictive covenants under our existing financing arrangements.

Our financing agreements may also contain cross default provisions which could automatically trigger defaults under other financing agreements. Any or all of the above restrictive covenants may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition.

47. We depend on the accuracy and completeness of information about customers and counterparties and any misrepresentation, errors in or incompleteness of such information could cause our business to suffer.

In deciding whether to extend credit or enter into other transactions with customers, we rely on information furnished to us by or on behalf of customers. We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on third parties such as the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent or professional valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition.

Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. While the law provides us with better access to credit information, there may be relatively less financial and credit information available on small and medium enterprises and in relation to the possibility of double-financing obtained by any such clients, than may have been available in a more developed economy, and the availability of such financial and credit information in India may be considered to suffer from an absence of competitive pressure at present.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, prospects, results of operations and financial condition.

48. We have in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that we could not have achieved more favorable terms if such transactions had been entered into with third parties.

We have entered into transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we would not have achieved more favorable commercial terms with other parties. Furthermore, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. For further information on our related party transactions, see "*Financial Information*" on page 270. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

In the event any conflict of interest arises between us, or to the extent that competing products offered by any of our related parties erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, results of operation and financial condition may be adversely affected.

49. Certain of our Subsidiaries have incurred losses in the past, which may have an adverse effect on our reputation and business.

Certain of our Subsidiaries have incurred losses during Fiscals 2015, 2016 and 2017, as set out below:

Name of Subsidiary	**Loss**		
	Fiscal 2015	**Fiscal 2016**	**Fiscal 2017**
JM Financial Singapore Pte. Ltd. (SG$ million)	1.5	0.7	-
JM Financial Securities Inc. (US$ million)	0.1	0.3	-
JM Financial Investment Managers Limited (₹ million)	-	-	63.0
Infinite India Investment Management Limited (₹ million)	-	-	23.4
JM Financial Insurance Broking Private Limited (₹ million)*	-	0.1	-

**JM Financial Insurance Broking Private Limited was voluntarily wound up during Fiscal 2017.*

There can be no assurance that our Subsidiaries will not incur losses in the future which may have an adverse effect on our reputation and business.

50. We are exposed to foreign exchange fluctuations and other exchange control risks.

We have exposure to foreign exchange related risks in to our Subsidiaries outside India and also to the extent we do business with international clients. Any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

We may experience foreign exchange losses and gains in respect of transactions denominated in foreign currencies. While we selectively enter into hedging transactions to minimize our foreign currency exchange risks, there can be no assurance that such measures will enable us to manage our foreign currency risks effectively.

51. We may experience negative cash flows in the future.

We have and may, in the future, experience negative cash flows.

The following table sets forth certain information relating to our cash flows for the periods indicated below:

Particulars	**Fiscal 2015**	**Fiscal 2016**	**Fiscal 2017**
	(₹ million)		
Net cash flow from/ (used in) operating activities	(17,170.9)	(9,181.4)	(21,494.7)
Net cash flow from/ (used in) investing activities	(2,809.5)	2,640.3	(6,644.3)
Net cash flow from/ (used in) financing activities	17,830.7	13,048.8	23,261.3
Net increase/ (decrease) in cash and cash equivalents	(2,149.7)	6,507.7	(4,475.3)*

** Includes cash and cash equivalents of JMFARCL as of September 30, 2016*

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

52. We have certain contingent liabilities that could adversely affect our financial condition.

Our contingent liabilities were ₹ 361.2 million as of March 31, 2017. These comprised the following:

Particulars	**As of March 31, 2017**
	(₹ million)
Income tax demands	348.5
Dispute demands of service tax authorities	12.7

For further information, see "*Legal Proceedings*" and "*Financial Information*" on pages 264 and 270, respectively.

There can be no assurance that any or all of these contingent liabilities will not become direct liabilities. In the event any or all of these contingent liabilities become direct liabilities, it may have an adverse effect on our business, financial conditions and results of operations.

53. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

Our Company is likely to be treated as a PFIC for the current taxable year and future taxable years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination whether or not our Company is a PFIC is a factual determination that is made annually based on the types of income we earn and the value of our assets. Assuming our Company is considered a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the U.S. Internal Revenue Code of 1986, as amended. For further information, see "*United States Federal Income Tax Considerations*" on page 259.

54. Certain Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Some of our Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Our Directors will continue to exercise significant control over us, including being able to determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may not be able to affect the outcome of such voting. Our Directors may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders.

55. Industry information included in this Preliminary Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

We have availed the services of an independent third party research agency, CRISIL, to prepare an industry report titled "Industry Report on Assessment of various financial products and services in India, January 2018 " dated January 2018, for purposes of inclusion of such information in this Preliminary Placement Document. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from this industry report. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, the BRLMs or any of our or their respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Preliminary Placement Document.

56. Our insurance coverage could prove inadequate to satisfy potential claims and our insurance policies may not protect us against all potential losses, which could adversely affect our business and results of operations.

We maintain a number of insurance policies to cover the different risks involved in the operation of our business. We maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. We have insurance policies covering, among others, electronic equipment, burglary, standard fire and special peril and machinery breakdown, and comprehensive general liability insurance. While we believe that the insurance coverage which we maintain is in keeping with industry standards and would be reasonably adequate to cover the normal risks associated with the operation of our businesses, there can be no assurance that any claim under the insurance policies maintained by us will be covered entirely, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but there can be no assurance that such renewals will be granted in a timely manner, at acceptable cost or at all.

To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further information on our insurance arrangements, see "*Business – Insurance*" on page 198.

57. We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. We have in this Preliminary Placement Document included financial information on our AUM, Loan Book and cost of borrowings, which may be different from that followed by other financial services companies. For further information, see "*Business*" on page 168. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

58. Any downgrade in credit ratings could increase interest rates for refinancing outstanding debt, which would increase financing costs, and adversely affect future issuances of debt and the ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For information on our credit ratings, see "*Business – Credit Ratings*" on page 195. Certain factors that influence our credit ratings may be outside of our control. Any downgrade in such credit ratings could increase interest rates for refinancing outstanding debt, which would increase financing costs, and would also adversely affect future issuances of debt and the ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows. However, these ratings are not recommendations to buy, sell or hold securities and prospective investors should take their own decisions.

59. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders.

60. ***A significant number of our branch premises, are not registered in our name and are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.***

A significant number of our branch offices are located on leased premises, and we do not own any of these premises. In the event such leases are not renewed or are terminated, it could adversely affect our operation unless we arrange for similar premises. If we are unable to continue or renew such leases on same or similar terms, or find alternate premises on lease on similar terms or at all, it may adversely affect our business operations.

EXTERNAL RISK FACTORS

61. ***A slowdown in economic growth in India could cause our business to suffer.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

62. ***Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.***

Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Company, and the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, financial sector reforms including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the Equity Shares could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if any new restrictions on the private sector are introduced or if existing restrictions are increased.

63. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

64. The Indian tax regime is currently undergoing substantial changes which could adversely affect the Company's business and the trading price of the Equity Shares.

The goods and service tax ("GST") that has been implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise that were being collected by the GoI and state governments. Since this is a recent development and is undergoing substantial changes, there could be an adverse impact to our business and consequently affect the trading price of our Equity Shares.

As regards the General Anti-Avoidance Rules ("GAAR"), the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

Further, the GoI has issued a set of Income Computation and Disclosure Standards ("ICDS") that will be applied in computing taxable income and payment of income taxes thereon, effective from April 1, 2016. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "Profits and gains of business/profession" and "Income from other sources". This is the first time such specific standards have been issued for income taxes in India, and the impact of the ICDS on our tax incidence is uncertain.

65. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. . Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

66. Differences exist between Indian GAAP and other accounting principles, which may be material to investors' assessments of our financial condition.

Our financial statements, including the financial statements included in this Preliminary Placement Document, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of other accounting principles, such as U.S. GAAP or IFRS, on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of its financial statements to those prepared pursuant to U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in several respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should, accordingly, consult their own professional advisors before relying on the financial disclosures presented in this Preliminary Placement Document.

Prospective investors should review the consolidated financial results and consolidated financial statements summarized in the section "*Financial Information*" on page 270 of this Preliminary Placement Document, along with the respective GAAP accounting policies and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Accordingly, the degree to which our consolidated financial results and consolidated financial statements included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the present and the earlier GAAP applicable in India. Any reliance by persons not familiar with these accounting practices on our financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

67. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our ability to raise financing and our business.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

68. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Under the foreign exchange regulations currently in force in India, transfers of shares between non- residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority.

69. The currency demonetization measures imposed by the Government of India adversely affected the Indian economy and similar unanticipated measures may adversely affect our business our business operations, results of operations and financial condition.

On November 8, 2016, the Indian government announced phasing out of large-denomination currency notes (₹ 500 and ₹ 1,000, representing 86% of the total currency in circulation) as legal tender. They were immediately replaced with new ₹ 500 and ₹ 2,000 currency notes. This measure was undertaken to curb corruption, tax evasion, and counterfeiting. The withdrawal from circulation started immediately and ended on December 30, 2016. India's growth is forecast to increase to 7.2% in fiscal 2017 and accelerate to 7.7% by the end of the forecast horizon—slightly below previous projections. This outlook mainly reflects a more protracted recovery in private investment than previously envisaged. (Source: World Bank Group. 2017. Global Economic Prospects, June 2017 A Fragile Recovery. Washington, DC: World Bank. Available at http://www.worldbank.org/en/publication/globaleconomic-prospects). The short-term impact of the currency demonetization was, among other things, a decrease in liquidity of cash and consequently, spending, in India. The long term effects of these measures on the Indian economy, on the markets for various commodities and services, and our operations in particular, are currently. Any slowdown in the Indian economy as a result of the currency demonetization measures or any other similar unanticipated measures may adversely affect our business our business operations, financial condition, results of operations and financial condition.

70. A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

71. It may not be possible for investors to enforce any judgment obtained outside India against us, the Book Running and Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Company is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Company and any of these persons outside of India or to enforce outside of India, judgments obtained against the Company and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, Section 14 and Section 44A of the Code of Civil Procedure, 1908 ("Civil Code") on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

72. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

The annual rate of inflation, was at 3.93% (provisional) for the month of November, 2017 (over November, 2016) as compared to 3.59% (provisional) for the previous month and 1.82% during the corresponding month of 2016. (*Source: Index Numbers of Wholesale Price in India, Review for the month of November 2017, published on December 14, 2017 by Government of India, Ministry of Commerce and Industry*) Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

73. Acts of terrorism, civil disturbance, communal conflicts, regional conflicts and other similar threats to security could adversely affect our Company's business, cash flows, results of operations and financial condition.

Increased political instability and regional conflicts, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several countries and regions in which our Company operates, strained relations arising from these conflicts and the related decline in consumer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our Company's operations or those of our customers and suppliers. Further, certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares.

Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. These events have had and may continue to have an adverse impact on the global economy and customer confidence, which could in turn adversely affect our Company's revenue, operating results and cash flows. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of securities and may limit the capital resources available to our Company and to our customers and suppliers.

74. Rights of shareholders under Indian laws may differ from the laws of other jurisdictions.

Our articles of association and Indian law govern our corporate affairs. Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions.

75. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. The potential impact of a natural disaster such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, MERS (Middle East Respiratory Syndrome), Zika, the mosquito virus, on our results of operations and financial position is speculative, and would depend on numerous factors. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected There can be no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

76. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. These acts may also result in a loss of business confidence, and adversely affect our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES

77. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLMs. This price will be determined on the basis of applicable law and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

78. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, adverse media reports on our Company, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares. If the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, may adversely affect the trading price of our Equity Shares.

79. Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.

Our Company may be required to finance its future growth and business requirements through additional securities offerings. Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares, including allotments made pursuant to JM ESOS, or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

80. Recent U.S. tax legislation could result in materially adverse U.S. federal income tax consequences to U.S. Holders of the equity shares.

Recently enacted U.S. tax legislation will significantly change the U.S. Internal Revenue Code, including taxation of U.S. corporations, by, among other things, limiting interest deductions, reducing the U.S. corporate income tax rate, altering the expensing of capital expenditures, adopting elements of a territorial tax system, assessing a repatriation tax or "toll-charge" on undistributed earnings and profits of U.S.-owned foreign corporations, and introducing certain anti-base erosion provisions. The legislation is unclear in certain respects and will require interpretations and implementing regulations by the Internal Revenue Service ("IRS"), as well as state tax authorities, and the legislation could be subject to potential amendments and technical corrections, any of which could lessen or increase certain adverse impacts of the legislation. In addition, the regulatory treatment of the impacts of this legislation will be subject to the discretion of the Federal Energy Regulatory Commission ("FERC") and state public utility commissions.

81. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Preliminary Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Preliminary Placement Document. For further information, see "*Selling Restrictions*" on page 226. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further details, see "*Purchase and Transfer Restrictions*" on page 233. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

82. Our Company could be an investment company under the U.S. Investment Company Act and as a result the transferability of the Equity Shares by purchasers in the United States or who are US persons is affected.

Although we have undertaken a determinative analysis, we could be an "investment company" under the U.S. Investment Company Act. We are not registered under the U.S. Investment Company Act and exemptions from registration under the U.S. Investment Company Act may not be available to us. In connection with the placing of the Equity Shares with U.S. persons in this Issue, we are seeking to rely on the exclusion provided under Section 3(c)(7) of the U.S. Investment Company Act. We are making a private placement of Equity Shares to persons in the United States and U.S. persons who are both U.S. QIBs and Qualified Purchasers on the terms contained herein. If any Equity Shares are owned by or transferred to a U.S. person who is not a Qualified Purchaser, we may become subject to the requirement to register under the U.S. Investment Company Act. Failure to register under the U.S. Investment Company Act when required to so register may lead to fines, penalties, rescission rights for investors and other adverse consequences for us. We have elected to impose certain additional restrictions on the U.S. Offering and on transferability of the Equity Shares. The Equity Shares purchased in this Issue will only be transferable in the manner described in "*Purchase and Transfer Restrictions*".

83. We are a "covered fund' under the Volcker Rule, which could result in reduced interest in the Equity Shares from banking organizations, and could potentially reduce the liquidity of the Equity Shares on the secondary market.

Section 13 of the U.S. Bank Holding Company Act of 1956, commonly known as the "Volcker Rule," generally prohibits, subject to certain exclusions or exemptions, "banking entities" from engaging in proprietary trading and from acting as a sponsor to, or acquiring or retaining "ownership interests" in, a "covered fund." "Banking entities" generally are defined in the Volcker Rule as (i) any U.S. insured depository institution, (ii) any company that controls a U.S. insured depository institution, (iii) any non-U.S. banking organization that has U.S. bank subsidiaries or operates branches, agencies or commercial lending company subsidiaries in the United States, and (iv) any affiliate or subsidiary of these types of entities, regardless of geographic location. A "covered fund" is defined to include, among others, any issuer that would be an "investment company" (as defined in Section 3(a) of the U.S. Investment Company Act) but for the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act. We are deemed to be a "covered fund" for purposes of the Volcker Rule as we are relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act and we are unable to rely on any exemptions from the definition of a "covered fund". Therefore, the Equity Shares constitute "ownership interests" under the Volcker Rule and a banking entity would generally be prohibited from acquiring or retaining the Equity Shares, unless such a banking entity could rely on an exclusion or exemption from the Volcker Rule's prohibitions. These limitations mean that banking entities, in particular U.S. banking entities, are subject to restrictions with regard to the purchase of the Equity Shares, which, in turn, could diminish the liquidity in the Equity Shares on the secondary market. Investors that are banking entities (as defined in the Volcker Rule) should carefully review the Volcker Rule and consult with their legal advisors about the potential impact of the Volcker Rule on an investment in the Equity Shares.

84. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of Equity Shares within 12 months in an Indian company are generally taxable in India. However, any gain realised on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction at the time of sale as well as acquisition, in accordance with the notification no. 43/2017 dated June 5, 2017 issued by Central Board of Direct Taxes. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In case of a shareholder being non-resident, capital gains arising from the sale of equity shares of an Indian company will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares and credit for the taxes paid in India are allowed to take in their country, depending on prevailing tax laws of that country. The above statements are based on the current tax laws. However, the Government has proposed the introduction of the Direct Tax Code, which will revamp the implementation of direct taxes. If the same is passed in present form by both houses of Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact mentioned above will be altered by the Direct Tax Code.

85. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. There can be no assurance that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

86. The Equity Shares are subject to transfer restrictions.

The Equity Shares are being offered in transactions not required to be registered under the Securities Act. Therefore, the Equity Shares may be transferred or resold only in a transaction registered under or exempted from the registration requirements of the Securities Act and in compliance with any other applicable securities laws. Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of the Equity Shares in the Issue, QIBs subscribing Equity Shares in the Issue may only sell their Equity Shares on BSE or NSE and may not enter into any off-market trading in respect of these Equity Shares. There is no assurance that the restriction will not have an impact on the price of the Equity Shares.

87. There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the BSE and the NSE in a timely manner, or at all, and any trading closure at the Stock Exchanges may adversely affect the trading price of the Equity Shares.

In accordance with Indian regulations and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares. The Stock Exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of listed Indian entities, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

88. Applicants in the Issue are not permitted to withdraw their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, applicants in this Issue are not permitted to withdraw their Bids at any stage after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the Issue Closing Date and the date of Allotment. Occurrence of any such events after the Issue Closing Date could also affect the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the applicants' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline.

89. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

The Equity Shares will be subject to daily circuit breaker imposed by all stock exchanges in India on all listed companies which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Stock Exchanges. The percentage limits on our circuit breakers are set by the Stock Exchanges. The Stock Exchanges are not required to inform us of the percentage limit of such circuit breakers and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

90. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

MARKET PRICE INFORMATION

The Equity Shares have been listed on BSE since July 26, 1991 and NSE on October 10, 2006. As on the date of this Preliminary Placement Document, 797,674,467 Equity Shares have been issued, subscribed and paid up.

As of January 29, 2018 the closing price of the Equity Shares on BSE and NSE was ₹ 161.00 and ₹ 161.20 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

1. The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for the following periods:

   (i) 12 month period commencing from April 1, 2016 and ending on March 31, 2017;
   (ii) 12 month period commencing from April 1, 2015 and ending on March 31, 2016; and
   (iii) 12 month period commencing from April 1, 2014 and ending on March 31, 2015.

BSE									
Year ending March	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Average price for the year (₹)**
Fiscal 2017	89.80	March 30, 2017	3,529,364	320.2	38.20	April 1, 2016	49,058	1.9	64.40
Fiscal 2016	54.85	April 13, 2015	323,036	17.5	34.25	February 11, 2016	99,184	3.5	43.44
Fiscal 2015	56.90	February 4, 2015	710,826	41.0	24.90	April 1, 2014	206,177	5.1	42.43

(Source: www.bseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of the closing prices on the last day of each year presented.*

NSE									
Year ending March	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Average price for the year (₹)**
Fiscal 2017	89.80	March 30, 2017	5,638,288	512.7	38.30	April 5, 2016	139,489	5.4	64.48
Fiscal 2016	54.65	April 13, 2015	1,577,614	85.3	34.45	February 11, 2016	425,920	15.1	43.44
Fiscal 2015	57.00	February 4, 2015	2,280,011	131.6	24.95	April 1, 2014	919,793	22.9	42.44

(Source: www.nseindia.com)

<u>Notes</u>:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the year represents the average of the closing prices on the last day of each year presented.*

2. The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months, as applicable:

BSE									
Month	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Average price for the month (₹)**
July 2017	128.05	July 21, 2017	91,666	11.7	115.70	July 3, 2017	95,088	11.0	124.26
August 2017	134.10	August 31, 2017	1,068,346	143.7	117.15	August 10, 2017	250,772	30.2	123.87
September 2017	148.55	September 12, 2017	487,312	72.9	135.40	September 27, 2017	258,015	35.5	143.76
October 2017	186.10	October 16, 2017	1,355,923	244.5	144.05	October 3, 2017	194,575	27.7	166.06
November 2017	174.60	November 3, 2017	327,725	57.8	143.10	November 15, 2017	180,834	26.3	156.27
December 2017	158.20	December 11, 2017	264,490	41.4	141.35	December 5, 2017	177,653	25.1	150.14

(Source: www.bseindia.com)

NSE									
Month	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Average price for the month (₹)**
July 2017	128.00	July 21, 2017	638,643	81.1	115.80	July 3, 2017	387,394	45.0	124.32
August 2017	134.20	August 31, 2017	5,117,400	686.5	117.40	August 10, 2017	775,834	93.2	123.98
September 2017	148.85	September 18, 2017	2,451,455	367.6	135.25	September 27, 2017	987,722	136.0	143.88

NSE									
Month	**High (₹)**	**Date of high**	**No of Equity Shares traded on date of high**	**Total volume traded on date of high (₹ million)**	**Low (₹)**	**Date of low**	**No of Equity Shares traded on date of low**	**Total volume traded on date of low (₹ million)**	**Average price for the month (₹)**
October 2017	186.30	October 16, 2017	9,340,604	1,684.0	142.75	October 3, 2017	980,126	139.0	166.12
November 2017	174.80	November 3, 2017	2,086,696	368.7	143.25	November 15, 2017	1,173,316	170.8	156.24
December 2017	158.55	December 11, 2017	1,951,531	305.4	141.40	December 5, 2017	807,670	114.0	150.13

(Source: www.nseindia.com)

Notes:

1. *High and low prices are based on the intra day high and low prices.*
2. *In case of two days with the same closing price, the date with the higher volume has been chosen.*
3. *Average price for the month represents the average of the closing prices on each day of each month.*

3. The following table set forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during the last six months:

Period	**Number of Equity Shares traded**		**Turnover (In ₹ million)**	
	BSE	**NSE**	**BSE**	**NSE**
July 2017	3,204,659	14,146,035	399.4	1,765.9
August 2017	5,535,620	24,263,306	694.7	3,061.9
September 2017	7,268,123	45,378,421	1,047.6	6,555.8
October 2017	8,160,693	44,704,618	1,386.0	7,662.2
November 2017	5,547,566	30,114,092	876.4	4,778.0
December 2017	4,174,326	20,874,557	632.6	3,173.7

(Source: www.bseindia.com and www.nseindia.com)

4. The following tables set forth the market price on the Stock Exchanges on December 19, 2017 the first working day following the approval of the Board for the Issue:

BSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ million)**
155.10	157.90	153.00	154.15	245,762	38.0

(Source: www.bseindia.com)

NSE					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Volume (₹ million)**
155.00	157.50	152.50	154.00	1,150,584	177.8

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The total proceeds of the Issue are expected to be approximately ₹ [●] million. After deducting the Issue expenses (including fees and commissions) of approximately ₹ [●] million, the net proceeds of the Issue will approximately be ₹ [●] million ("**Net Proceeds**").

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds for supporting long term capital requirements and financial needs of our Group. As permissible under applicable laws, our Company will have flexibility in deploying the Net Proceeds in the best interest of our Group. Neither our Promoters, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

Since the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not being used towards implementation of any project, the following disclosure requirements are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation (on a consolidated basis) as of December 31, 2017 on an actual basis which has been extracted from our Unaudited Special Purpose Interim Condensed Consolidated Financial Information and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof.

You should read this table together with the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 96, our Unaudited Special Purpose Interim Condensed Consolidated Financial Information and the related notes thereto included in the section "*Financial Information*" beginning on page 270.

(₹ in million)

Sr. No.	Particulars	Pre-Issue As at December 31, 2017 (Refer Note-1 below) (A)	Increase due to issue (B)	Post-Issue Amount after considering the Issue (Refer Note-2 below) C (A+B)
I	**Borrowings:**			
	Short-term borrowings	59,740.9	[●]	[●]
	Long term borrowings	56,798.9	[●]	[●]
	Add: Current maturities of long term borrowings	26,933.1	[●]	[●]
	Total Long Term Debt	**83,720.0**	[●]	[●]
	Total borrowings (A)	**143,472.9**	[●]	[●]
II	**Shareholders' fund**			
	Share capital	797.6	[●]	[●]
	Fresh shares pursuant to the Issue	-		
	Reserves and Surplus (excluding Securities premium and Capital Reserve on Consolidation)	30,710.7	[●]	[●]
	Securities premium	3,733.2	[●]	[●]
	Securities premium pursuant to the Issue	-		
	Capital Reserve on Consolidation	1,749.5	[●]	[●]
	Total shareholders' fund (B)	**36,991.0**	[●]	[●]
	Total Capitalization (A+B)	**180,463.9**	[●]	[●]
III	**Total borrowings / shareholders' fund**	**3.88**	[●]	[●]
IV	**Long-term borrowings / shareholders' fund**	**2.26**	[●]	[●]

Notes:

1. Amounts as per Unaudited Special Purpose Interim Condensed Consolidated Financial Information of the Company as at and for the nine month period ended December 31, 2017

2. The figures included under Post Issue column relating to the shareholder's fund are derived after considering the impact due to the issue of equity shares only through the qualified institutions placement assuming that the issue will be fully subscribed and does not include any other transactions or movements/ issue related expenses.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

(In ₹)

		Aggregate value at face value
A	**AUTHORISED SHARE CAPITAL**	
	1,520,200,000 Equity Shares of ₹ 1 each	1,520,200,000
	43,800,000 Preference Shares of ₹ 10 each	438,000,000
B	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL BEFORE THE ISSUE**	
	797,674,467 Equity Shares of ₹ 1 each	797,674,467
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares aggregating up to [●](1)	[●]
E	**PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of ₹ 1 each fully paid up	[●]
F	**SHARE PREMIUM ACCOUNT**	
	Before the Issue	114,962,843
	After the Issue(2)	[●]

(1) The Issue has been authorised by the Board of Directors pursuant to its resolution passed on December 18, 2017. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on January 29, 2018.

(2) To be determined upon finalization of the Issue Price. The amount has been calculated on the basis of gross proceeds from the Issue.

Equity share capital history of our Company

The following table sets forth details of allotments of Equity Shares by our Company:

Date of allotment	No. of equity shares allotted	Cumulative No. of equity shares	Face value (In ₹)	Issue price per equity share (In ₹)	Nature for allotment	Consideration (Cash/other than cash)
January 20, 1986	20	20	10.00	10.00	Subscription to the Memorandum of Association	Cash
March 14, 1988	1,224,980	1,225,000	10.00	10.00	Preferential allotment	Cash
July 1, 1991	2,275,000	3,500,000	10.00	10.00	Initial public offering	Cash
January 1, 1992	1,500,000	5,000,000	10.00	10.00	Conversion of partially convertible debentures	Cash
September 29, 1994	5,000,000	10,000,000	10.00	35.00	Rights issue	Cash
November 2, 1994	75,000	10,075,000	10.00	35.00	Preferential allotment to employees	Cash
December 31, 1997	1,250,000	11,325,000	10.00	-	Allotment against membership rights of BSE	Other than cash
December 9, 2005	4,200,000	15,525,000	10.00	418.00	Preferential allotment	Cash
May 3, 2006	12,373,333	27,898,333	10.00	-	Allotment of equity shares pursuant to scheme of amalgamation, in the ratio of 128 equity shares of	Other than cash

Date of allotment	No. of equity shares allotted	Cumulative No. of equity shares	Face value (In ₹)	Issue price per equity share (In ₹)	Nature for allotment	Consideration (Cash/other than cash)
					face value of ₹ 10.00 each by our Company for every three equity shares or convertible preference shares of face value ₹ 10.00 each of JM Securities Private Limited	
June 14, 2006	875,000	28,773,333	10.00	639.00	Preferential allotment	Cash
August 29, 2006	1,226,667	30,000,000	10.00	639.00	Preferential allotment	Cash
July 25, 2008	8,700	29,991,300	10.00	-	Forfeiture of partly paid up equity shares#	Cash
September 15, 2008	Sub-division of equity shares of face value of ₹ 10 each into equity shares of ₹ 1 each as approved by the Shareholders on July 25, 2008 and record date being September 15, 2008.					
September 16, 2008	449,869,500	749,782,500	1.00	1.00	Bonus issuance	Cash
May 25, 2011	87,000	749,869,500	1.00	27.46	Re-issue of forfeited shares	Cash
May 21, 2012	446,689	750,316,189	1.00	1.00	Exercise of options under JM ESOS	Cash
May 24, 2012	391,195	750,707,384	1.00	1.00	Exercise of options under JM ESOS	Cash
June 22, 2012	240,350	750,947,734	1.00	1.00	Exercise of options under JM ESOS	Cash
July 27, 2012	193,740	751,141,474	1.00	1.00	Exercise of options under JM ESOS	Cash
September 12, 2012	227,323	751,368,797	1.00	1.00	Exercise of options under JM ESOS	Cash
October 30, 2012	12,950	751,381,747	1.00	1.00	Exercise of options under JM ESOS	Cash
December 14, 2012	12,444	751,394,191	1.00	1.00	Exercise of options under JM ESOS	Cash
February 7, 2013	166,919	751,561,110	1.00	1.00	Exercise of options under JM ESOS	Cash
March 26, 2013	53,552	751,614,662	1.00	1.00	Exercise of options under JM ESOS	Cash
May 6, 2013	1,085,815	752,700,477	1.00	1.00	Exercise of options under JM ESOS	Cash
May 16, 2013	468,247	753,168,724	1.00	1.00	Exercise of options under JM ESOS	Cash
May 30, 2013	982,485	754,151,209	1.00	1.00	Exercise of options under JM ESOS	Cash
June 27, 2013	230,480	754,381,689	1.00	1.00	Exercise of	Cash

Date of allotment	No. of equity shares allotted	Cumulative No. of equity shares	Face value (In ₹)	Issue price per equity share (In ₹)	Nature for allotment	Consideration (Cash/other than cash)
					options under JM ESOS	
July 22, 2013	268,079	754,649,768	1.00	1.00	Exercise of options under JM ESOS	Cash
October 7, 2013	470,384	755,120,152	1.00	1.00	Exercise of options under JM ESOS	Cash
December 16, 2013	66,870	755,187,022	1.00	1.00	Exercise of options under JM ESOS	Cash
January 29, 2014	156,475	755,343,497	1.00	1.00	Exercise of options under JM ESOS	Cash
April 29, 2014	902,978	75,624,6475	1.00	1.00	Exercise of options under JM ESOS	Cash
May 6, 2014	323,301	756,569,776	1.00	1.00	Exercise of options under JM ESOS	Cash
May 19, 2014	1,506,581	758,076,357	1.00	1.00	Exercise of options under JM ESOS	Cash
June 6, 2014	298,553	758,374,910	1.00	1.00	Exercise of options under JM ESOS	Cash
July 31, 2014	715,903	759,090,813	1.00	1.00	Exercise of options under JM ESOS	Cash
September 4, 2014	258,195	759,349,008	1.00	1.00	Exercise of options under JM ESOS	Cash
October 17, 2014	681,105	760,030,113	1.00	17.85 to 31.50	Exercise of options under JM ESOS	Cash
December 11, 2014	11,646,939	771,677,052	1.00	19.05	Allotment pursuant to conversion of warrants	Cash
December 23, 2014	11,646,939	783,323,991	1.00	19.05	Allotment pursuant to conversion of warrants	Cash
January 20, 2015	57,449	783,381,440	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
March 19, 2015	39,610	783,421,050	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
March 31, 2015	302,627	783,723,677	1.00	17.85 to 31.50	Exercise of options under JM ESOS	Cash
April 16, 2015	1,659,799	785,383,476	1.00	24.95 to 54.80	Exercise of options under JM ESOS	Cash
May 13, 2015	2,113,641	787,497,117	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
May 29, 2015	767,257	788,264,374	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
July 30, 2015	337,985	788,602,359	1.00	15.15 to	Exercise of	Cash

Date of allotment	No. of equity shares allotted	Cumulative No. of equity shares	Face value (In ₹)	Issue price per equity share (In ₹)	Nature for allotment	Consideration (Cash/other than cash)
				31.50	options under JM ESOS	
September 22, 2015	107,492	788,709,851	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
December 11, 2015	23,012	788,732,863	1.00	15.15 to 31.50	Exercise of options under JM ESOS	Cash
February 5, 2016	87,107	788,819,970	1.00	15.15 to 24.95	Exercise of options under JM ESOS	Cash
March 29, 2016	165,666	788,985,636	1.00	15.15 to 24.95	Exercise of options under JM ESOS	Cash
May 12, 2016	603,381	789,589,017	1.00	15.15 to 51.70	Exercise of options under JM ESOS	Cash
July 14, 2016	644,482	790,233,499	1.00	15.15 to 60.70	Exercise of options under JM ESOS	Cash
August 24, 2016	875,858	791,109,357	1.00	15.15 to 60.70	Exercise of options under JM ESOS	Cash
September 23, 2016	625,241	791,734,598	1.00	15.15 to 54.80	Exercise of options under JM ESOS	Cash
October 28, 2016	89,832	791,824,430	1.00	24.95 to 54.80	Exercise of options under JM ESOS	Cash
December 20, 2016	1,925,358	793,749,788	1.00	15.15 to 54.80	Exercise of options under JM ESOS	Cash
Allotments made in the last one year preceding the date of this Preliminary Placement Document						
March 22, 2017	775,326	794,525,114	1.00	15.15 to 60.70	Exercise of options under JM ESOS	Cash
May 2, 2017	1,842,618	796,367,732	1.00	15.15 to 54.80	Exercise of options under JM ESOS	Cash
June 29, 2017	421,434	796,789,166	1.00	24.95 to 51.70	Exercise of options under JM ESOS	Cash
July 24, 2017	278,244	797,067,410	1.00	17.85 to 51.70	Exercise of options under JM ESOS	Cash
September 27, 2017	303,597	79,7371,007	1.00	15.15 to 51.70	Exercise of options under JM ESOS	Cash
December 18, 2017	216,743	797,587,750	1.00	17.85 to 51.70	Exercise of options under JM ESOS	Cash
January 19, 2018	86,717	797,674,467	1.00	24.95 to 51.70	Exercise of options under JM ESOS	Cash

 # 8,700 partly paid-up equity shares of face value of ₹ 10 each were allotted pursuant to the IPO and rights issue, by our Company on July 1, 1991and September 29, 1994, respectively, and were forefeited due to non-payment of call money.

Employee stock option scheme

As on the date of filing this Preliminary Placement Document, our Company has a subsisting employees' stock option scheme, the Employee Stock Option Scheme ("**JM ESOS**"). The Employee Stock Option Scheme came into effect on pursuant to (i) approval of the Board of Directors through its resolution dated July 27, 2006 and (ii) approval of the Shareholders at the AGM held on September 6, 2007. It is administered by the Compensation Committee which was subsequently renamed to the Nomination and Remuneration Committee. The number of options that can be issued and offered under JM ESOS are limited to a maximum of 37,500,000 options giving right to apply for 37,500,000 Equity Shares of our Company. As of the date of this Preliminary Placement Document, out of the total number of stock options granted under Series 1 to 10 under JM ESOS, an aggregate of 24,511,089 stock options have been exercised by the eligible employees and 14,686,876 stock options have been lapsed. As of Preliminary Placement Document, the aggregate number of stock options outstanding is 5,142,835.

DIVIDENDS

The declaration and payment of dividend will be recommended by the Board of Directors and approved by the Shareholders at their discretion and will depend on the consolidated profits of our Company. The Board will consider one interim dividend in addition to final dividend for a financial year. The Board may also consider declaration of bonus shares at appropriate time by capitalizing accumulated profits and permissible reserves of our Company. The Board will endeavor to maintain a dividend pay-out in the range of at least 25% to 30% of consolidated profits after tax ("**PAT**"). The declaration and payment of dividend would be governed by the applicable provisions of the Companies Act, the Articles of Association and our Company's dividend distribution policy. The details of total dividends declared by our Company for the Fiscals 2015, 2016, 2017 are set out below:

Fiscal	**Total dividend per Equity Share (in ₹)**	**Dividend Rate (%)**	**Total amount of dividend[#] (in ₹ million)**
2017	1.50	150%	1,192.8
2016	1.45	145%	1,144.5
2015	1.35	135%	1,062.5

[#]Exclusive of tax on dividend distribution.

(1) The Board of Directors of our Company at their meeting held on January 19, 2018 have declared an interim dividend of ₹ 0.70 per Equity Share. The interim dividend as declared by the Board of Directors, will be paid on and from February 5, 2018 to those members whose names appear in the Register of Members/ statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on February 1, 2018.

Our Company has formulated a dividend distribution policy, which came into force pursuant to a resolution passed by the Board on August 2, 2016 which has been applicable for Fiscal 2017. In order to determine the nature and quantum of payment of dividend, our Company will take into account certain internal factors, such as (a) consolidated profits of our Company, (b) retention of capital to support liquidity, (c) capital adequacy, and (d) future growth of our Company's various subsidiary and associate companies.

For a summary of some of the restrictions that may materially affect our ability to declare or pay dividends, see the section titled "*Risk Factors –Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures* " on page 69.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 44 for a discussion of certain factors that may affect our business, financial condition and results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017 included in this Preliminary Placement Document. For further information, see "Financial Information" on page 270.

Our financial statements included in this Preliminary Placement Document are prepared in accordance with Indian GAAP. We will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("Ind AS") with effect from April 1, 2018, with corresponding periods in the previous fiscal year. Given that Ind AS differs in many respects from Indian GAAP, our financial statements relating to any period subsequent to April 1, 2018 (and for any prior corresponding periods in the previous fiscal year) may not be comparable to our historical financial statements prepared under Indian GAAP. Indian GAAP and Ind AS also differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Preliminary Placement Document will provide a meaningful information to a prospective investor is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to JM Financial Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to JM Financial Limited on a consolidated basis.

Overview

We are an established financial services group providing a range of financial services. Beginning with the establishment of JM Financial and Investment Consultancy Services Private Limited in September 1973, the major shareholder and promoter of our Company, our longstanding operations in the financial services sector has resulted in establishing "JM Financial" as a recognized brand.

Our primary business verticals include:

- fund based activities comprising real estate, corporate/ structured finance and capital markets lending as well as the asset reconstruction business;
- investment banking and securities business covering (i) equity and fixed income capital markets transactions, mergers and acquisitions advisory and private equity syndication, (ii) investment advisory and distribution which includes wealth management, and (iii) institutional equities;
- alternative asset management business which involves managing private equity funds and a real estate fund; and
- asset management business which involves the mutual fund business.

Fund Based Activities. Our fund based activities are conducted principally through three of our Subsidiaries: JM Financial Credit Solutions Limited ("JMFCSL") and JM Financial Products Limited ("JMFPL") which entities are registered with the Reserve Bank of India ("RBI") as non-banking financial companies ("NBFCs"); and JM Financial Asset Reconstruction Company Limited ("JMFARCL"), which is registered with the RBI under the SARFAESI Act, and in which we own 50.01% shareholding. While JMFCSL is primarily engaged in the business of extending wholesale credit to developers of real estate projects, JMFPL undertakes the business of structured finance/ corporate lending to corporates and capital markets lending to high networth individuals, retail and wealth segment clients. JMFPL also leverages its balance sheet to extend large sized loans to real estate developers. We are in the process of growing our SME lending business in JMFPL as well as our housing finance business in JMFPL's wholly owned subsidiary, JM Financial Home Loans Limited ("JMFHLL").

JMFHLL has recently been granted a license to operate as a housing finance company by the National Housing Bank of India. JMFARCL is engaged in the asset reconstruction business, a key focus area within our fund based activities.

Investment Banking and Securities Business (IWS). The investment banking and securities business includes management of capital markets transactions, advising on mergers & acquisitions, and private equity syndication. We also provide investment advisory and distribution services, involving research backed equity brokerage services, wealth management, capital market lending for wealth management and broking clients and distribution of financial products. This segment also includes our institutional equities business. The average daily turnover for the securities business for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017, was ₹ 24,196.0 million, ₹ 21,369.0 million, ₹ 29,874.2 million and ₹ 48,899.5 million, respectively.

Alternative Asset Management. Our alternative asset management business involves administration and management of our private equity and real estate funds, i.e. JM Financial India Fund, and JM Financial Property Fund. These funds are close to completion of their respective terms, and we are currently in the process of launching another private equity fund, JM Financial India Trust II.

Asset Management. Our asset management business is conducted through JM Financial Asset Management Limited ("JMFAML"), which manages the assets under schemes launched by JM Financial Mutual Fund ("JMFMF"). Our mutual fund clients predominantly include institutional and corporate clients as well as high networth individuals.

Revenues from our fund based activities, investment banking and securities, alternative asset management, and asset management business contributed 68.9%, 27.1%, 0.2% and 3.8%, respectively, of our total revenues in Fiscal 2017. Profit before tax from these segments represented 80.1%, 14.8%, (0.9)% and 5.9%, respectively, of our profit before tax in Fiscal 2017. Profit after tax from these segments represented 76.6%, 20.3%, (1.8)% and 5.3%, respectively, of our profit after tax in Fiscal 2017.

In the nine months ended December 31, 2017, these segments contributed 69.9%, 25.5%, 0.9% and 3.7%, respectively, of our revenues, and represented 76.8%, 14.9%, 0.9% and 6.7%, respectively, of our profit before tax, and 68.8%, 21.9%, 2.2% and 6.2%, respectively, of our profit after tax, in such period.

The tables below set forth certain information relating to our principal business segments in the periods indicated:

Segment	**Fiscal 2015**				**Fiscal 2016**				**Fiscal 2017**			
	Revenue	**Capital Employed**	**PBT**	**PAT**	**Revenue**	**Capital Employed**	**PBT**	**PAT**	**Revenue**	**Capital Employed**	**PBT**	**PAT**
	(₹ million)											
Fund Based Activities	8,062.1	21,041.7	3,474.4	2,165.9	10,789.3	25,583.5	5,486.0	3,150.1	16,250.2	32,407.6	7,787.5	3,603.4
Investment Banking and Securities	5,219.3	5,998.8	1,239.9	847.5	4,946.9	5,605.0	794.4	539.6	6,387.5	6,388.4	1,436.9	953.7
Alternative Asset Manageme nt	274.4	847.2	149.5	110.5	128.5	830.6	43.8	37.5	44.0	806.8	(85.6)	(86.4)
Asset Manageme nt	467.5	1,375.8	178.1	96.5	855.4	1,832.1	563.4	249.3	892.9	2,285.1	574.3	247.1
Others/ Unallocated	1,391.7	1,659.6	127.2	84.8	1,939.7	876.4	40.9	28.1	2,130.1	1,474.3	4.2	(15.8)
Total Segment Revenue	**15,415.0**	**30,923.1**	**5,169.1**	**3,305.2**	**18,659.8**	**34,727.6**	**6,928.5**	**4,004.6**	**25,704.7**	**43,362.2**	**9,717.3**	**4,702.0**
Less: Inter - segment	(1,384.6)	-	-	-	(1,813.2)	-	-	-	(2,112.1)	-	-	-
Total	**14,030.4**	**30,923.1**	**5,169.1**	**3,305.2**	**16,846.6**	**34,727.6**	**6,928.5**	**4,004.6**	**23,592.6**	**43,362.2**	**9,717.3**	**4,702.0**

Segment	**Nine Months ended December 31,**							
	2016				**2017**			
	Revenue	**Capital Employed**	**PBT**	**PAT**	**Revenue**	**Capital Employed**	**PBT**	**PAT**

	(₹ million)							
Fund Based Activities	11,468.1	31,449.1	5,392.3	2,574.9	16,090.9	36,345.2	6,961.5	3,041.7
Investment Banking and Securities	4,159.5	5,993.1	745.5	526.9	5,866.5	6,804.0	1,348.4	966.4
Alternative Asset Management	34.4	785.7	(66.7)	(67.5)	196.7	903.8	78.3	97.0
Asset Management	634.3	2,140.2	387.6	168.6	850.1	2,195.5	607.1	273.2
Others/ Unallocated	1,386.3	1,622.7	(3.9)	(9.4)	1,840.3	1,884.7	72.9	42.9
Total Segment Revenue	**17,682.6**	**41,990.8**	**6,454.8**	**3,193.5**	**24,844.5**	**48,133.2**	**9,068.2**	**4,421.2**
Less: Inter - segment	(1,339.6)	-	-	-	(1,822.0)	-	-	-
Total	**16,343.0**	**41,990.8**	**6,454.8**	**3,193.5**	**23,022.5**	**48,133.2**	**9,068.2**	**4,421.2**

In Fiscal 2015, 2016 and 2017, and in the nine months ended December 31, 2017, our profit after tax (on a consolidated basis) was ₹ 3,305.2 million, ₹ 4,004.6 million, ₹ 4,702.0 million and ₹ 4,421.2 million, respectively, and our Company's profit after tax (on a standalone basis) was ₹ 781.0 million, ₹ 1,122.5 million, ₹ 1,067.3 million and ₹ 872.2 million, respectively.

RECENT DEVELOPMENTS

Reorganization of the Group

In Fiscal 2017, we undertook certain corporate restructuring initiatives to consolidate our Company's shareholding, particularly with respect to certain of our associate company. Consequently, we increased our shareholding in such associate company, resulting in such entity becoming our subsidiary with effect from the date of acquisition of additional shareholding in such entity. In September 2016, we acquired 0.01% shareholding in JMFARCL, to increase our aggregate shareholding in JMFARCL from 50.00% to 50.01%. Consequently, JMFARCL became a subsidiary of our Company with effect from September 30, 2016, and the profit and loss account of JMFARCL has been consolidated on a line-by-line basis with effect from September 30, 2016. While such entity was earlier accounted for as an associate company, and following such transaction, was accounted for as a subsidiary; accordingly, the accounting principles applicable to the consolidation of the financial condition and results of operations of such entity are different following such restructuring. Accordingly, our results of operations and our assets and liabilities are not comparable to such extent, and potential investors are therefore advised to take into account such corporate reorganization in the context of the discussions on our financial performance included herein.

- The Mumbai Bench of the Honorable National Company Law Tribunal vide it's Order dated December 14, 2017, sanctioned the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited. The aforesaid scheme has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. Consequent to the Scheme becoming effective, our Company has ceased to be a Core Investment Company. While continuing to hold same equity ownership and control as prior to the amalgamation over its operating subsidiary companies, the Company is engaged in operating businesses as a SEBI registered Category I merchant banker and as the investment manager for our private equity funds.

- Since such reorganization was effective as of January 18, 2018, the effect of such reorganization is not reflected in our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2017, and in our Unaudited Special Purpose Interim Condensed Standalone Financial Information for the nine months ended December 31, 2017. Accordingly, our future standalone results of operations will not be comparable to our historical standalone results of operations.

Announcement of Unaudited Consolidated and Standalone Interim Financial Results for the nine months ended December 31, 2017

At the meeting of our Board of Directors on January 19, 2018, we have adopted and filed with the stock exchanges on January 19, 2018, the unaudited consolidated and standalone interim financial results for the nine months ended December 31, 2017 (together with the comparative unaudited consolidated and standalone interim financial results for the nine months ended December 31, 2016), subjected to a limited review by our statutory auditors. We have also included in this Preliminary Placement Document, the Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017, and the Unaudited Special Purpose Interim Condensed Standalone Financial Information for the nine months ended December 31, 2016 and 2017, which have been reviewed by our statutory auditors Deloitte Haskins & Sells LLP. For further information, see "*Financial Information*" beginning on page 270 of this Preliminary Placement Document.

Introduction of Ind-AS and Impact on Preparation and Presentation of our Historical and Future Financial Statements

We will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards" ("Ind AS") with effect from April 1, 2018, with corresponding periods in the previous fiscal year. We currently prepare our annual and interim financial statements under Indian GAAP. Given that Ind AS differs in many respects from Indian GAAP, our financial statements relating to any period subsequent to April 1, 2018 (and for any prior corresponding periods in the previous fiscal year) may not be comparable to our historical financial statements prepared under Indian GAAP.

Owing to a lack of precedents we have not determined with any degree of certainty the impact of the adoption of Ind AS on our financial statements. However, on a preliminary evaluation of the differences between Indian GAAP and Ind AS, we believe that certain matters may have an impact on the preparation and presentation of, in accordance with Ind AS, our future financial statements, and, to the extent applicable, our historical financial statements. In particular, when we commence preparation of our financial statements under Ind AS with effect from April 1, 2018, we will also be required to prepare and present Ind AS financial statements for corresponding periods in Fiscal 2018. Such comparative Ind AS financial statements for any period in Fiscal 2018 may vary materially from our Indian GAAP financial statements included in this Preliminary Placement Document. For further information on the impact of the adoption of Ind AS on our financial statements, see "*Summary of Significant Differences between Indian GAAP and Ind AS*" on page 122.

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Macroeconomic environment in India

As a financial services company operating primarily in India, our financial performance is dependent on the overall economic condition in India, including the GDP growth rate, the economic cycle and the condition of the securities markets. Our financial results are influenced by macroeconomic factors relating to growth of the Indian economy in general and the financial industry in particular.

The Government's monetary policy is heavily influenced by the condition of the Indian economy, the prevailing interest rates, and changes in the monetary policy affect the interest rates of our advances and borrowings. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting monetary policy. If general economic conditions in India deteriorate or are not in line with our expectations, if our business operations are impacted in a manner that vary from our expectations, or if favorable trends in the financial services industry in India slow down or are reversed, our financial condition and results of operations may be materially impacted.

Regulatory framework

As a diversified financial services company, we are impacted by the complex regulatory framework that governs the financial services sector in India. The financial services sector is subject to extensive regulation by governmental organizations and regulatory bodies. In particular, we are subject to stringent regulations applicable to NBFCs. Among other regulations in relation to capital adequacy, liquidity and disclosure requirements that are applicable to NBFCs, the RBI has mandated that asset classification norms for NBFCs are required to be brought in line with those of banks in a phased manner.

Additionally, we are also governed by SEBI and various regulations notified by SEBI, from time to time. We are required to adhere to stringent disclosure requirements pescribed by SEBI and make regular filings with SEBI.

Further, our success in carrying out our ARC business, depends on various factors, including availability of stressed assets during phases of economic growth, overall improvement in bank asset quality due to a boost in the Indian economy, competition from established ARCs in India, regulatory limitations on the manner in which ARCs may conduct operations, and the regulatory framework for banks and financial institutions. For instance, our asset reconstruction business is impacted by RBI guidelines that require an asset reconstruction company (ARC) to subscribe to a minimum of 15% of the face value of the Security Receipts (SRs) of each class issued in each scheme on an ongoing basis and the remaining 85% of the face value of SRs may be subscribed by the selling banks, financial institutions and other eligible entities. SRs issued by ARCs are valued at a net asset value based on recovery rating range assigned by an independent credit rating agency. The RBI guidelines provide that if the investment by a bank in SRs backed by stressed assets sold by it is more than 50% of SRs issued under the securitization trust, then the bank is required to create similar provisions as it would have been required to create if the stressed assets were held in its own book. However, with effect from April 1, 2018, the above threshold of 50% will stand reduced to 10%. This regulatory revision could result in less distressed assets being sold (unless these assets have been provided for to the extent referred to by the aforesaid regulations), which in turn could adversely affect the growth in the size of our credit book in our asset reconstruction business. In light of the above regulations, stressed assets may be sold on a relatively higher or on a full cash basis. This business is also impacted by the recently enacted Insolvency and Bankruptcy Code, 2016, that determines the manner of dealing with stressed assets. As the regulatory regime is being revised to allow for better resolution of distressed assets, complying with these regulations may require us to incur additional costs. However, our ARC business is also likely to benefit from a streamlined procedure for identification and acquisition of distressed assets. Complying with the increasingly stringent regulatory framework in India, while continuing to establish our reputation and brand in this line of business, is likely to affect our financial condition and results of operations.

In addition, as we develop our housing finance business through JMFHLL, we will be also be regulated by the NHB Directions that require housing finance institutions ("HFIs") to comply with certain capital adequacy requirements and statutory liquidity ratio ("SLR"). Further, in order to maintain a SLR as prescribed by the NHB, HFIs are required to maintain a minimum percentage of their public deposits in the form of approved investments of which a specified percentage must be held in approved securities and in fixed deposits. Other regulations applicable to JMFHLL as an HFI include a cap on aggregate exposure to the capital market, including direct investment in shares, convertible bonds/debentures, units of equity-oriented mutual funds and all exposures to venture capital funds, which should not exceed 40% of its net worth as on March 31 of the previous year. Any revision to these regulations could result in our inability to maintain the prescribed capital adequacy ratio in future, which could adversely affect our growth, and as a result, our business, financial condition and results of operations.

Interest rate volatility

Interest income from our financing activities is the largest component of our total revenue, and represented 57.5%, 64.0%, 68.9% and 69.9% of our total revenue in Fiscal 2015, 2016 and 2017 and in the nine months ended December 31, 2017, respectively. Changes in RBI monetary policies could affect the interest charged on interest-earning assets and the interest paid on interest-bearing liabilities. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates.

Interest rates have a substantial effect on our cost of funding, our business volumes and our profit margins. Declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates may also lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting in an increase in volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of our financing activities. In a rising interest rate scenario, our profit margins are therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. Varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities and a consequent change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our interest income from financing activities.

Availability of cost effective funding sources

The availability of cost-effective funding sources significantly affects our results of operations. Our funding requirements are predominantly sourced through borrowings from banks and other financial institutions. We believe that the quality of our credit portfolio, stringent credit appraisal and risk management processes and stable credit history have resulted in improved credit status with our lenders over the years, thereby enabling us to reduce our cost of borrowings from banks and other financial institutions. For further information, see "*Business – Credit Ratings*" on page 195. We have diversified funding sources through non-convertible debentures, market linked debentures, term loans and commercial paper. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Funding from non-convertible debentures represented 32.8% of our total borrowings as of December 31, 2017. In addition to debt funding, we also support our funding requirements from internal accruals.

Finance costs represent a majority of our expenses and represented 29.9%, 30.4%, 33.1% and 36.4% of our total revenue in Fiscal 2015, 2016 and 2017 in the nine months ended December 31, 2017, respectively. Our finance costs are dependent on various external factors, including Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. We believe that we have been able to maintain relatively stable finance costs as a result of our effective fund raising and asset management strategy. Our ability to maintain our finance costs at optimum levels will continue to have a direct impact on our profitability, results of operations and financial condition.

Diversification of portfolio of products and services

We believe that the diversification of our business and revenue base is a key component of our success. We believe that our financial performance is directly linked to our ability to provide diversified products and services to existing and new customers.

We have over the years, strategically diversified our asset portfolio to cater to various asset classes and customer segments. We offer a range of financial products and services including a wide range of corporate credit and structured finance products, real estate lending, capital market lending products, asset reconstruction, investment banking, securities and wealth management services and asset management and alternative asset management. We believe that our diversification strategies has helped us mitigate various risks associated with limited business lines.

In particular, in order to diversify our operations from our wholesale credit business and diversify our risk profile, we intend to increasingly focus on market opportunities in the retail credit segment. We also intend to further strengthen our retail lending profile by increasing our focus on SME lending and also developing our home finance business, in particular the affordable housing finance segment.

Our revenues and profitability may be affected as we promote new products and services or alter our asset portfolio mix as a result of implementation of our growth strategies, market conditions, customer preferences and other macroeconomic and industry related factors. Further, diversification of our lending activities with a focus on expanding our retail lending profile, will impact the credit book for our retail business. Our future revenue and profitability may be impacted by the expansion of our existing services as we implement our business strategies and address market opportunities. Our ability to maintain our diversified portfolio and service customers in a cost-effective manner will have an impact on our results of operations and financial condition.

Management of operating expenses

Our operating expenses have an impact on our profitability. Our ability to continue controlling our operating expenses will directly impact our profitability. Our operating expenses, include (a) our employee benefits expense and (b) other expenses. Our Cost to Income Ratio was 31.9% and 31.0% for Fiscal 2017 and for the nine months ended December 31, 2017. Our Cost to Income Ratio is affected primarily by our ability to expand our operations, our portfolio of products and services and our Loan Book. Our expenses may be impacted by macroeconomic conditions including increases in inflation, changes in laws and regulations, increased competition and personnel expenses and other factors. Employee benefit expenses are one of the major components of our total expenditure. As we continue to increase the scale of our operations and grow our business, we will be required to employ additional resources. Any inability to manage our operating expenses may impact our financial condition and results of operations.

Credit Quality and NPAs

Credit quality is a key driver of our results of operations. We believe that our ability to maintain the credit quality of our loan portfolio is a function of our risk management policies and credit evaluation framework. We have put in place procedures regarding credit appraisal and loan disbursement and have instituted ongoing monitoring mechanisms in order to strengthen our credit quality. For further information on our credit appraisal and loan disbursement processes, see "*Business*" on page 180.

Our Gross NPAs were ₹ 479.3 million, ₹ 203.3 million, ₹ 141.0 million and ₹ 801.4 million in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively, while Net NPAs were ₹ 390.2 million, ₹ 117.1 million, ₹ 8.1 million and ₹ 683.6 million in such periods. Gross NPAs were 0.9%, 0.3%, 0.1% and 0.6% of our gross advances as of March 31, 2015, 2016, and 2017, and December 31, 2017, respectively, while Net NPAs were 0.7%, 0.2%, 0.0% and 0.5% of our net advances as of such dates. The increase in Gross NPA from ₹ 141.0 million in Fiscal 2017 to ₹ 801.4 million in the nine months ended December 31, 2017, is primarily attributable to an increase in our gross advances driven by the growth of our business. In addition, various factors, including, an increase in unemployment, a sharp and sustained increase in interest rates, a slowdown in economic growth in India, the macro-economic and political environment in India, increases in commodity prices and changes in currency exchange rates may cause an increase in the level of loan delinquencies, a consequent increase in Gross NPA, and an increase in our loan losses and provisions.

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. Each of our key businesses competes and is expected to compete on the basis of a number of key factors.

Competitors to our credit business include established Indian and foreign commercial banks, other NBFCs, housing finance companies and small finance banks that principally operate in the domestic market. We may also face competition from unorganized smaller market participants who are prevalent in semi-urban and rural area, local money lenders in rural areas that are also focused on lending to underserved segments and micro, small and medium enterprises. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalizing related operational costs. Our financial advisory, investment banking and equities brokerage business competes with other investment banks, financial and wealth advisors and brokers. In addition, our brokerage business faces competition from trading businesses conducted over the phone between clients and broker-dealers, as well as from banks and other financial institutions that are permitted to facilitate broking services. Our asset reconstruction business faces competition from existing asset reconstruction companies. Our competitors may also include private equity funds, hedge funds and alternative investment funds that have specialized asset reconstruction oriented investments. We are likely to compete on the basis of the price for distressed assets coupled with the probability of recovering or reconstructing such debt. Our asset management business faces competition from other asset management companies. Our alternative asset management business faces competition from other similar funds.

Our competitors may have competitive advantages over our businesses including greater financial resources, better brand recognition, broader knowledge resources and client base. Any increase in competition may reduce our market share, decrease growth in our business, increase operating expenses and reduce our customer base, which could adversely affect our financial condition and results of operations.

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprises the financial statements of our Company and its subsidiary/ associate companies and partnership firm (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, to the extent applicable and the prevalent accounting practices in India.

The preparation of financial statements is in conformity with Indian GAAP which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known/ materialized.

Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in associate companies have been accounted under the equity method as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of members of the Company. Similarly, the amount attributable to the share of minority interest in net assets of consolidated subsidiaries is identified and presented in the CFS, as part of members' fund.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the CFS as goodwill/capital reserve on consolidation.

Revenue recognition

Revenue is recognized at the point when there is reasonable certainty of its actual realization/collection.

- Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions & advisory assignments and arrangers' fees for mobilizing funds is recognized when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

- Management fee is recognized at specific rates agreed for the relevant schemes applied on the daily net assets of each scheme under the asset management segment.

- Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognized on the trade date.

- Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilizing bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

- Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognized when the services are determined to be completed.

- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

- Dividend income is recognized when the right to receive the dividend is established.

- Interest income is recognized on accrual basis.

Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Companies Act, 2013 or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Leasehold building	60 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipments	5 years
Computers	3 years
Software	5 years
Servers and Networks	6 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Group capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalized at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognized as an impairment loss in the statement of profit and loss.

Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of noncurrent investments is made to recognize a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognize the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management’s estimate. Current investments are carried at lower of cost or fair value.

Securities held as a result of underwriting/stock-in-trade

The securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

Employee benefits

Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognized in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short-term employee benefits

Short-term employee benefits are recognized as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

Taxation

Tax expense comprises current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

At each balance sheet date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – "Financial Instruments: Recognition & Measurement" to the extent it is not inconsistent with the Accounting Standards' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/ purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for trading'. Accordingly, if the net difference is a loss (being an unrealized loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealized gain), credit is not taken for the same on the principle of prudence.

Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option and notes to Consolidated Financial Statements is recognized as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortized deferred employee compensation, is shown separately as part of Reserves.

Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ` in the following manner:

- Revenue and expenses: At the average exchange rate during the year.
- All assets and liabilities: At the exchange rate prevailing at the end of the year.
- The resultant translation exchange difference are transferred to currency translation reserve.

Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognized when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognized in the financial statements.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Revenue

Our revenue comprises (i) revenue from operations, including fee and commission income; brokerage income, and interest and other income on fund based activities; and (ii) other operating income.

Revenue from Operations

Fee and Commission Income

Fee and commission income comprises income from our investment banking and securities business and income from our asset management businesses, including income from advisory services and distribution of financial products, management fees generated from managing funds of institutional and non-institutional investors, and other fees generated from investment banking (equity and debt capital markets) and syndication business.

Brokerage Income

Brokerage income comprises income from broking from institutional and retail broking activities, as part of our investment banking and securities business.

Interest and other Income on Fund Based Activities

Interest and other income on fund based activities comprises interest and other income on loans generated on our credit portfolio, income generated from trading of corporate bonds and government securities, and income generated on securitization and reconstruction of financial assets.

Other Operating Income

Other operating income includes (i) interest income: (ii) income from arbitrage activities carried out as part of our investment advisory and distribution business; (iii) profit on sale of investments; (iv) dividend income; and (v) miscellaneous income including lease rental income and any provisions written back.

Expenses

Our expenses comprise (i) employee benefit expenses; (ii) finance costs; (iii) depreciation and amortization expenses; and (iv) other expenses.

Employee Benefits Expense

Employee benefits expense comprises (i) salaries, bonus and allowances; (ii) contribution to provident and other funds; (iii) gratuity payments; and (iv) staff welfare expenses.

Finance Costs

Finance costs comprise (i) interest expenses; (ii) other borrowing costs; and (iii) finance charges on leased assets.

Depreciation and Amortization Expenses

Depreciation and amortization comprises (i) depreciation charges on fixed assets; and (ii) amortization charges on intangible assets.

Other Expenses

Other expenses includes (i) sub-brokerage, fees and commission; (ii) rates and taxes; (iii) provision for diminution in value of investments; (iv) legal and professional fees; (v) provision for bad and doubtful debts and assets written-off; (vi) rental expenses; (vii) donation; and (viii) miscellaneous expenses.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our revenue in the periods indicated:

	Fiscal						Nine months ended December 31,			
	2015		2016		2017		2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Revenue										
Revenue from Operations	11,962.3	85.3%	14,948.4	88.7%	21,592.4	91.5%	14,844.2	90.8%	21,007.1	91.2%
Other Operating Income	2,068.1	14.7%	1,898.2	11.3%	2,000.2	8.5%	1,498.8	9.2%	2,015.4	8.8%
Total Revenue	**14,030.4**	**100.0%**	**16,846.6**	**100.0%**	**23,592.6**	**100.0%**	**16,343.0**	**100.0%**	**23,022.5**	**100.0%**
Expenses										
Employee Benefit Expenses	2,352.4	16.8%	2,639.1	15.7%	3,058.1	13.0%	2,259.6	13.8%	2,974.1	12.9%
Finance Costs	4,202.0	29.9%	5,120.9	30.4%	7,819.6	33.1%	5,681.5	34.8%	8,377.2	36.4%
Depreciation and	180.5	1.3%	202.9	1.2%	233.2	1.0%	170.4	1.0%	194.0	0.8%

	Fiscal						Nine months ended December 31,			
	2015		2016		2017		2016		2017	
	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue	Amount	Percentage of total revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Amortization Expenses										
Other Expenses	2,126.4	15.2%	1,955.2	11.6%	2,764.4	11.7%	1,776.7	10.9%	2,409.0	10.5%
Total Expense	**8,861.3**	**63.2%**	**9,918.1**	**58.9%**	**13,875.3**	**58.8%**	**9,888.2**	**60.5%**	**13,954.3**	**60.6%**
Profit before tax	**5,169.1**	**36.8%**	**6,928.5**	**41.1%**	**9,717.3**	**41.2%**	**6,454.8**	**39.5%**	**9,068.2**	**39.4%**
Tax Expense										
Current Tax	1,589.6	11.3%	2,244.8	13.3%	3,437.5	14.6%	2,220.5	13.6%	3,047.1	13.2%
Deferred Tax	(27.8)	(0.2)%	(20.3)	(0.1)%	(85.0)	(0.4)%	(27.2)	(0.2)%	(69.9)	(0.3)%
Tax Adjustment of Earlier Years (net)	2.1	0.0%	(0.1)	(0.0)%	(4.1)	(0.0)%	(4.9)	(0.0)%	0.0	0.0%
Total Tax Expense	**1,563.9**	**11.1%**	**2,224.4**	**13.2%**	**3,348.4**	**14.2%**	**2,188.4**	**13.4%**	**2,977.2**	**12.9%**
Profit for the Year	**3,605.2**	**25.7%**	**4,704.1**	**27.9%**	**6,368.9**	**27.0%**	**4,266.4**	**26.1%**	**6,091.0**	**26.5%**
Share in Profit of Associates	187.6	1.3%	553.3	3.3%	119.8	0.5%	117.6	0.7%	9.0	0.0%
Profit for the Year attributable to Minority Interest	(487.6)	(3.5)%	(1,252.8)	(7.4%)	(1,786.7)	(7.6%)	(1,190.5)	(7.3%)	(1,678.8)	(7.3)%
Net Consolidated Profit for the Year	**3,305.2**	**23.6%**	**4,004.6**	**23.8%**	**4,702.0**	**19.9%**	**3,193.5**	**19.5%**	**4,421.2**	**19.2%**

NINE MONTHS ENDED DECEMBER 31, 2017 COMPARED TO NINE MONTHS ENDED DECEMBER 31, 2016

In September 2016, we acquired 0.01% shareholding in JM Financial Asset Reconstruction Company Limited ("JMFARCL"), to increase our aggregate shareholding in JMFARCL from 50.00% to 50.01%. Consequently, JMFARCL became a subsidiary of our Company with effect from September 30, 2016, and the profit and loss account of JMFARCL have been consolidated on a line-by-line basis with effect from September 30, 2016. Prior to such acquisition, JMFARCL was treated as an associate and our share in the profit or loss of JMFARCL was reflected in our profit and loss account as a share in profit / loss of associate.

Revenue

Total revenue increased by 40.9% from ₹ 16,343.0 million in the nine months ended December 31, 2016 to ₹ 23,022.5 million in the nine months ended December 31, 2017, primarily attributable to an increase in our revenue from operations.

Revenue from Operations

Revenue from operations increased by 41.5% from ₹ 14,844.2 million in the nine months ended December 31, 2016 to ₹ 21,007.1 million in the nine months ended December 31, 2017, primarily due to increase in income from fund based activities and brokerage income.

Other Operating Income

Other operating income increased by 34.5% from ₹ 1,498.8 million in the nine months ended December 31, 2016 to ₹ 2,015.5 million in the nine months ended December 31, 2017, primarily due to an increase in profit on sale of investments and arbitrage activities.

Segment Revenue

The following table sets forth certain information relating to our revenue from our principal business verticals in the nine months ended December 31, 2016 and December 31, 2017:

Segment Revenue	Nine Months ended December 31,	
	2016	2017
	(₹ million)	
Fund Based Activities	11,468.1	16,090.9
Investment Banking and Securities Business	4,159.5	5,866.5
Alternative Asset Management	34.4	196.7
Asset Management	634.3	850.1
Others/ Unallocated	1,386.3	1,840.3
Total Segment Revenue	**17,682.6**	**24,844.5**
Less: Inter-Segmental Revenue	(1,339.6)	(1,822.0)
Total Revenue	**16,343.0**	**23,022.5**

Revenue from our fund based activities also increased significantly by 40.3% from ₹ 11,468.1 million in the nine months ended December 31, 2016 to ₹ 16,090.9 million in the nine months ended December 31, 2017, primarily due to growth in our lending business. Assets under our fund based activities increased by 47.9% from ₹ 109,407.2 million as of December 31, 2016 to ₹ 161,770.0 million as of December 31, 2017. Revenue from this segment represented 70.2% and 69.9% of our total revenue in the nine months ended December 31, 2016 and the nine months ended December 31, 2017, respectively.

Revenue from our investment banking and securities business, increased significantly by 41.0% from ₹ 4,159.5 million in the nine months ended December 31, 2016 to ₹ 5,866.5 million in the nine months ended December 31, 2017, primarily due to greater traction in our investment banking and securities business. Revenue from this segment represented 25.5% of our total revenue in the nine months ended December 31, 2016 and 25.5% in the nine months ended December 31, 2017.

Revenue from our alternative asset management business increased significantly from ₹ 34.4 million in the nine months ended December 31, 2016 to ₹ 196.7 million in the nine months ended December 31, 2017, primarily due to increase in fee income.

Revenue from our asset management business increased significantly by 34.0% from ₹ 634.3 million in the nine months ended December 31, 2016 to ₹ 850.1 million in the nine months ended December 31, 2017, primarily due to increase in assets under management and changing mix of the assets under management. Revenue from this segment represented 3.9% and 3.7% of our total revenue in the nine months ended December 31, 2016 and the nine months ended December 31, 2017, respectively.

Other revenue, comprising lease rentals and dividend income increased by 32.7% from ₹ 1,386.3 million in the nine months ended December 31, 2016 to ₹ 1,840.3 million in the nine months ended December 31, 2017, primarily due to increase in dividend income, contractual escalation in rental income and also other income.

Expenses

Total expenses increased by 41.1% from ₹ 9,888.2 million in the nine months ended December 31, 2016 to ₹ 13,954.3 million in the nine months ended December 31, 2017, primarily attributable to an increase in employee benefits expenses and finance costs.

Employee Benefits Expenses

Employee benefits expenses increased by 31.6% from ₹ 2,259.6 million in the nine months ended December 31, 2016 to ₹ 2,974.1 million in the nine months ended December 31, 2017. This was primarily due to increase in salaries, bonus and allowances resulting from an annual compensation increase, increase in number of employees, and expansion activities undertaken during such period.

Finance Costs

Finance costs increased significantly by 47.4% from ₹ 5,681.5 million in the nine months ended December 31, 2016 to ₹ 8,377.1 million in the nine months ended December 31, 2017. This was primarily due to an increase in interest expense, as a result of increased borrowings for our fund based activities.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 13.8% from ₹ 170.4 million in the nine months ended December 31, 2016 to ₹ 194.0 million in the nine months ended December 31, 2017, primarily due to capital expenditure in the ordinary course of business.

Other Expenses

Other expenses increased by 35.6% from ₹ 1,776.7 million in the nine months ended December 31, 2016 to ₹ 2,409.0 million in the nine months ended December 31, 2017, primarily attributable to increase in rates and taxes and provisions towards loans and investments.

Tax Expenses

Tax expenses comprise current tax, deferred tax and tax adjustment of earlier years. Our tax expense increased by 36.0% from ₹ 2,188.4 million in the nine months ended December 31, 2016 to ₹ 2,977.2 million in the nine months ended December 31, 2017 due to increase in profit before tax by 40.5% from ₹ 6,454.8 million in the nine months ended December 31, 2016 to ₹ 9,068.2 million in the nine months ended December 31, 2017.

Net Consolidated Profit for the Nine Months ended December 31, 2017

For the reasons discussed above, profit for the nine months ended December 31, 2017 increased by 42.8% from ₹ 4,266.4 million in the nine months ended December 31, 2016 to ₹ 6,091.0 million in the nine months ended December 31, 2017. Net consolidated profit for the nine months ended December 31, 2017 taking into account profit after minority interest and share of profit from associates, increased by 38.4% from ₹ 3,193.5 million in the nine months ended December 31, 2016 to ₹ 4,421.2 million in the nine months ended December 31, 2017.

FISCAL 2017 COMPARED TO FISCAL 2016

In September 2016, we acquired 0.01% shareholding in JM Financial Asset Reconstruction Company Limited ("JMFARCL"), to increase our aggregate shareholding in JMFARCL from 50.00% to 50.01%. Consequently, JMFARCL became a subsidiary of our Company with effect from September 30, 2016, and the profit and loss account of JMFARCL have been consolidated on a line-by-line basis with effect from September 30, 2016. Prior to such acquisition, JMFARCL was treated as an associate and our share in the profit or loss of JMFARCL was reflected in our profit and loss account as a share in profit / loss of associate.

Revenue

Total revenue increased by 40.0% from ₹ 16,846.6 million in Fiscal 2016 to ₹ 23,592.6 million in Fiscal 2017, primarily attributable to an increase in our revenue from operations.

Revenue from Operations

Revenue from operations increased by 44.4% from ₹ 14,948.4 million in Fiscal 2016 to ₹ 21,592.4 million in Fiscal 2017, primarily attributable to an increase in interest and other income on fund based activities. Interest and other income on fund based activities increased by 53.9% from ₹ 10,444.0 million in Fiscal 2016 to ₹ 16,070.2 million in Fiscal 2017, resulting from an increase in our loan book from ₹ 72,148.8 million as of March 31, 2016 to ₹ 113,428.3 million as of March 31, 2017. In addition, brokerage income increased by 19.9% from ₹ 1,346.8 million in Fiscal 2016 to ₹ 1,614.2 million in Fiscal 2017. Fees and commission income also increased by 23.8% from ₹ 3,157.6 million in Fiscal 2016 to ₹ 3,907.9 million in Fiscal 2017, resulting from increased activity in our fee based businesses such as investment banking and securities, and asset management.

Other Operating Income

Other operating income increased by 5.4% from ₹ 1,898.2 million in Fiscal 2016 to ₹ 2,000.2 million in Fiscal 2017, primarily attributable to an increase in profit on sale of investments from ₹ 60.9 million in Fiscal 2016 to ₹

557.1 million in Fiscal 2017. This increase was partially offset by a decrease in interest income by 13.7% from ₹ 974.2 million in Fiscal 2016 to ₹ 840.8 million in Fiscal 2017. While we received interest on income tax refund in Fiscal 2016 we did not record any such income in Fiscal 2017. In addition, dividend income decreased by 81.2% from ₹ 306.4 million in Fiscal 2016 to ₹ 57.5 million in Fiscal 2017, and income from arbitrage activities decreased by 12.7% from ₹ 349.9 million in Fiscal 2016 to ₹ 305.5 million in Fiscal 2017.

Segment Revenue

The following table sets forth certain information relating to our revenue from our principal business verticals in Fiscal 2016 and Fiscal 2017:

Segment Revenue	**Fiscal 2016**	**Fiscal 2017**
	(₹ million)	
Fund Based Activities	10,789.3	16,250.2
Investment Banking and Securities Business	4,946.9	6,387.5
Alternative Asset Management	128.5	44.0
Asset Management	855.4	892.9
Others/ Unallocated	1,939.7	2,130.1
Total Segment Revenue	**18,659.8**	**25,704.7**
Less: Inter-Segmental Revenue	(1,813.2)	(2,112.1)
Total Revenue	**16,846.6**	**23,592.6**

Revenue from our fund based activities increased significantly by 50.6% from ₹ 10,789.3 million in Fiscal 2016 to ₹ 16,250.2 million in Fiscal 2017, primarily due to growth in our lending business. Loan book under our NBFC lending operations increased by 57.2% from ₹ 72,148.8 million as of March 31, 2016 to ₹ 113,428.3 million as of March 31, 2017. This increase was primarily driven by a growth in our real estate lending business, and AUM in our real estate lending business increased by 44.0% from ₹ 56,285.5 million as of March 31, 2016 to ₹ 81,061.1 million as of March 31, 2017. Our corporate loan book also increased during this period, and AUM in this business increased by 163.1% from ₹ 5,930.6 million as of March 31, 2016 to ₹ 15,604.0 million as of March 31, 2017. Our fund based activities also increased as a result of growth of our IPO funding activities. Revenue from our fund based activities represented 64.0% and 68.9% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Revenue from our investment banking and securities business, increased by 29.1% from ₹ 4,946.9 million in Fiscal 2016 to ₹ 6,387.5 million in Fiscal 2017, primarily due to increased activity in our investment banking and securities business. Revenue from this segment represented 29.4% and 27.1% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Revenue from our alternative asset management business however decreased significantly by 65.8% from ₹ 128.5 million in Fiscal 2016 to ₹ 44.0 million in Fiscal 2017, primarily due to reduced management fee generated from this business as a result of investment exits by the Fund I.

Revenue from our asset management business increased marginally by 4.4% from ₹ 855.4 million in Fiscal 2016 to ₹ 892.9 million in Fiscal 2017, primarily due to an increase in assets under management and changing mix of the assets under management. Revenue from this segment represented 5.1% and 3.8% of our total revenue in Fiscal 2016 and Fiscal 2017, respectively.

Other revenue, comprising lease rentals, increased by 9.8% from ₹ 1,939.7 million in Fiscal 2016 to ₹ 2,130.1 million in Fiscal 2017, primarily due to contractual escalation in rental income as well as other income.

Expenses

Total expenses increased by 39.9% from ₹ 9,918.1 million in Fiscal 2016 to ₹ 13,875.3 million in Fiscal 2017, primarily attributable to an increase in employee benefits expenses and finance costs.

Employee Benefits Expenses

Employee benefits expenses increased by 15.9% from ₹ 2,639.1 million in Fiscal 2016 to ₹ 3,058.1 million in Fiscal 2017. This was primarily due to a 15.4% increase in salaries, bonus and allowances from ₹ 2,509.0 million in Fiscal 2016 to ₹ 2,894.4 million in Fiscal 2017, resulting from an annual compensation increase, increase in number of employees, and expansion activities undertaken during such period.

Finance Costs

Finance costs increased significantly by 52.7% from ₹ 5,120.9 million in Fiscal 2016 to ₹ 7,819.6 million in Fiscal 2017 resulting from increased borrowings for our fund based activities driven by our growth in real estate lending operations. Our total loan book under our real estate lending operations increased by 44.0% from ₹ 56,285.5 million as of March 31, 2016 to ₹ 81,061.1 million as of March 31, 2017. Our aggregate borrowings were ₹ 108,016.1 million as of March 31, 2017, compared to ₹ 66,707.4 million as of March 31, 2016.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 14.9% from ₹ 202.9 million in Fiscal 2016 to ₹ 233.2 million in Fiscal 2017, resulting from the consolidation of results of operations of JMFARCL, as well as other capital expenditure in the ordinary course of business.

Other Expenses

Other expenses increased by 41.4% from ₹ 1,955.2 million in Fiscal 2016 to ₹ 2,764.4 million in Fiscal 2017, primarily attributable to an increase in sub-brokerage, fees and commission expenses. Sub-brokerage, fees and commission expenses increased by 19.8% from ₹ 770.4 million in Fiscal 2016 to ₹ 922.6 million in Fiscal 2017, resulting from an increase of fees, commission and brokerage income. Provision for diminution in value of investments also increased significantly from ₹ 1.0 million in Fiscal 2016 to ₹ 200.5 million in Fiscal 2017, due to reduction in value of a few of the underlying investments. In addition, provision for bad and doubtful debts and assets written-off increased from ₹ 22.8 million in Fiscal 2016 to ₹ 125.2 million in Fiscal 2017, primarily resulting from the consolidation of results of operations of JMFARCL.

Tax Expenses

Our tax expense increased by 50.5% from ₹ 2,224.4 million in Fiscal 2016 to ₹ 3,348.4 million in Fiscal 2017, primarily attributable to an increase in current tax by 53.1% from ₹ 2,244.8 million in Fiscal 2016 to ₹ 3,437.5 million in Fiscal 2017 due to increase in profit before tax by 40.3% from ₹ 6,928.5 million in Fiscal 2016 to ₹ 9,717.3 million in Fiscal 2017.

Net Consolidated Profit for the Year

For the reasons discussed above, profit for the year increased by 35.4% from ₹ 4,704.1 million in Fiscal 2016 to ₹ 6,368.9 million in Fiscal 2017. Net consolidated profit for the year taking into account profit after minority interest and share of profit from associates for the year increased by 17.4% from ₹ 4,004.6 million in Fiscal 2016 to ₹ 4,702.0 million in Fiscal 2017.

FISCAL 2016 COMPARED TO FISCAL 2015

Revenue

Total revenue increased by 20.1% from ₹ 14,030.4 million in Fiscal 2015 to ₹ 16,846.6 million in Fiscal 2016. The increase in total revenue was primarily attributable to an increase in revenue from operations.

Revenue from Operations

Revenue from operations increased by 25.0% from ₹ 11,962.3 million in Fiscal 2015 to ₹ 14,948.4 million in Fiscal 2016. Interest and other income on fund based activities increased by 39.3% from ₹ 7,495.1 million in Fiscal 2015 to ₹ 10,444.0 million in Fiscal 2016, as a result of increase in our loan book from ₹ 53,876.0 million in Fiscal 2015 to ₹ 72,148.8 million in Fiscal 2016. Fees and commission generated also increased by 4.7% from ₹ 3,014.7 million in Fiscal 2015 to ₹ 3,157.6 million in Fiscal 2016. Brokerage income decreased by 7.3% from ₹ 1,452.5 million in Fiscal 2015 to ₹ 1,346.8 million in Fiscal 2016.

Other Operating Income

Other operating income decreased by 8.2% from ₹ 2,068.1 million in Fiscal 2015 to ₹ 1,898.2 million in Fiscal

2016, primarily attributable to a 85.9% decrease in profit on sale of investments from ₹ 431.7 million in Fiscal 2015 to ₹ 60.9 million in Fiscal 2016. This was partially offset by an increase in income from arbitrage activities by 56.9% from ₹ 223.0 million in Fiscal 2015 to ₹ 349.9 million in Fiscal 2016, and 133.9% increase in dividend income from ₹ 131.0 million in Fiscal 2015 to ₹ 306.4 million in Fiscal 2016.

Segment Revenue

The following table sets forth certain information relating to our revenue from our principal business verticals in Fiscal 2015 and Fiscal 2016:

Segment Revenue	**Fiscal 2015**	**Fiscal 2016**
	(₹ million)	
Fund Based Activities	8,062.1	10,789.3
Investment Banking and Securities Business	5,219.3	4,946.9
Alternative Asset Management	274.4	128.5
Asset Management	467.5	855.4
Others/ Unallocated	1,391.7	1,939.7
Total Segment Revenue	**15,415.0**	**18,659.8**
Less: Inter-Segmental Revenue	(1,384.6)	(1,813.2)
Total Revenue	**14,030.4**	**16,846.6**

Revenue from our fund based activities increased by 33.8% from ₹ 8,062.1 million in Fiscal 2015 to ₹ 10,789.3 million in Fiscal 2016, reflecting the growth in our financing business. Revenue from this segment represented 57.5% and 64.0% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Revenue from our investment banking and securities business, decreased by 5.2% from ₹ 5,219.3 million in Fiscal 2015 to ₹ 4,946.9 million in Fiscal 2016, primarily due to decrease in revenue of broking, fees and commission. Revenue from this segment represented 37.2% and 29.4% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Revenue from our alternative asset management business however decreased by 53.2% from ₹ 274.4 million in Fiscal 2015 to ₹ 128.5 million in Fiscal 2016, primarily due to reduced management fee generated from this business as a result of investment exit by the funds.

Revenue from our asset management business increased significantly by 83.0% from ₹ 467.5 million in Fiscal 2015 to ₹ 855.4 million in Fiscal 2016, primarily due to an increase in assets under management. Revenue from this segment represented 3.3% and 5.1% of our total revenue in Fiscal 2015 and Fiscal 2016, respectively.

Revenue from our other businesses increased by 39.4% from ₹ 1,391.7 million in Fiscal 2015 to ₹ 1,939.7 million in Fiscal 2016, primarily due to increase in dividends received.

Expenses

Total expenses increased by 11.9% from ₹ 8,861.3 million in Fiscal 2015 to ₹ 9,918.1 million in Fiscal 2016, primarily attributable to an increase in employee benefits expenses and finance costs.

Employee Benefits Expenses

Employee benefits expenses increased by 12.2% from ₹ 2,352.4 million in Fiscal 2015 to ₹ 2,639.1 million in Fiscal 2016, primarily due to our annual compensation increments and an increase in number of employees during such period.

Finance Costs

Finance costs increased by 21.9% from ₹ 4,202.0 million in Fiscal 2015 to ₹ 5,120.9 million in Fiscal 2016 resulting from increased borrowings to support our fund based activities driven by our real estate lending operations. Our total loan book under our real estate lending operations increased by 97.9% from ₹ 28,446.4 million as of March 31, 2015 to ₹ 56,285.5 million as of March 31, 2016. Our aggregate borrowings were ₹ 66,707.4 million as of March 31, 2016 compared to ₹ 47,214.0 million as of March 31, 2015.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 12.4% from ₹ 180.5 million in Fiscal 2015 to ₹ 202.9 million in Fiscal 2016.

Other Expenses

Other expenses decreased by 8.1% from ₹ 2,126.4 million in Fiscal 2015 to ₹ 1,955.2 million in Fiscal 2016, primarily attributable to a decrease in sub-brokerage, fees and commission expenses incurred as part of our investment banking and securities business and reduction in provision for clawback expenses. Sub-brokerage, fees and commission expenses decreased by 20.7% from ₹ 971.5 million in Fiscal 2015 to ₹ 770.4 million in Fiscal 2016, as a result of reduction in commission income.

Tax Expenses

Tax expense increased by 42.2% from ₹ 1,563.9 million in Fiscal 2015 to ₹ 2,224.4 million in Fiscal 2016, primarily attributable to an increase in current tax by 41.2% from ₹ 1,589.6 million in Fiscal 2015 to ₹ 2,244.8 million in Fiscal 2016 due to increase in profit before tax by 34.0% from ₹ 5,169.1 million in Fiscal 2015 to ₹ 6,928.5 million in Fiscal 2016.

Net Consolidated Profit for the Year

For the reasons discussed above, profit for the year increased by 30.5% from ₹ 3,605.2 million in Fiscal 2015 to ₹ 4,704.1 million in Fiscal 2016. Net consolidated profit for the year taking into account profit after minority interest and share of profit from associates for the year increased by 21.2% from ₹ 3,305.2 million in Fiscal 2015 to ₹ 4,004.6 million in Fiscal 2016.

FINANCIAL CONDITION

Assets

The following table sets forth the principal components of our assets as of the dates specified:

	As of March 31,			As of December 31, 2017
	2015	**2016**	**2017**	
	(₹ million)			
Non-Current Assets				
(i) Property, plant and equipment	3,333.7	3,316.6	3,725.8	3,647.6
(ii) Intangible Assets	67.2	75.3	88.6	85.6
(iii) Capital Work in Progress	16.9	10.9	13.6	18.8
Total Fixed Assets	**3,417.8**	**3,402.8**	**3,828.0**	**3,752.0**
Goodwill on Consolidation	1,052.6	1,052.6	1,056.6	1,260.1
Non-Current Investments	4,814.5	5,099.2	5,139.1	4,480.6
Long-Term Loans and Advances	30,709.9	48,038.8	64,280.2	99,895.5
Total Non-Current Assets	**39,994.8**	**57,593.4**	**74,303.9**	**109,388.2**
Current Assets				
Current Investments	1,582.3	2,618.1	19,580.7	21,617.5
Debt securities held as stock-in-trade	3,590.1	2,568.9	98.6	-
Assets held for arbitrage activities	-	591.4	1,204.7	5,598.6
Trade Receivables	2,266.8	3,549.1	11,789.1	6,743.1
Cash and Bank Balances	8,328.7	12,650.5	8,690.6	8,607.1
Short-Term Loans and Advances	29,088.2	30,380.8	49,871.8	48,475.8
Other Current Assets	197.7	657.1	44.4	3,559.7
Total Current Assets	**45,053.8**	**53,015.9**	**91,279.9**	**94,601.8**
Total	**85,048.6**	**110,609.3**	**165,583.8**	**203,990.0**

Total assets increased by 23.2% from ₹ 165,583.8 million as of March 31, 2017 to ₹ 203,990.0 million as of

December 31, 2017. The increase was primarily due to an increase in long-term loans and advances by 55.4% from ₹ 64,280.2 million as of March 31, 2017 to ₹ 99,895.5 million as of December 31, 2017, driven by an increase in our fund based activities.

Total assets increased by 49.7% from ₹ 110,609.3 million as of March 31, 2016, to ₹ 165,583.8 million as of March 31, 2017. The increase was largely due to an increase in long-term loans and advances by 33.8% from ₹ 48,038.8 million as of March 31, 2016 to ₹ 64,280.2 million as of March 31, 2017, and increase in short-term loans and advances by 64.2% from ₹ 30,380.8 million as of March 31, 2016 to ₹ 49,871.8 million as of March 31, 2017. The increase in long-term and short-term loans and advances was due to increase in our fund based activities.

Total assets increased by 30.1% from ₹ 85,048.6 million as of March 31, 2015 to ₹ 110,609.3 million as of March 31, 2016. The increase was largely due to an increase in long-term loans and advances by 56.4% from ₹ 30,709.9 million as of March 31, 2015 to ₹ 48,038.8 million as of March 31, 2016.

Non-Current Assets

Property, Plant and Equipment

Fixed assets decreased marginally by 2.0% from ₹ 3,828.0 million as of March 31, 2017 to ₹ 3,752.0 million as of December 31, 2017. The decrease in fixed assets was primarily attributable to depreciation.

Fixed assets increased by 12.5% from ₹ 3,402.8 million as of March 31, 2016 to ₹ 3,828.0 million as of March 31, 2017. The increase was primarily attributable to an increase in tangible assets by 12.3% from ₹ 3,316.6 million as of March 31, 2016 to ₹ 3,725.8 million as of March 31, 2017. Tangible assets increased primarily due to increase in net block of office premises from ₹ 2,231.4 million as of March 31, 2016 to ₹ 2,617.4 million as of March 31, 2017, as a result of addition of office premises. Intangible assets also increased by 17.7% from ₹ 75.3 million as of March 31, 2016 to ₹ 88.6 million as of March 31, 2017.

Fixed assets decreased marginally by 0.4% from ₹ 3,417.8 million as of March 31, 2015 to ₹ 3,402.8 million as of March 31, 2016.

Goodwill on Consolidation

Goodwill on consolidation was ₹ 1,260.1 million as of December 31, 2017 compared to ₹ 1,056.6 million as of March 31, 2017. The increase was primarily attributable to buyback of 9.95% shares of minority shareholders in our Subsidiary JM Financial Asset Management Limited.

Goodwill on consolidation was ₹ 1,056.6 million as of March 31, 2017 compared to ₹ 1,052.6 million as of March 31, 2016. Goodwill on consolidation was ₹ 1,052.6 million as of March 31, 2015.

Non-Current Investments

Non-current investments consist of trade investments including investments in JMFARCL upto September 30, 2016 and JM Financial Trustee Company Private Limited, and other investments in venture capital units, equity oriented mutual fund units, bonds and debentures.

Non-current investments decreased by 12.8% from ₹ 5,139.1 million as of March 31, 2017 to ₹ 4,480.6 million as of December 31, 2017. The decrease was primarily attributable to redemption of investments in debentures.

Non-current investments increased by 0.8% from ₹ 5,099.2 million as of March 31, 2016 to ₹ 5,139.1 million as of March 31, 2017. The increase was primarily attributable to an increase in other investments, which increased by 110.3% from ₹ 2,410.1 million as of March 31, 2016 to ₹ 5,068.2 million as of March 31, 2017, driven by an increase in investment in non-convertible debentures. The increase was offset by the consolidation of JMFARCL with effect from September 30, 2016.

Non-current investments increased by 5.9% from ₹ 4,814.5 million as of March 31, 2015 to ₹ 5,099.2 million as of March 31, 2016. The increase was primarily attributable to an increase in trade investments, resulting from an increase in share in post-acquisition profit by 26.0% from ₹ 2,086.8 million as of March 31, 2015 to ₹ 2,628.6 million as of March 31, 2016 in JMFARCL.

Long-term Loans and Advances

Long-term loans and advances increased by 55.4% from ₹ 64,280.2 million as of March 31, 2017 to ₹ 99,895.5 million as of December 31, 2017. The increase was primarily due to an increase in loan funds which increased by 57.0% from ₹ 61,765.7 million as of March 31, 2017 to ₹ 96,986.2 million as of December 31, 2017.

Long term loans and advances increased by 33.8% from ₹ 48,038.8 million as of March 31, 2016 to ₹ 64,280.2 million as of March 31, 2017. The increase in long term loans and advances was primarily due to an increase in loan funds which increased by 39.0% from ₹ 44,428.4 million as of March 31, 2016 to ₹ 61,765.7 million as of March 31, 2017, driven by increase in secured loan funds. This was partially offset by a decrease in other deposits by 86.6% from ₹ 1,004.6 million as of March 31, 2016 to ₹ 132.4 million as of March 31, 2017 due to a decrease in deposits of broking business.

Long term loans and advances increased by 56.4% from ₹ 30,709.9 million as of March 31, 2015 to ₹ 48,038.8 million as of March 31, 2016. The increase was primarily due to an increase in secured loan funds by 66.0% from ₹ 26,757.4 million as of March 31, 2015 to ₹ 44,428.4 million as of March 31, 2016, driven by increase in secured loan funds.

Current Assets

Current Investments

Current investments comprise of investments in equity shares, mutual funds, security receipts, fixed coupon notes, and debentures and bonds.

Current investments increased by 10.4% from ₹ 19,580.7 million as of March 31, 2017 to ₹ 21,617.5 million as of December 31, 2017. The increase was primarily attributable to purchase of debentures and fresh investments in security receipts by our Subsidiary JMFARCL.

Current investments increased significantly from ₹ 2,618.1 million as of March 31, 2016 to ₹ 19,580.7 million as of March 31, 2017. The increase in current investments was primarily attributable to an increase in security receipts from ₹ 70.2 million as of March 31, 2016 to ₹ 16,411.1 million as of March 31, 2017, resulting from the consolidation of JMFARCL.

Current investments increased by 65.5% from ₹ 1,582.3 million as of March 31, 2015 to ₹ 2,618.1 million as of March 31, 2016. The increase was primarily attributable to 39.4% increase in mutual fund investments from ₹ 1,013.5 million as of March 31, 2015 to ₹ 1,413.0 million as of March 31, 2016. Fixed coupon notes also increased by 44.2% from ₹ 563.3 million as of March 31, 2015 to ₹ 812.1 million as of March 31, 2016. We also had security receipts of ₹ 70.2 million and debentures and bonds of ₹ 255.4 million as of March 31, 2016, compared to no such investments as of March 31, 2015.

Debt Securities held as Stock-in-Trade

We had nil debt securities held as stock-in-trade as of December 31, 2017, as compared to ₹ 98.6 million as of March 31, 2017. Debt securities held as stock-in-trade decreased significantly from ₹ 2,568.9 million as of March 31, 2016 to ₹ 98.6 million as of March 31, 2017. Debt securities held as stock-in-trade decreased by 28.4% from ₹ 3,590.1 million as of March 31, 2015 to ₹ 2,568.9 million as of March 31, 2016.

Assets held for Arbitrage Activities

Assets held for arbitrage activities increased by 364.7% from ₹ 1,204.7 million as of March 31, 2017 to ₹ 5,598.6 million as of December 31, 2017. The increase was primarily attributable to increase in arbitrage activities. Assets held for arbitrage activities increased by 103.7% from ₹ 591.4 million as of March 31, 2016 to ₹ 1,204.7 million as of March 31, 2017 as a result of increase in arbitrage activities. There were no assets held for arbitrage activities as of March 31, 2015.

Trade Receivables

Trade receivables comprise secured and unsecured receivables that are outstanding.

Trade receivables decreased by 42.8% from ₹ 11,789.1 million as of March 31, 2017 to ₹ 6,743.1 million as of December 31, 2017. The decrease was primarily attributable to a decrease in secured receivables outstanding for a period less than six months from the date of payment, which mainly includes receivables from clients of our broking business.

Trade receivables increased significantly by 232.2% from ₹ 3,549.1 million as of March 31, 2016 to ₹ 11,789.1 million as of March 31, 2017. The increase was primarily attributable to an increase in secured receivables outstanding for a period less than six months from the date of payment, which mainly includes receivables from clients of our broking business.

Trade receivables increased by 56.6% from ₹ 2,266.8 million as of March 31, 2015 to ₹ 3,549.1 million as of March 31, 2016. The increase was primarily attributable to an increase in unsecured receivables outstanding for a period less than six months from the date of payment, which mainly includes receivables from clients of our broking business.

Cash and Bank Balances

Cash and cash balances include cash on hand and cash with banks in current accounts and deposit accounts with less than three months maturity.

Cash and bank balances amounted to ₹ 8,607.1 million and ₹ 8,690.6 million as of December 31, 2017 and March 31, 2017, respectively.

Cash and bank balances decreased significantly by 31.3% from ₹ 12,650.5 million as of March 31, 2016 to ₹ 8,690.6 million as of March 31, 2017. The decrease was primarily attributable to a decrease in balances with banks in deposit accounts (less than three months maturity) by 67.1% from ₹ 7,760.3 million as of March 31, 2016 to ₹ 2,549.7 million as of March 31, 2017.

Cash and bank balances increased significantly by 51.9% from ₹ 8,328.7 million as of March 31, 2015 to ₹ 12,650.5 million as of March 31, 2016. The increase was primarily attributable to an increase in balances with banks in deposit accounts (less than three months maturity) from ₹ 1,314.7 million as of March 31, 2015 to ₹ 7,760.3 million as of March 31, 2016.

Short Term Loans and Advances

Short term loans and advances primarily comprise security deposits, loan funds, intercorporate deposits, advances recoverable, staff loans, prepaid expenses, accrued interest on loan funds, and other deposits.

Short term loans and advances amounted to ₹ 48,475.8 million and ₹ 49,871.8 million as of December 31, 2017 and March 31, 2017, respectively.

Short term loans and advances increased significantly by 64.2% from ₹ 30,380.8 million as of March 31, 2016 to ₹ 49,871.8 million as of March 31, 2017. The increase was primarily due to an increase in secured loan funds by 83.2% from ₹ 23,275.3 million as of March 31, 2016 to ₹ 42,629.7 million as of March 31, 2017, resulting from increased advances under our real estate lending business and capital markets lending business. Advances under our real estate lending business increased by 44.0% from ₹ 56,285.5 million as of March 31, 2016 to ₹ 81,061.1 million as of March 31, 2017.

Short term loans and advances increased by 4.4% from ₹ 29,088.2 million as of March 31, 2015 to ₹ 30,380.8 million as of March 31, 2016. The increase was primarily due to an increase in intercorporate deposits. We had intercorporate deposits of ₹ 1,620.0 million as of March 31, 2016 compared to no such deposits as of March 31, 2015. Unsecured loan funds also increased from ₹ 39.9 million as of March 31, 2015 to ₹ 4,359.0 million as of March 31, 2016, resulting from an increase in loan book.

Other Current Assets

Other current assets comprise primarily of interest accrued but not due, securities held for settlement of claims, redemption proceeds available from mutual funds, and interest on income tax refund receivable.

Other current assets increased significantly from ₹ 44.4 million as of March 31, 2017, to ₹ 3,559.7 million as of

December 31, 2017. The significant increase is on account of receivables of ₹ 3,421.5 million on redemption of mutual fund investments as of December 31, 2017. The same was nil as of March 31, 2017.

Other current assets decreased significantly by 93.2% from ₹ 657.1 million as of March 31, 2016 to ₹ 44.4 million as of March 31, 2017. The decrease was primarily due to a redemption proceeds receivable from mutual funds. While we had no redemption proceeds receivable from mutual funds as of March 31, 2017, compared to ₹ 395.5 million as of March 31, 2016.

Other currents assets increased significantly from ₹ 197.7 million as of March 31, 2015 to ₹ 657.1 million as of March 31, 2016. The increase was primarily due to an increase in redemption proceeds receivable from mutual funds, which was ₹ 395.5 million as of March 31, 2016 compared to no such proceeds receivable as of March 31, 2015.

Liabilities

The following table sets forth the principal components of our liabilities as of the dates specified:

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million)			
Non-Current Liabilities				
Long-Term Borrowings	2,613.7	24,724.1	40,643.9	56,798.9
Deferred Tax Liabilities (net)	873.1	852.9	683.2	613.3
Other Long-Term Liabilities	27.0	153.3	294.3	432.8
Long-Term Provisions	551.6	640.0	665.7	789.0
Total Non-Current Liabilities	**4,065.4**	**26,370.3**	**42,287.1**	**58,634.0**
Current Liabilities				
Short-Term Borrowings	41,514.3	38,462.9	53,781.7	59,740.9
Trade Payables	2,084.0	3,120.2	8,233.6	4,525.5
Current Maturities of Long-Term Borrowings	3,086.0	3,520.4	13,590.5	26,933.1
Other Current Liabilities	1,375.3	2,455.5	3,177.8	4,660.2
Short-Term Provisions	947.9	899.8	94.3	102.9
Total Current Liabilities	**49,007.5**	**48,458.8**	**78,877.9**	**95,962.6**
Total	**53,072.9**	**74,829.1**	**121,165.0**	**154,596.6**

Total liabilities increased by 27.6% from ₹ 121,165.0 million as of March 31, 2017 to ₹ 154,596.6 million as of December 31, 2017. The increase was primarily due to an increase in long-term and short-term borrowings to fund the requirements of lending business.

Total liabilities increased by 61.9% from ₹ 74,829.1 million as of March 31, 2016 to ₹ 121,165.0 million as of March 31, 2017. The increase was primarily due to an increase in long-term and short-term borrowings due to consolidation of our ARC subsidiary and increase in lending business.

Total liabilities increased by 41.0% from ₹ 53,072.9 million as of March 31, 2015 to ₹ 74,829.1 million as of March 31, 2016. The increase was primarily due to an increase in long-term borrowings and other current liabilities.

Non-Current Liabilities

Long-Term Borrowings

Long-term borrowings comprise term loans from banks, non-convertible debentures, finance lease obligations and intercorporate deposits.

Long-term borrowings increased significantly by 39.7% from ₹ 40,643.9 million as of March 31, 2017 to ₹ 56,798.9 million as of December 31, 2017. The increase was primarily due to an increase in non-convertible debentures, which increased by 37.6% from ₹ 20,944.0 million as of March 31, 2017 to ₹ 28,816.0 million as of

December 31, 2017. Term loans also increased by 42.1% from ₹ 19,689.9 million as of March 31, 2017 to ₹ 27,972.3 million as of December 31, 2017.

Long-term borrowings increased significantly by 64.4% from ₹ 24,724.1 million as of March 31, 2016 to ₹ 40,643.9 million as of March 31, 2017. The increase was primarily due to an increase in non-convertible debentures, which increased by 117.8% from ₹ 9,618.0 million as of March 31, 2016 to ₹ 20,944.0 million as of March 31, 2017. Term loan from banks also increased by 48.7% from ₹ 13,243.6 million as of March 31, 2016 to ₹ 19,689.9 million as of March 31, 2017. This was partially offset by a decrease in intercorporate deposits from ₹ 1,600.0 million as of March 31, 2016 to no such deposits as of March 31, 2017.

Long-term borrowings increased significantly from ₹ 2,613.7 million as of March 31, 2015 to ₹ 24,724.1 million as of March 31, 2016. The increase was primarily due to an increase in term loans from also increased from ₹ 994.9 million as of March 31, 2015 to ₹ 13,243.6 million as of March 31, 2016 and an increase in non-convertible debentures from ₹ 1,605.0 million to ₹ 9,618.0 million.

Deferred Tax Liabilities (net)

Deferred tax liabilities decreased by 10.2% from ₹ 683.2 million as of March 31, 2017 to ₹ 613.3 million as of December 31, 2017. Deferred tax liabilities decreased by 19.9% from ₹ 852.9 million as of March 31, 2016 to ₹ 683.2 million as of March 31, 2017. Deferred tax liabilities decreased marginally by 2.3% from ₹ 873.1 million as of March 31, 2015 to ₹ 852.9 million as of March 31, 2016.

Other Long-Term Liabilities

Other long-term liabilities include property deposit, employee benefits payable and interest payable.

Other long-term liabilities increased by 47.1% from ₹ 294.3 million as of March 31, 2017 to ₹ 432.8 million as of December 31, 2017. The increase was primarily due to an increase in interest payable from ₹ 149.4 million as of March 31, 2017 to ₹ 282.90 million as of December 31, 2017, resulting from increase in issuance of non-convertible debentures by group.

Other long-term liabilities increased by 92.0% from ₹ 153.3 million as of March 31, 2016 to ₹ 294.3 million as of March 31, 2017. The increase was primarily due to an increase in interest payable from ₹ 17.9 million as of March 31, 2016 to ₹ 149.4 million as of March 31, 2017, resulting from increase in issuance of non-convertible debentures.

Other long-term liabilities increased by 467.8% from ₹ 27.0 million as of March 31, 2015 to ₹ 153.3 million as of March 31, 2016, primarily due to increase in long term interest payables and employee benefits payable.

Long-Term Provisions

Long-term provisions include provisions for employee benefits such as gratuity, provisions for standard assets and clawback obligations.

Long-term provisions increased by 18.5% from ₹ 665.7 million as of March 31, 2017 to ₹ 789.0 million as of December 31, 2017. The increase was primarily due to an increase in provision for standard assets which increased by 23.8% from ₹ 467.6 million as of March 31, 2017 to ₹ 578.8 million as of December 31, 2017, pursuant to RBI notification requiring all NBFCs to make a general provision of 0.40% of outstanding standard assets.

Long-term provisions increased by 4.0% from ₹ 640.0 million as of March 31, 2016 to ₹ 665.7 million as of March 31, 2017. The increase was primarily due to an increase in provision for standard assets by 21.3% from ₹ 385.6 million as of March 31, 2016 to ₹ 467.6 million as of March 31, 2017, pursuant to RBI notification requiring all NBFCs to make a general provision of 0.35% of outstanding standard assets. This was offset in part by a decrease in provisions for clawback obligations by 63.4% from ₹ 135.9 million as of March 31, 2016 to ₹ 49.8 million as of March 31, 2017 resulting from discharge of clawback obligation.

Long-term provisions increased by 16.0% from ₹ 551.6 million as of March 31, 2015 to ₹ 640.0 million as of March 31, 2016. The increase was primarily due to an increase in provision for standard assets by 24.8% from ₹ 308.9 million as of March 31, 2015 to ₹ 385.6 million as of March 31, 2016.

Current Liabilities

Short-Term Borrowings

Short-term borrowings include term loans from banks, borrowings under CBLO, overdraft accounts, cash credit facilities and commercial paper issuances.

Short-term borrowings increased by 11.1% from ₹ 53,781.7 million as of March 31, 2017 to ₹ 59,740.9 million as of December 31, 2017. The increase was primarily due to an increase in commercial paper issuances that increased by 16.7% from ₹ 50,026.0 million as of March 31, 2017 to ₹ 58,403.0 million as of December 31, 2017. This was partially offset by a decrease in cash credit facilities, from ₹ 2,237.0 million as of March 31, 2017 to ₹ 0.7 million as of December 31, 2017.

Short-term borrowings increased significantly by 39.8% from ₹ 38,462.9 million as of March 31, 2016 to ₹ 53,781.7 million as of March 31, 2017. The increase was primarily due to an increase in commercial paper issuances that increased by 58.2% from ₹ 31,625.0 million as of March 31, 2016 to ₹ 50,026.0 million as of March 31, 2017. Borrowings under securities lending and borrowings also increased by 120.0% from ₹ 566.4 million as of March 31, 2016 to ₹ 1,245.9 million as of March 31, 2017.

Short-term borrowings decreased by 7.4% from ₹ 41,514.3 million as of March 31, 2015 to ₹ 38,462.9 million as of March 31, 2016. The decrease was primarily due to a decrease in commercial papers by 16.0% from ₹ 37,655.0 million as of March 31, 2015 to ₹ 31,625.0 million as of March 31, 2016. This was partially offset by an increase in cash credit facilities, from ₹ 500.3 million as of March 31, 2015 to ₹ 1,815.7 million as of March 31, 2016.

Trade Payables

Trade payables comprise dues payable to micro, small and medium enterprises and others.

Trade payables decreased by 45.0% from ₹ 8,233.6 million as of March 31, 2017 to ₹ 4,525.5 million as of December 31, 2017. The decrease was primarily attributable to a decrease in payables of our broking business. Trade payables increased by 163.9% from ₹ 3,120.2 million as of March 31, 2016 to ₹ 8,233.6 million as of March 31, 2017. Trade payables increased by 49.7% from ₹ 2,084.0 million as of March 31, 2015 to ₹ 3,120.2 million as of March 31, 2016.

Current Maturities of Long-Term Borrowings

Current maturities of long-term borrowings comprise term loans from banks and non-convertible debentures.

Current maturities of long-term borrowings increased by 98.2% from ₹ 13,590.5 million as of March 31, 2017 to ₹ 26,933.1 million as of December 31, 2017. The increase was primarily due to an increase in secured non-convertible debentures, which increased by 87.5% from ₹ 8,025.0 million as of March 31, 2017 to ₹ 15,050.0 million as of December 31, 2017. Term loans also increased by 129.5% from ₹ 3,796.3 million as of March 31, 2017 to ₹ 8,713.3 million as of December 31, 2017.

Current maturities of long-term borrowings increased from ₹ 3,520.4 million as of March 31, 2016 to ₹ 13,590.5 million as of March 31, 2017. The increase was primarily due to an increase in secured non-convertible debentures from ₹ 2,304.0 million as of March 31, 2016 to ₹ 8,025.0 million as of March 31, 2017.

Current maturities of long-term borrowings increased from ₹ 3,086.0 million as of March 31, 2015 to ₹ 3,520.4 million as of March 31, 2016. The increase was primarily due to an increase in term loans from banks from ₹ 703.4 million as of March 31, 2015 to ₹ 1,216.4 million as of March 31, 2016.

Other Current Liabilities

Other current liabilities include employee benefits payable, interest accrued but not due on borrowings, finance lease obligations, margin money from clients/ franchisees and statutory dues.

Other current liabilities increased by 46.6% from ₹ 3,177.8 million as of March 31, 2017 to ₹ 4,660.2 million as of December 31, 2017. The increase was primarily due to an increase in interest accrued but not due on borrowings, which increased by 63.4% from ₹ 1,441.8 million as of March 31, 2017 to ₹ 2,356.4 million as of December 31, 2017. Income received in advance also increased significantly from ₹ 64.2 million as of March 31, 2017 to ₹ 288.9 million as of December 31, 2017.

Other current liabilities increased by 29.4% from ₹ 2,455.5 million as of March 31, 2016 to ₹ 3,177.8 million as of March 31, 2017. The increase was primarily due to an increase in interest accrued but not due on borrowings, which increased by 106.2% from ₹ 699.1 million to ₹ 1,441.8 million. Employee benefits payable also increased by 15.0% from ₹ 993.6 million to ₹ 1,142.6 million. This was partially offset by a decrease in margin money from clients/ franchisees, which decreased by 77.7% from ₹ 554.9 million to ₹ 123.5 million as a result of change in client position in stocks.

Other current liabilites increased significantly by 78.5% from ₹ 1,375.3 million as of March 31, 2015 to ₹ 2,455.5 million as of March 31, 2016. The increase was primarily due to an increase in interest accrued but not due on borrowings which increased significantly from ₹ 201.0 million as of March 31, 2015 to ₹ 699.1 million as of March 31, 2016. Also, margin money from clients / franchises increase significantly from ₹ 44.8 million as of March 31, 2015 to ₹ 554.9 million as of March 31, 2016.

Short-Term Provisions

Short-term provisions include provisions for employee benefits, proposed dividend and dividend distribution tax.

Short-term provisions increased by 9.1% from ₹ 94.3 million as of March 31, 2017 to ₹ 102.9 million as of December 31, 2017. The increase was primarily due to an increase on employee benefit expenses.

Short-term provisions decreased by 89.5% from ₹ 899.8 million as of March 31, 2016 to ₹ 94.3 million as of March 31, 2017. There was no proposed dividend as of March 31, 2017 compared to ₹ 671.2 million as of March 31, 2016. In accordance with the requirements of revised Accounting Standard 4, we are not required to provide for dividend proposed after the balance sheet date. Consequently, no provision was made in respect of the dividend recommended by the Board for Fiscal 2017.

Short-term provisions decreased by 5.1% from ₹ 947.9 million as of March 31, 2015 to ₹ 899.8 million as of March 31, 2016. The decrease was primarily due to a decrease in dividend distribution tax with respect to the Subsidiaries, which decreased by 29.4% from ₹ 190.2 million to ₹ 134.2 million.

Shareholders' Funds

Shareholders' funds comprise share capital and reserves and surplus and minority interests and, net of goodwill on consolidation. The following table sets out the shareholders' funds as of the dates indicated:

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million)			
Share Capital	783.7	789.0	794.5	797.6
Reserves and Surplus	23,673.3	26,558.8	30,783.0	34,443.9
Capital Reserve on Consolidation	972.7	1,746.9	1,749.5	1,749.5
Minority Interest	6,546.0	6,685.5	11,091.8	12,402.3
Goodwill on Consolidation	(1,052.6)	(1,052.6)	(1,056.6)	(1,260.1)
Shareholders' Funds	**30,923.1**	**34,727.6**	**43,362.2**	**48,133.2**

As of December 31, 2017, shareholders' funds was ₹ 48,133.2 million, representing 23.7% of our total assets. As of March 31, 2017, shareholders' funds was ₹ 43,362.2 million, representing 26.4% of our total assets. As of March 31, 2016, shareholders' funds was ₹ 34,727.6 million, representing 31.7% of our total assets, excluding goodwill on consolidation. As of March 31, 2015, shareholders' funds was ₹ 30,923.1 million, representing 36.8% of our total assets.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our liquidity and capital requirements through shareholder capital and funds generated from operations, non-convertible debentures, market linked debentures, commercial papers and bank borrowings.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

	Fiscal			**Nine Months ended December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million)			
Net cash flow from/(used in) operating activities	(17,170.9)	(9,181.4)	(21,494.7)	(25,671.4)
Net cash flow from/(used in) investing activities	(2,809.5)	2,640.3	(6,644.3)	(1,881.2)
Net cash flow from/ (used in) financing activities	17,830.7	13,048.8	23,261.3	25,701.3
Net increase/(decrease) in cash and cash equivalents	**(2,149.7)**	**6,507.7**	**(4,475.3)***	**(1,851.3)**

** includes cash and cash equivalent of JMFARCL as of September 30, 2016 amounting to ₹ 402.4 million*

Operating Activities

Net cash used in operating activities was ₹ 25,671.4 million in the nine months ended December 31, 2017, while operating profit before working capital changes was ₹ 16,751.1 million. The main working capital adjustments were an increase in long-term loans and advances of ₹ 35,703.6 million, and an increase in assets held for arbitrage business of ₹ 4,393.9 million. There was also a decrease in trade receivables of ₹ 4,760.8 million and a decrease in trade payables of ₹ 3,708.0 million.

Net cash used in operating activities was ₹ 21,494.7 million in Fiscal 2017, while operating profit before working capital changes was ₹ 16,773.5 million. The main working capital adjustments were an increase in short-term loans and advances of ₹ 18,720.4 million, and an increase in long-term loans and advances of ₹ 16,172.5 million. There was also an increase in trade receivables of ₹ 7,938.7 million.

Net cash used in operating activities was ₹ 9,181.4 million in Fiscal 2016, while operating profit before working capital changes was ₹ 11,132.6 million. The main working capital adjustments were an increase in long-term loans and advances of ₹ 17,278.7 million.

Net cash used in operating activities was ₹ 17,170.9 million in Fiscal 2015, while operating profit before working capital changes was ₹ 8,326.1 million. The main working capital adjustments were an increase in short-term loans and advances of ₹ 10,050.2 million and an increase in long-term loans and advances of ₹ 14,764.4 million.

Investing Activities

Net cash used in investing activities was ₹ 1,881.2 million in the nine months ended December 31, 2017, primarily on account of purchase of investments of ₹ 2,953.9 million and increase in other bank balances of ₹ 1,767.8 million for the purpose of own use. This was partially offset by sale of investments of ₹ 2,238.6 million.

Net cash used in investing activities was ₹ 6,644.3 million in Fiscal 2017, primarily on account of purchase of investments of ₹ 8,010.6 million and purchase of fixed assets of ₹ 632.9 million for the purpose of own use. This was partially offset by sale of investments of ₹ 1,578.2 million.

Net cash from investing activities was ₹ 2,640.3 million in Fiscal 2016, primarily on account of decrease in other bank balances with maturity of more than three months and earmarked bank balances of ₹ 2,186.0 million. There was also an interest income of ₹ 974.2 million. This was partially offset by purchase of investments of ₹ 1,049.2 million and purchase of fixed assets of ₹ 197.8 million.

Net cash used in investing activities was ₹ 2,809.5 million in Fiscal 2015, primarily on account of purchase of investments of ₹ 2,803.8 million and purchase of fixed assets of ₹ 2,377.6 million for the purpose of own use. This was partially offset by sale of investments of ₹ 1,974.5 million.

Financing Activities

Net cash from financing activities was ₹ 25,701.3 million in the nine months ended December 31, 2017, primarily on account of proceeds from borrowings of ₹ 35,459.3 million. This was partially offset by finance costs paid of ₹ 8,377.1 million and dividend paid (including dividend distribution tax) of ₹ 873.1 million.

Net cash from financing activities in Fiscal 2017 was ₹ 23,261.3 million, primarily on account of proceeds from borrowings of ₹ 32,520.8 million. This was partially offset by finance costs paid of ₹ 7,819.6 million and dividend paid (including dividend distribution tax) of ₹ 1,448.6 million.

Net cash from financing activities in Fiscal 2016 was ₹ 13,048.8 million on account of proceeds from borrowings of ₹ 19,493.3 million. This was partly offset by finance costs paid of ₹ 5,120.9 million and dividend paid (including dividend distribution tax) of ₹ 1,401.5 million.

Net cash from financing activities in Fiscal 2015 was ₹ 17,830.7 million on account of proceeds from borrowings of ₹ 17,340.8 million. This was partly offset by finance costs paid of ₹ 4,202.0 million and dividend paid (including dividend distribution tax) of ₹ 1,014.6 million.

Cash and Cash Equivalents

Cash and cash equivalents at the end of the year was ₹ 1,924.1 million, ₹ 8,431.8 million and ₹ 3,956.5 million in Fiscal 2015, 2016 and 2017, respectively. Cash and cash equivalent at the end of the nine months ended December 31, 2017 was ₹ 2,105.2 million.

Indebtedness

As of March 31, 2017 we had long term borrowings of ₹ 54,234.4 million (including current maturities of long-term borrowings) and short term borrowings of ₹ 53,781.7 million. The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2017, and our repayment obligations in the periods indicated:

	As of March 31, 2017 (₹ million) Payment due by period				
	Total	**<1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Term Loans/NCD and Finance Lease					
- Secured	52,464.4	11,820.5	31,702.9	8,444.7	496.3
- Unsecured	1,770.0	1,770.0	-	-	-
Total long term borrowings	**54,234.4**	**13,590.5**	**31,702.9**	**8,444.7**	**496.3**
Short Term Borrowings					
- Secured	3,507.3	3,507.3	-	-	-
- Unsecured	50,274.4	50,274.4	-	-	-
Total Short Term Borrowings	**53,781.7**	**53,781.7**	-	-	-

As of December 31, 2017 we had long term borrowings of ₹ 83,732.0 million (including current maturities of long-term borrowings) and short term borrowings of ₹ 59,740.9 million.

Commitments and Contingent Liabilities

The following table sets forth certain information relating to future payments due under known commitments and also contingent liabilities not provided for:

	As of March 31, 2015	**As of March 31, 2016**	**As of March 31, 2017**
	(₹ million)		

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017
	(₹ million)		
In respect of tax demands	268.8	300.4	361.2
Estimated amount of contracts remaining to be executed on capital account and not provided for	6.7	367.2	59.3
Other commitments	-	36.0	14.0

For further information, see our "*Financial Information*" on page F-18. Except as disclosed in our Audited Consolidated Financial Statements or elsewhere in this Preliminary Placement Document, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of March 31, 2017, aggregated by type of contractual obligation:

Particulars	As of March 31, 2017			
	Payment due by period			
	Total	<1 year	1 – 5 years	More than 5 years
	(₹ million)			
Obligations under finance leases	27.9	15.0	12.9	-
Capital commitments	-	-	-	-
Non-cancellable operating lease obligations	128.6	50.5	76.9	1.2
Purchase obligations	-	-	-	-
Other long-term liabilities	-	-	-	-
Total Contractual Obligations	**156.5**	**65.5**	**89.8**	**1.2**

INTEREST COVERAGE RATIO

The following tables set forth our interest coverage ratio, as of the dates indicated:

March 31, 2015	March 31, 2016	March 31, 2017	December 31, 2017
11.3	5.1	3.7	4.0

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business including issue of securities, rent/ lease charges paid, loans given/ repaid, trade advances taken/repaid and expenses paid / received, etc. For further information relating to our related party transactions for Fiscal 2015, Fiscal 2016, Fiscal 2017 and nine months ended December 31, 2017, see "Financial Information".

AUDITOR OBSERVATIONS AND MATTERS OF EMPHASIS

There are no qualifications or matters of emphasis highlighted by the auditors in their reports to our financial statements for the last five fiscal years and the nine months ended December 31, 2017.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Credit Risk

Credit risk arises from loss that may occur from failure by customers to meet their financial obligations. Customer defaults and inability to recover such amount may lead to high NPA ratios. Our product specific credit policies which include proposal evaluation and investigation procedure for credit appraisal of each applicant are approved by our Board. We manage our credit risk by evaluating the appropriate level of income and creditworthiness of our customers, carrying out cash flow analysis, setting credit limits and prudent loan-to-value ratios. Credit exposure, credit limits and asset quality are regularly monitored at various levels.

Interest Rate Risk

We are subject to interest rate risk, particularly because we majorly lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and/ or floating interest rates. Interest rates are susceptible to a number of factors beyond our control, including monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage interest rate risk on our balance sheet by managing our assets and liabilities in line with our asset and liability management policy.

Liquidity Risk

Liquidity risk arises due to unavailability of adequate funds at appropriate prices or tenure. We attempt to minimize this risk through a mix of strategies such as short-term funding. We also monitor liquidity risk through adequate bank sanction limits at the beginning of each Fiscal. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term.

Foreign Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. We may be required to account for foreign exchange differences arising as part of our investments in non-integral foreign operations. As a consequence, we are exposed to currency rate fluctuations between the Indian Rupee and other foreign currencies. Any fluctuation in the value of the Indian Rupee against such currencies may adversely affect our results of operations. Any devaluation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on business and result of operations.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2017 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

- The Mumbai Bench of the Honorable National Company Law Tribunal vide it's Order dated December 14, 2017, sanctioned the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited. The aforesaid scheme has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. Consequent to the Scheme becoming effective, our Company has ceased to be a Core Investment Company. While continuing to hold same equity ownership and control as prior to the amalgamation over its operating subsidiary companies, the Company is engaged in operating businesses as a SEBI registered Category I merchant banker and as the investment manager for our private equity funds.

  Since such reorganization was effective as of January 18, 2018, the effect of such reorganization is not reflected in our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017. Accordingly, our future standalone results of operations will not be comparable to our historical standalone results of operations.

- Pursuant to a meeting of our Board of Directors on January 19, 2018, the Board of Directors has declared an interim dividend of ₹ 0.70 per share of the face value of ₹ 1.0 each. This will result in a cash outflow of ₹ 558.4 million. The record date fixed by the Board for the purpose of payment of interim dividend is February 1, 2018. The amount of dividend shall be paid/ credited to the shareholders holding shares on the said date on and after February 5, 2018. For further information, see "*Note 6 – Unaudited Special Purpose Interim Condensed Consolidated Financial Information*" on page F-236.

SUMMARY OF SIGNIFICANT DIFFERENCES AMONG INDIAN GAAP AND IND AS

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
1.	Presentation of Financial Statements	**Other Comprehensive Income:** There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("**OCI**"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS.
		Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies: Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments
3.	Property, plant and equipment – reviewing	Under Indian GAAP, the Company currently provides depreciation on straight	Ind AS 16 mandates reviewing the method of depreciation, estimated useful

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
	depreciation and residual value	line method over the useful lives of the assets estimated by the Management.	life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS
4.	Investment Property	Under Indian GAAP, Investment properties are classified as long term investments and measured at cost.	Under Ind AS 40, Investment properties are measured using the cost model. Fair value model is not permitted. However, detailed disclosures pertaining to fair value is required.
5.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
6.	Accounting for investments in Subsidiaries/Associates/ JV in separate Financial Statements	Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term	Accounting for investments in subsidiaries is governed by Ind AS 27 which gives an option to account the same at cost or in accordance with Ind AS 109
7.	Consolidated Financial Statements	Under Indian GAAP the consolidation is driven by the reporting entity's control over its investees namely subsidiaries, associates and joint ventures. Control is: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain economic benefits from its activities. Therefore, a mere ownership of more than 50 per cent of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind AS.	Control is based on whether an investor has: (a) power over the investee; (b) exposure, or rights, to variable return from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amounts of the returns.
8.	Consolidation - Exclusion of subsidiaries, associates and joint ventures	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/investment/interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for "temporary control", "different lines of business" or "subsidiary / associate / joint venture that operates under severe long- term funds

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
		circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venturer.	transfer restrictions".
9.	Consolidation –Joint Ventures	Under Indian GAAP, Proportionate consolidation method is applied when the entity prepares consolidated financial statements.	The equity method, as described in Ind AS 28 is applied when the entity prepares consolidated financial statements.
10.	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material
11.	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a disclosure for the fair valuation.	Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings
12.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, interest subsidy is recognised when right to receive the payment is established and loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including interest subsidy, processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method. Interest subsidy and loan processing fees and/or fees of similar nature would be measured and recognized using the Effective Interest Rate (EIR) method over the period of loan. There are two measurement categories for financial liabilities – FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method.

Sr. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive
13.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, lease receivables, contract assets within the scope of Ind AS 15 (currently deferred) and certain written loan commitments and financial guarantee contracts.

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from the "Industry report on assessment of various financial products and services in India" dated January 2018 by CRISIL (the "**CRISIL Report**"), as well as other industry sources and government publications. All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by them to be accurate and reliable. Although reasonable care has been taken by CRISIL to ensure that the information in the CRISIL Report is true, such information is provided 'as is' without any warranty of any kind, and CRISIL in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. None of the Company, the Lead Manager and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with "Risk Factors" and "Business" on pages 44 and 166, respectively.*

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MACROECONOMIC OVERVIEW

In recent years, India's economic growth has primarily been driven by consumption, while investment has been decelerating. GDP (at constant Fiscal 2012 prices) grew at a 6.9% compounded annual growth rate ("**CAGR**") between Fiscal 2012 and Fiscal 2017. It grew at a slower pace between Fiscal 2012 and Fiscal 2014, mainly because of sluggish income growth, persistently rising inflation and high interest rates. Industrial output grew at a slower pace, impacting GDP growth. After Fiscal 2014, improving industrial activity, lower crude oil prices and supportive policies led to a recovery in GDP growth. The growth slowed down in Fiscal 2017, due to demonetisation, reduced private investment and slower global growth.

CRISIL Research believes the GST related disruption would limit the growth upside for a few quarters, as there are uncertainties around the impact on the existing tax regime. At the same time, the benefit of extremely low commodity prices last year may not be available to corporates this year, and hence the bottom lines may remain under pressure. Factors such as the falling trade intensity of growth, geopolitical risks and uncertainties surrounding the pace of normalisation of monetary policy in advanced nations, and appreciation of the rupee indicate that contribution of exports to domestic economic growth will be limited. Overall, GDP growth in Fiscal 2018 is estimated at 6.5%, compared to 7.1% in the previous Fiscal, with downside risks in the form of GST related disruptions.

The pace of economic growth is expected to improve in the medium term, as structural reforms, such as GST and the bankruptcy code, aimed at de-clogging the economy and raising the trend rate of growth begin to have an impact on the economy. Assuming that the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. Improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class, and business-friendly government reforms will drive growth in the long term. As per the IMF, the Indian economy is projected to grow at a 7.7% CAGR over the next five years. Growth will be higher than many emerging as well as developed economies, such as Brazil, Russia and China.

At approximately 58%, private consumption is the largest contributor to India's GDP. To gauge private consumption, nominal per-capita GDP is used as a proxy. Nominal per-capita GDP growth slowed until Fiscal 2016. However, it picked up in Fiscal 2017, rising 9.6% year-on-year compared with 8.6% in Fiscal 2016.

Key fundamental growth drivers

India has second-largest population. As per Census 2011, India's population was about 1.2 billion, and comprised nearly 246 million households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase about 11% between 2011 and 2025, to 1.4 billion. (*Source: United Nations Department of Economic and Social affairs, CRISIL Research).*

Favorable demographics. Currently, India is one of the nations with the highest young population, with a median age of 28 years. Comparatively, the US, China and Brazil had 74%, 62% and 78% of their population below the age of 60 (as of calendar year 2012). CRISIL Research expects that a large share of the working population, coupled with rapid urbanisation and rising affluence, will propel growth of the Indian financial services sector. **(***Source: United Nations Department of Economic and Social affairs, CRISIL Research).*

Rise in urbanization. India has a very low urbanisation rate compared to its Asian peers such as China, Japan and Thailand. CRISIL Research expects the urbanisation to accelerate, translating in to 2.0 to 2.5% CAGR in the urban population between 2017 and 2022, compared to overall population growth of 1.2% during the same period. Further, the increase in urbanisation will also aid the increase in per-capita GDP, as also suggested during the previous five years. Comparing the increase in urban population to rise in per-capita GDP for India and other Asian peers, also highlights the strong positive correlation between urbanisation % and GDP per capita.

Demand for financial products from semi-urban and rural areas too are growing at a fast pace. With increasing financial literacy, mobile penetration, awareness and financial inclusion bank accounts have led to an increase in the participation of individuals from non-metro cities. CRISIL Research expects technology to progressively reduce the cost of reaching out to smaller markets; this, along with higher awareness, should continue to lead to strong growth in the smaller market.

Savings Scenario

The financial sector being the key beneficiary of improved economic conditions and changing savings pattern, growth was observed across asset classes with equity market ADTO, mutual fund AUM and insurance premium increasing at a CAGR of 25.6%, 28.2% and 8.4% between fiscal 2014 and fiscal 2017. Going forward the trend of increased household savings moving towards financial assets is expected to continue.

Key Structural Reforms

Financial inclusion: Two key initiatives launched by the government for financial inclusion are Pradhan Mantri Jan-Dhan Yojana (PMJDY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). Under PMJDY, the government's mission is to ensure that every household in India has a bank account and can access their account anywhere and can have access to all financial services like savings and deposit accounts, remittance, credit and insurance affordably.

Demonetization: Post demonetization, as a result of lower currency in circulation, the reliance on cash-based transactions has reduced, nudging the economy towards digital payments.

GST implementation to lead to supply chain changes, market share gains for organised players: The implementation of GST is likely to spawn structural changes in the supply chain and logistics networks in India. Companies are expected to migrate from the current strategy of 'multiple warehousing' to the 'hub and spoke' model as tax treatment across India will be same. In other words, business decisions will be taken on the basis of supply chain efficiency and not state-wise tax arbitrage.

Direct-benefit transfer ("DBT") has led to higher transparency in the system: The transfer of government subsidies and payments directly into the bank accounts of beneficiaries has helped cut out middlemen and enabled better targeting of subsidies. The DBT scheme has been able to become more effective with the help of Jan Dhan accounts.

Affordable housing: Government has been pushing the housing sector with a vision of housing for all by 2022. Some of the schemes implemented by the government are the Pradhan Mantri Awas Yojana (PMAY), tax incentives for affordable housing and making regulatory authority for the benefit of buyers as well as developers.

Recapitalization of PSBs to boost credit growth: The government's recapitalisation package for public sector banks ("**PSBs**"), announced in October 2017, marks a major step in revitalising these institutions saddled with non-performing assets ("**NPAs**"). The package will help PSBs to accelerate provisioning for stressed assets, speed up the NPA resolution process, and support the clean-up of balance sheets. This will, in turn, help them focus on reviving credit growth. The government's action sends a strong signal of support to PSBs, which are a vital cog in India's credit system.

Insolvency and Bankruptcy Code a key long-term structural positive: Insolvency and Bankruptcy Code is a reform that will structurally strengthen the identification and resolution of insolvency in India. The Insolvency and Bankruptcy Code enhances the credit enforcement structure and provides certainty around the timeframes for insolvency resolution. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome. This code will instill far greater financial discipline among borrowers. With this step, the RBI has sent a strong signal to borrowers to adhere to the credit discipline and also encourage banks to break resolution deadlocks with definite timelines.

Digitalization: Catalyst for the next growth cycle

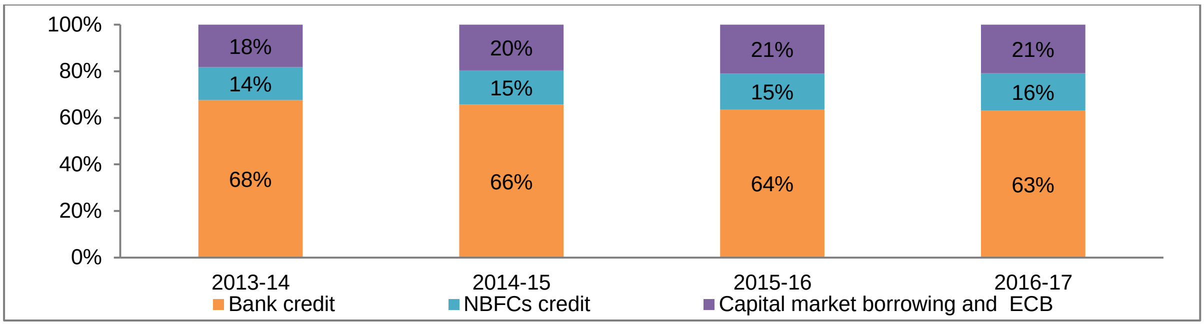
Technology is expected to play a pivotal role in taking the financial sector to the next level, by helping surmount the challenges stemming from India's vast geography and the fact that physical footprints in smaller locations are commercially unviable. Technology also gels complements India's demographic structure, where the median age is less than 30 years and the demography is comfortable using technology to carry out financial transactions. With increase in smartphone penetration and faster data speeds, consumers prefer digitalisation for convenience. With higher mobile penetration, improved connectivity, faster and cheaper data speed has led India to shift from being a cash-dominated economy to a digital one, supported by Aadhaar and bank account penetration. Consumers are increasingly transacting through electronic devices. In addition, improved data connectivity, low digital payment penetration and proactive government measures are expected to drive digitisation in the country transforming it into a cashless economy.

NBFC OVERVIEW

India's financing requirements have increased with the economy's notable growth over the past decade. Non-banking financial companies ("**NBFCs**") have played a major role in meeting this need, complementing banks and other financial institutions. NBFCs provide financial services with respect to products as well as customer and geographic segments at the grassroot level, making them essential in the financial machine. They cater to the unbanked masses in rural and semi-urban areas, and lend to the informal sector. This key service has enabled the government and regulators to realise the mission of financial inclusion. As of March 2017, they accounted for 16% of the overall systemic credit.

Going forward, NBFCs will have to focus on their core strengths, diversify their portfolio, and create a niche with new offerings to help them grow in the competitive financial market. There is significant scope for NBFCs to not only gain market share but also enter newer areas, as PSBs have been struggling with maintaining asset quality over the past few years.

NBFCs share in systemic credit growing steadily



Note:

1. Banks' credit includes outstanding of Regional Rural Banks (RRBs) and Cooperative banks;

2. Capital market borrowing and External Commercial Borrowing (ECB) includes corporate bond, commercial papers outstanding; but excludes amount raised by banks & NBFC

Source: RBI, SEBI, Company Reports, CRISIL Research

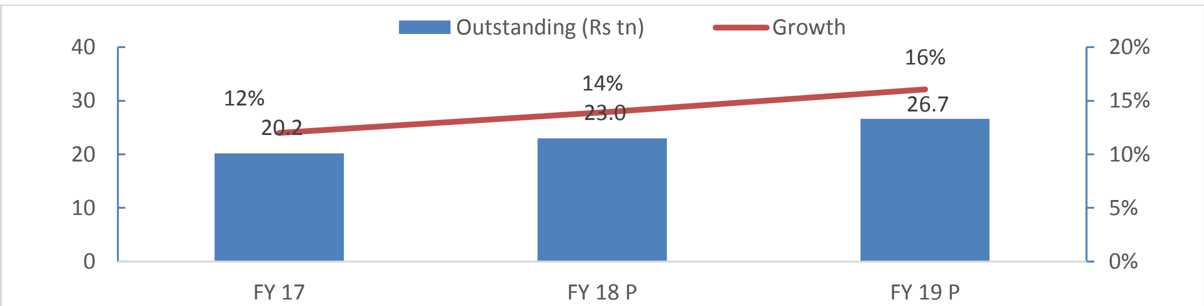
NBFC credit has grown at an impressive pace

The outstanding credit of NBFCs expanded at a CAGR of 19% since Fiscal 2012 to Fiscal 2017 to ₹ 20,163 billion, although this growth has not been uniform across segments. CAGR of the top four segments i.e. housing, infrastructure, auto and loans against property are 21%, 13%, 19% and 31%, respectively. The Micro, Small and Medium Enterprises and microfinance recorded impressive CAGR of 39% and 42%, respectively. For construction equipment and gold finance, growth has been at 1% to 2%. Consumer durables and educational loans are the segments that are growing fastest albeit from a low base.

NBFCs to grow at a modest 15% CAGR over next two years

CRISIL Research estimates the loan book of NBFCs to post 15% CAGR between Fiscal 2018 and Fiscal 2019. NBFCs have gained market share at the expense of banks owing to focused lending, widening reach, and resource-raising ability. With slowing corporate demand for loans, banks have shifted their focus to retail assets, thereby increasing competition for NBFCs. In CRISIL Research's view, low penetration in Tier-II and Tier-III cities, product and process innovation, and continued focus on core businesses will be the key enablers for steady growth for NBFCs.

NBFCs outstanding loans to pick up in medium term



Source: CRISIL Research

Competitive positioning of NBFCs in different segments

NBFC segment	Competitive positioning
Housing Finance	Competitive interest rates, better customer service; focusing on higher yielding segments like Loan against property and developer loans

Auto finance	Catering to relatively less credit worthy customers, strong presence in used vehicles, faster processing, lower documentation, customized offering
Gold loans	Higher LTV, lower turn-around-time, lower documentation, niche focus enables them offer better customer experience
LAP + MSME	Strong origination skills, superior customer knowledge, better collection mechanisms, faster loan processing, cash flow based credit appraisal
Construction equipment finance	Focus on Hirer/Retail segment, higher LTV offering, wide reach, flexibility in repayment, simple documentation, doorstep collection, lower turnaround time
Microfinance	Extensive reach, lower interest rates as compared to local money-lenders
Wholesale finance	Strong origination skills, Customized product offering and focus on real estate funding and structured products

Source: CRISIL Research

Key enablers of growth for NBFCs

Aggressive approach to tap the underserved segment: Formal finance penetration in India has been very low mainly because of non-availability of financing options in rural or semi-urban areas, where the majority of funding needs were fulfilled by the moneylenders and other informal channels. NBFCs aggressively tapped this space as banks were reluctant to provide loans due to higher risk.

Niche focus: Banks focus on a range of asset classes to provide loans, but NBFCs are specialised in certain segments and thus are better able to focus on those. Niche market and customer segmentation have helped NBFCs develop a unique methodology leading to an increase in market share. NBFCs also offer loans to unorganised and small players in the market. These players lack proper books of accounts, but NBFCs consider these unorganised players by their cash-flow generating potential of businesses.

Understanding the market and customizing product to customer needs: As NBFCs focus on certain geography or asset classes, they are better able to understand the market economics, regional culture and customer needs. Unlike banks, NBFCs focus less on a rule based and more on a customised lending approach, where they understand customer requirements and assess their repayment ability.

Cautious lending by banks due to asset quality and capital adequacy concerns: Banks are facing higher gross NPAs in their corporate loan books thus are cautious in lending aggressively to some sectors. CRISIL Research expects this situation to continue for some time. Also, the requirement of higher capital adequacy norms deter them from taking higher exposure in certain sectors. NBFCs are capitalising on this opportunity and increasing their market share.

Higher LTV: NBFCs' offer higher loan amounts against a security when compared to banks. If a top-up is required due to some contingency NBFCs' are more responsive and quicker to help with less or no additional collateral.

Lower turnaround time: In the case of immediate requirement of funds for operations or for buying machinery for production or for working capital requirement, the loan processing time taken by NBFCs is lesser than banks.

Less stringent documentation requirements: NBFCs' require less documentation and the loan appraisal process is efficient. NBFCs offer doorstep services and help the clients through the entire process.

Retail loan outstanding share is increasing from outside the top 10 cities: The total retail loan outstanding share of outside the top-10 cities has increased steadily between Fiscal 2011 and 2016 primarily led by increasing housing loan and auto demand from the tier-II and lower cities. CRISIL Research expects the share of top-10 cities to further reduce supported by higher affordable housing projects coming into smaller cities as well as increasing vehicle loan demand.

Key growth enablers for retail finance segment

Aadhaar to prevent identity fraud: The Unique Identification Authority of India (UIDAI) was established on January 28, 2009, after a notification was issued by the Planning Commission with the target to issue an Aadhaar number to every resident of India. The Aadhaar number will be used to verify the identity of a person receiving a subsidy or a service. Aadhar number will help financial institutions establish the identity of the borrower and thus prevent any kind of identity fraud by the borrower.

Credit risk mitigation by credit bureaus: Credit bureaus such as TransUnion, CIBIL Limited (formerly Credit Information Bureau (India) Limited), Equifax and Highmark are engaged in collecting data from several financial institutions and building a comprehensive database that captures the credit history of borrowers. These databases are updated on a weekly basis. Availability of this data gives the financial institution complete information of the credit history of the potential borrower and thus helps in preventing fraud. Knowledge of the fact that present credit transactions will have an impact on availability of credit in future will foster a culture of credit compliance among borrowers.

Digitization to facilitate credit appraisal process and reduce credit costs: Financial institutions take some form of collateral against the loan they grant. Many times this collateral is the immovable property of the company or its owners. Analysing the property documents in physical form and confirming their authenticity is a time consuming, cost intensive and tedious task for the financial institutions. The government of India has taken steps to facilitate e-registration of immovable properties in India. E-registration has provided a lot of transparency pertaining to property details and will thus facilitate credit appraisal process of financial institutions and help them control costs.

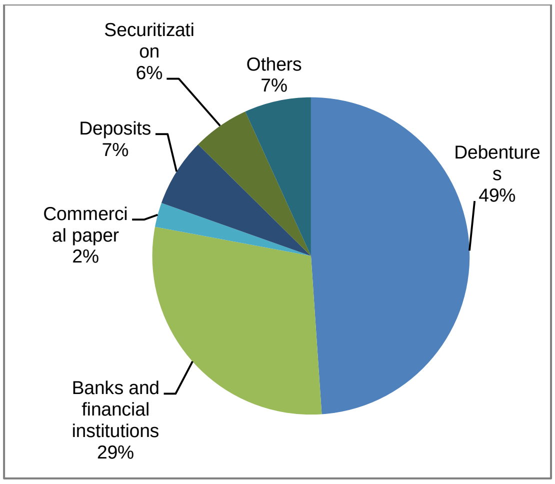
Liability/resources profile of NBFCs

NBFCs have reduced dependence on banks for funding

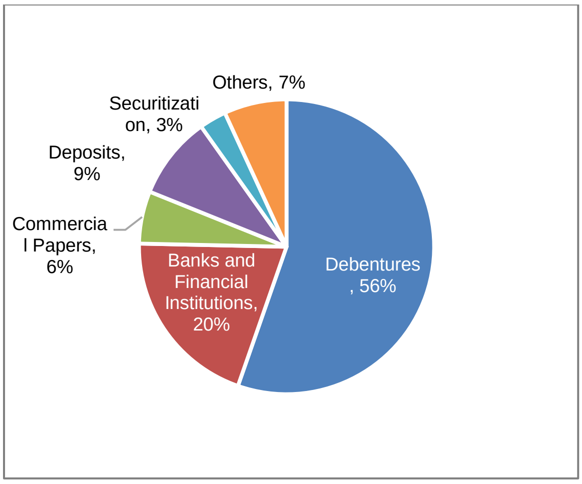
The banking system is one of the major sources of funding for NBFCs, both directly and indirectly (securitisation), accounting for almost a third of the borrowings (see figure below). But over the years, NBFCs have increased their borrowing from the bond market. As a result, their cost of borrowing has reduced since yields are more than 100 basis points lower than bank lending rates.

NBFCs funding debentures are major source:

Source of funding in Fiscal 2013



Source of funding in Fiscal 2017



Others include inter-corporate borrowings, subordinated debt, borrowings from government, etc.

Source: RBI, CRISIL Research

Key regulatory distinction between NBFC and banks

Given the importance of NBFCs in financial system, especially in accessing public funds and inter-connectedness with banking, they are subject to prudent regulations by the RBI. Further, rapid growth of NBFCs has gradually blurred dividing lines between banks and NBFCs. While the regulations are moving towards a convergence of norms for banks and NBFCs, there are certain differences in statutory liquidity ratio ("**SLR**") requirements, applicability of cash reserve ratio ("**CRR**") and priority sector norms. The Union Budget Fiscal 2016 allowed NBFCs with an asset base of ₹ 500 crore and above to use the SARFAESI Act in respect of loans worth ₹ 1 crore and above, thus enabling them to reduce their NPAs by adopting measures for recovery or reconstruction.

NBFCs lend and make investments similar to banks; however, there are a few differences: NBFCs cannot accept demand deposits or issue cheques drawn on themselves; they do not form part of payment and settlement system; and deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

In January 2014, the RBI aligned loan restructuring norms of NBFCs with those of banks. The guidelines are applicable for all NBFCs in corporate debt restructuring (CDR) as well as non-CDR (bilateral) cases. The guidelines stipulate provisioning to be increased to 5% for fresh accounts (flow) with immediate effect while in case of stock; the provisioning has to gradually increase to 5% by Fiscal 2018. Restructuring of accounts were withdrawn from April 1, 2015, and any change in terms/conditions of lending with regards to interest rate and tenure would be considered as restructuring (except in cases where delay is on account of extension in date of commencement of commercial operations). Even gross NPA recognition norms will be aligned with those of banks by March 31, 2018.

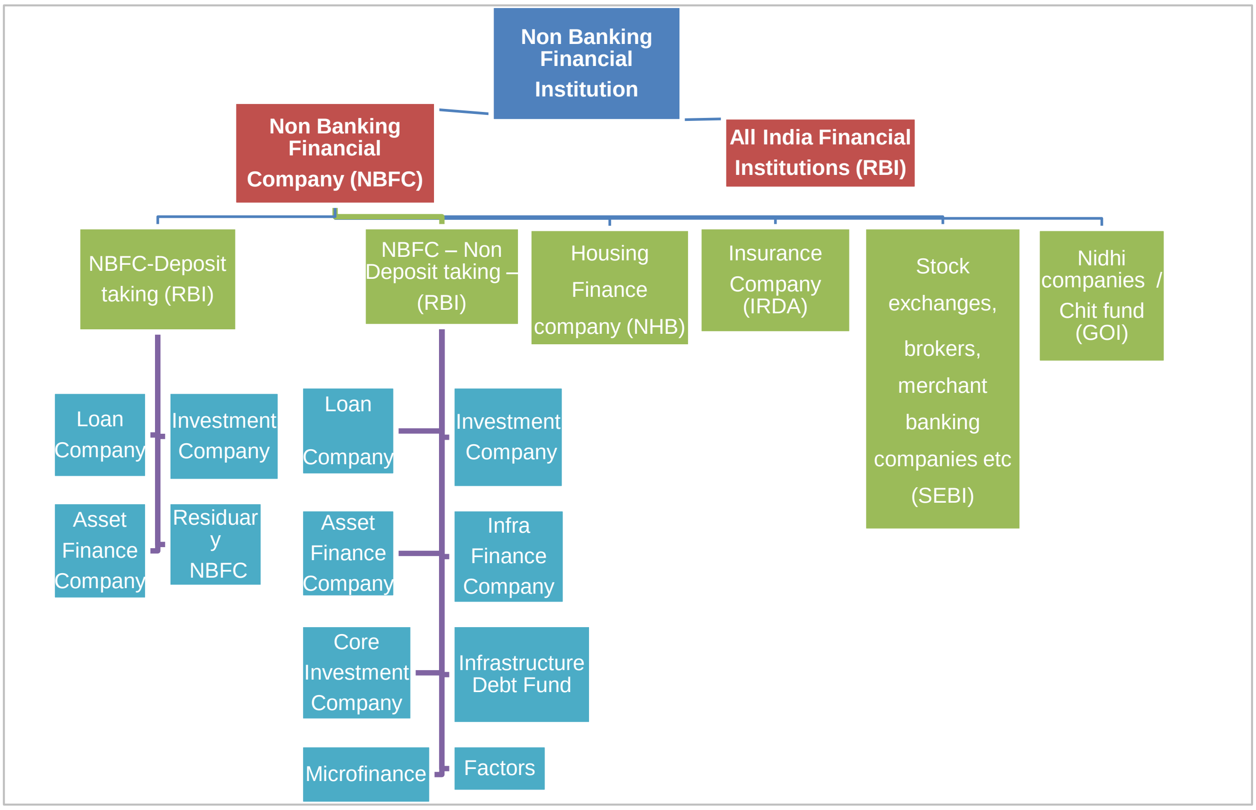
New provisioning requirement for NBFCs

Particulars	Provisioning requirements
On Stock of loans class as restructured as of March 31, 2015	
- as of March 31, 2015	2.75%
- as of March 31, 2016	3.50%
- as of March 31, 2017	4.25%
- as of March 31, 2018	5%
On fresh loans sanctioned+ restructured after March 31, 2015	5%

Constituents of NBFC industry in India

The Indian financial system includes banks and non-banking financial institutions. Though the banking system dominates financial services, non-banking financial institutions have grown in importance by carving a niche for themselves in under-penetrated regions and unbanked segments.

Structure of non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets.

All-India financial institutions include NABARD, SIDBI, and EXIM Bank.

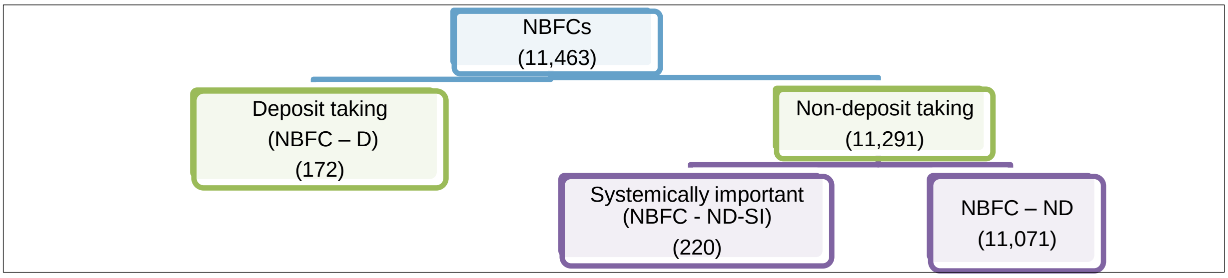
Source: RBI, CRISIL Research

Classification of NBFCs

NBFCs are classified on the basis of liabilities into two broad categories: a) deposit-taking; and b) non-deposit-taking. Deposit-taking NBFCs (NBFC-D) are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms, etc.

Further, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 500 crore and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC–ND–SI) and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: Figures in brackets represent the number of entities registered with RBI as of August 2017.

Source: RBI, CRISIL Research

Key Risks

Increasing competition: Over the past few years, competition from banks have been steadily increasing for NBFCs. Banks are saddled with high NPAs from corporate loans and have thus shifted their focus to retail loans. With lower cost funds available at their disposal as compared to NBFCs, banks have the ability to increase their customer base at a fast pace.

Less creditworthy customers: Customers with a strong financial profile demand a lower rate of interest on credit. NBFCs cannot compete with banks on the interest rate factor. Thus, NBFCs have a tendency to lend to relatively less credit worthy customers.

Highly susceptible to economic downturns: NBFCs concentrate on weaker customer profiles (customers have single stream of cash flows) compared with banks as these customers are very susceptible to economic downturn. If the trough phase extends they do not have enough financial reserves to overcome the slack period.

Concentration risks: NBFCs generally focus on a few asset classes and/or customer segments while lending. If the asset class or customer segment faces any kind of downturn, the business of the NBFC would be affected to a great extent. For example, if the gold loans segment faces any downturn there would be heavy repercussions for NBFCs which specialise in loans against gold.

Entry of small finance banks: The RBI has granted licenses to small finance banks (SFBs), and mandates that SFBs allocate 75% of their loans towards priority sector lending. The entry of SFBs will result in increased competition for NBFCs. RBI has mandated SFBs to open 25% of their branches in unbanked rural areas, and 50% of their loans must be in the ₹ 25 lakh range. SFBs could thus affect small ticket lending of NBFCs.

<u>WHOLESALE FINANCE</u>

Large ticket size loans to meet credit requirement of corporates

Wholesale finance represents lending services to medium-to-large-sized corporates, institutional customers, real estate developers by banks and other financial institutions. It encompasses long and short-term funding, with long-term loans accounting for majority of the loan book. Within long-term loans, the infrastructure sector comprises a significant share. While long-term loans are driven by investment cycles, short-term loans are influenced by business revenue and working capital requirement.

Banks have a higher market share in wholesale lending compared to NBFCs. Banks extend long and short-term funding to diverse sectors. On the other hand, NBFCs have limited exposure in long-term funding, except certain public NBFCs that cater to the infrastructure sector. Wholesale finance NBFCs provide loans which are industry-specific (such as real estate finance), structured and customized as per the needs of the client and risk appetite of the NBFC. They offer products such as promoter funding, mezzanine funding, structured and acquisition financing, lending to real estate developers, etc. For wholesale NBFCs, developer finance (or real estate lending) accounts for approximately 47% of the loan book, as majority of the large players have significant exposure to the same.

Segmentation of wholesale finance offered by NBFCs is as under:

Real estate lending

- Provides customised and structured loans to real estate developers for pre-approval/land financing and construction of commercial and residential properties
- Last stage financing for inventory funding

Secured corporate loans (includes structured finance)

- Customized financing solutions to meet working capital and growth finance needs of corporate clients
- It includes :
  - *Vanilla term loans*
  - *Working capital loans*
  - *Structured finance*

Capital market lending

- Provides finance against capital market securities to customers to meet their liquidity requirements
- It includes:
  - *Promoter funding*
  - *IPO funding*
  - *Mezzanine financing*
  - *Special situation and acquisition financing*

Source: CRISIL Research

Wholesale finance market expanded by 9% CAGR in the past five years

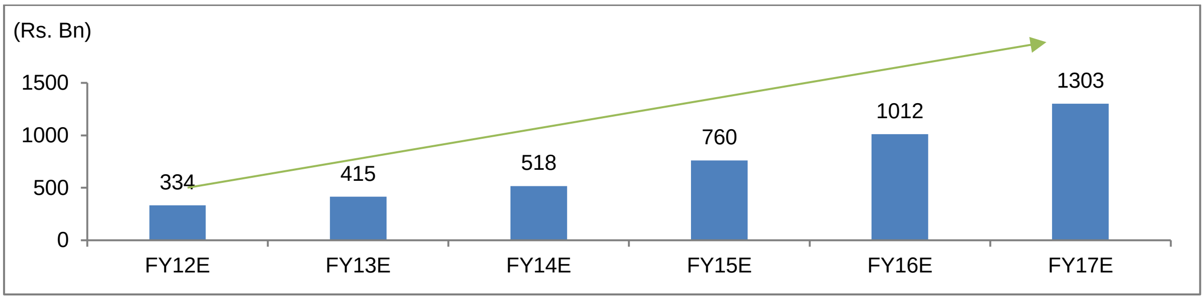
CRISIL Research estimates the market size of wholesale financing (includes lending by banks, NBFCs and housing finance companies ("**HFCs**")) to be ₹ 25 trillion as of March 2017. The market has grown at a CAGR of 9% between Fiscals 2012 and 2017, reflecting the increasing caution of banks in funding corporates, given high delinquencies and capital constraints. As banks currently account for 90% of the market, slowdown in advances by banks has pulled down market growth.

Recently, the government of India approved a recapitalisation plan for the public sector banks ("**PSBs**"). CRISIL research expects credit growth of banks in the corporate sector to remain muted over the next 2 years as banks are still grappling with high GNPAs in the corporate sector. On the other hand, NBFCs and (HFCs-developer loan portfolio) continue to see strong growth in their wholesale financing books. Between Fiscals 2012 and 2017, wholesale loans outstanding of NBFCs and HFCs together grew at a CAGR of 23%. Consequently, their market share expanded to 9% from 5% during the period.

Significant growth of NBFCs in wholesale finance market in past five years

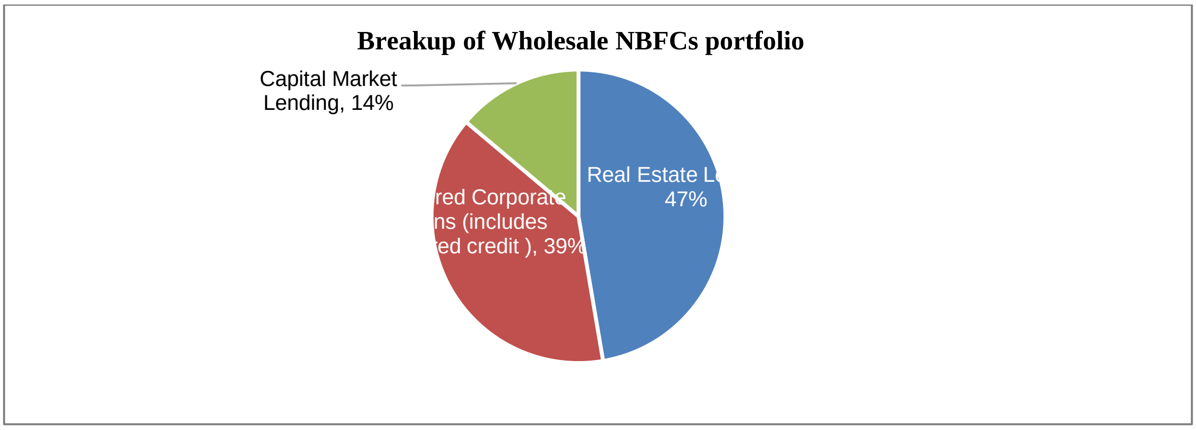
The assets under management ("**AUM**") of wholesale financing NBFCs (excluding HFCs) has grown at a robust CAGR of 31% over the past five years, to touch ₹ 1.3 trillion by March 2017. Though banks' interest rates are lower by 250-350 basis points, NBFCs retain edge over banks by offering more complex and structured deals. The structured credit offered is fairly diversified with top four sectors i.e. auto and auto components, pharma, logistics, real estate constituting 44% of overall portfolio. Banks have also been cautious in lending owing to rising NPAs in past few years. Majority of the portfolio of NBFCs is from tier I cities, which include Mumbai, Delhi, Bengaluru, Chennai, Ahmedabad, Pune, NCR, and Hyderabad, as exit options are difficult in smaller cities, especially in real estate segment that forms a significant chunk of overall portfolio of wholesale finance market.

Strong growth in NBFC loan outstanding



E: Estimated; Note: Excludes HFC portfolio; Source: CRISIL Research

Real estate financing accounts for majority share in overall wholesale credit (Fiscal 2017)

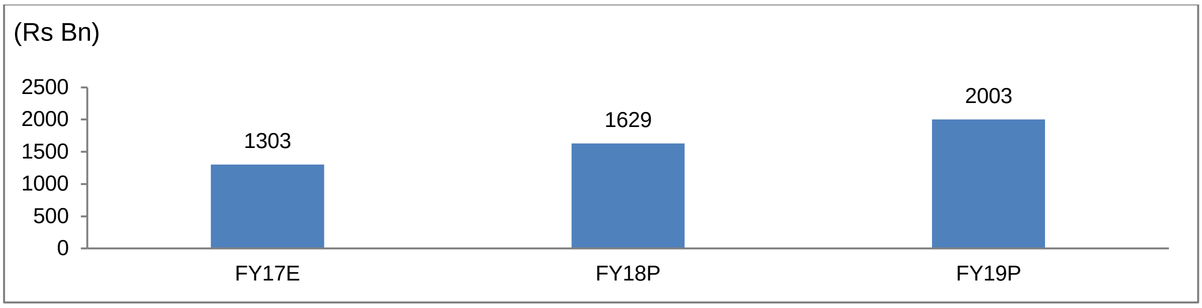


Source: CRISIL Research estimates, Industry

Wholesale financing book of NBFCs to grow at 23% to 26% CAGR

CRISIL Research anticipates wholesale financing by NBFCs to grow at 23% to 26% CAGR over the next two years to ₹ 2.0 trillion by Fiscal 2019. Over the next five years, we expect the NBFCs assets to grow by 20% to 25% CAGR from Fiscal 2017 to Fiscal 2022. Increasing need for funds post implementation of the Real Estate (Regulation and Development) Act, 2016 ("**RERA**") and the inability of PSBs to lend aggressively, would act as key growth catalysts in the near term. Besides this, it is expected that new players will also enter the market due to emerging opportunities in areas such as affordable housing, thereby aiding growth to the segment.

Robust credit growth to continue for wholesale financing NBFCs



E: Estimated; P: Projected; Source: CRISIL Research

Impact of RERA

RERA has brought in a sense of concern to the real estate sector, already grappling with lower sales and lengthening of working capital cycles. This uncertainty is likely to continue for another 6 to 12 months as the market adjusts to RERA implementation. Meanwhile, funding opportunities for property developers would increase as:

- Developers need to set aside 70% of the sale proceeds from a particular project only for constructing that particular project; for new projects or for growth capital, fresh funding would be required.

- Unlike earlier, developers cannot sell a project before getting the requisite approvals; this would also increase the need for funding at the pre-approval stage.

- Some developers, whose projects are at an advanced stage of construction, are opting for additional funding to accelerate project completion and begin sales thereafter (as projects with occupation certificate are not subject to goods and services tax ("**GST**"), whereas GST of 12% is payable on under construction projects.

In the long-term, effective implementation of RERA is expected to benefit the real estate sector, as it is expected to result in improved transparency and timely delivery. RERA is also expected to put an end to fund diversion and transform the realty sector into a more organised and trustworthy one, helping re-instill the confidence of end users towards the market. Furthermore, financial institutions will have more confidence in lending to builders/developers on account of the regulatory authority, and the stringent compliances to be followed by them.

Wholesale financing NBFCs gain market share through innovative product offerings, strong relationship with corporates

The strong growth of NBFCs can be explained by the following factors:

Customised solutions. NBFCs offer customised loan structures with features such as interest moratorium and bullet repayment schedules, which are not offered by banks. In addition, NBFCs also often extend credit to developers for land financing and early-stage project financing.

Lower turnaround time. Customers often require funds in a timely manner for funding business growth and/or managing liquidity crunch. NBFCs are able to meet the requirement of such clients due to their faster turnaround time. On average, NBFCs disburse a large-ticket loan to a new customer within 45-60 days.

Slow decision-making process in public sector banks. Decision-making cycles in some public sector banks (PSBs) has elongated considerably, owing to risk aversion and fragile capital position. This has also contributed to the growth of NBFCs.

Strong client relationships. Some NBFCs in this space have strong client relationships due to their presence in allied businesses, or because they are supported by well-established parent companies. This aids them in both securing business and in risk assessment.

MSME FINANCE

NBFCs/ HFCs have grown faster compared to banks

Micro, small and medium enterprise ("**MSME**") credit, including loan against property ("**LAP**"), increased at 12% to 13% CAGR over Fiscal 2012 to 2017 to around ₹ 14 trillion. Growth of MSME credit (including LAP) outpaced banking system's industry credit which grew at 6.7% CAGR, from Fiscal 2012 to 2017. Bank MSME credit grew at 7% to 9% annually until Fiscal 2013. In Fiscal 2014, though, bank MSME credit growth picked up, driven by a revival in demand, especially during the second half of Fiscal 2014. However, this was an aberration; bank MSME credit growth slowed to 5% to 7% CAGR once again (Fiscal 2015 to 2017) on mounting concerns over asset quality, capital issues with public sector banks (PSBs) and demonetization. *(Source: RBI, CRISIL Research)*

NBFCs and HFCs loan-book growth outpaced MSME credit growth of banks, over Fiscal 2012 to 2017, growing at a CAGR of 33%. NBFCs and HFCs credit growth was also impacted in the second half of Fiscal 2017 due to demonetization, as cash, which is an integral part of the daily operations of small and medium enterprises (SMEs), especially wholesale and retail traders, was in short supply. *(Source: RBI, CRISIL Research)*

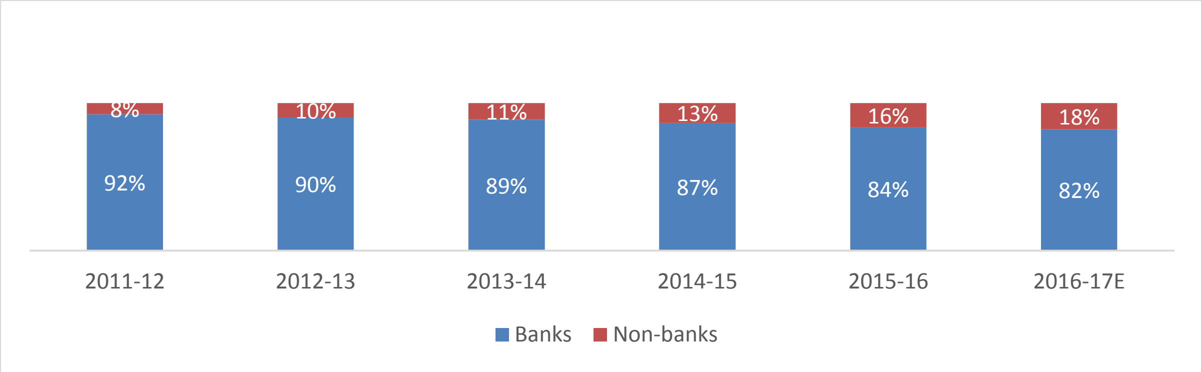
Banks dominate, but NBFCs and HFCs' market share in overall MSME credit expanding

While banks and in particular the public sector banks dominate the MSME lending market, their share has been steadily declining, partly due to concerns over increasing bad debts. As of March 2017, NBFCs and HFCs together accounted for approximately18% of outstanding SME loans, as compared to 8% as on March 2012. As NBFCs and HFCs have a niche focus area and also customise products to cater to the requirements of the market, they are able to grow their MSME portfolio at a faster rate than banks. On the other hand, banks typically have standard products that may not suit MSMEs with specific credit needs.

NBFCs and HFCs are also more aggressive in terms of timing for sanctioning and disbursement of loans. NBFCs usually take one-two weeks to sanction and only three-four days to disburse a loan, while private banks take three-four weeks to sanction a loan and another one-two weeks for disbursement, and even longer in case of public sector banks. NBFCs and HFCs also offer higher loan-to-value ("**LTV**") as compared with banks, which gives them a competitive advantage. NBFCs and HFCs have also strengthened their presence in semi-urban and rural areas, giving them extensive regional presence, and enhances their understanding of local markets.

While banks have started making inroads into the retail loan market, compelled by a slowdown in corporate loans, they usually leverage on their branch networks for sourcing customers for LAPs via customer walk-ins. NBFCs and HFCs, on the other hand, utilise direct sales agents ("**DSAs**"), who directly go to customers for LAP.

Banks and non-banks market share trend in MSME credit (including LAP)



E: Estimated

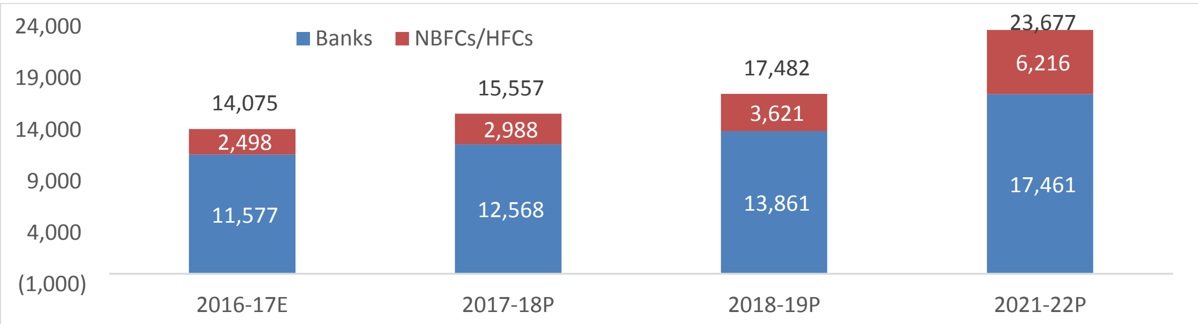
Source: Company reports, RBI, CRISIL Research

MSME credit of NBFCs/HFCs to sustain impressive growth trajectory

CRISIL Research expects MSME credit (including LAP) to grow at ~11% CAGR from Fiscal 2017 to 2022 to ₹ 23,677 billion. CRISIL Research also expects NBFCs/ HFCs' MSME credit growth (including LAP) to reach a higher CAGR of ~20%. CRISIL Research further expects that by Fiscal 2022, NBFCs/HFCs share in MSME credit will reach 26%.

NBFCs are acquiring bank customers by offering them higher loan amount, better service, faster turnaround time and lesser documentation requirement. Also, NBFCs are enhancing focus on smaller cities and towns due to lower competition and high latent demand. The loan book of NBFCs is also growing as they are replacing credit typically extended by the unorganised sector. Additionally, NBFCs have improved their operating efficiencies by increasing online presence and using analytics to analyse the creditworthiness of customers, and focusing on building relationship with MSME customers.

MSME credit growth from Fiscal 2017 to 2022



E: Estimated; P: Projected

Source: RBI, CRISIL Research

Growth drivers: MSME Credit (including LAP)

*Low credit penetration***.** The majority of the MSMEs in India do not have access to institutional finance. These MSMEs are either self-financed or take credit from the unorganised sector. This untapped market offers huge growth potential for financial institutions. The breakdown of sources of funds for MSMEs is as follows -

Improvement in economic scenario to boost funding needs of small businesses. MSME credit is largely extended to self-employed borrowers running small businesses, who mainly utilize funds for purchase of assets and expansion, and as working capital. CRISIL research expects demand for funds from small businesses to grow, along with an improvement in the economic scenario, contributing to an increase in disbursements.

Lower competition prompts players to eye smaller cities. Competition in metros and tier I cities is intense as all major players, including banks, vie for market share. Also, MSME loans are popular in metros and tier I cities due to high concentration of businesses. However, with rising competition, players are expanding to smaller tier II cities, where competition in lower. The RBI has issued licenses to small finance banks. It has mandated that 75% of the lending by small finance banks (SFBs) will be to the priority sector. To fulfil this objective, SFBs must open at least 25% of their branches in unbanked rural areas. CRISIL research expects that this step will ease credit availability for MSMEs and will improve credit availability in smaller cities.

GST to boost SME lending. CRISIL Research expects transparency in transactions of MSMEs to improve, as compliance with GST will compel MSMEs to bring their transactions on record. This will improve the quality of books of accounts, thus improving the credit worthiness of MSMEs. This will ease the credit appraisal process and lower the credit risk for financial institutions. Due to improvement in quality of books of accounts, financial institutions will be able to lend to the MSMEs in unorganized sector which were previously unable to get credit due to improper books of accounts or an absolute lack of them. This will open up the previously untapped credit demand for the financial institutions thus leading to robust expansion of MSME credit market.

Credit guarantee fund scheme extended to cover NBFCs. One of the major reasons for MSMEs being credit starved is requirement of collateral against loan by banks or other financial institutions. This collateral is not easily available with such enterprises, leading to high risk perception and higher interest rates. To address this issue, the Government of India has launched the credit guarantee fund scheme to make collateral-free credit available to micro and small enterprises. This scheme has been extended to cover systematically important NBFCs as well from January 2017. To be eligible under this scheme, NBFCs should be making profit for preceding 3 Fiscal years at the time of enrolment for this scheme, should have long term credit rating of at least BBB and should meet few others specified performance related parameters. Overall limit under the guarantee scheme is also enhanced to ₹ 20 million.

Stable real estate prices a positive for LAP. Demand for LAP is highly correlated to property prices and the real estate market. Stable property prices in tier I and metro cities will support growth of the LAP market.

Key risks

Operational and market risks faced by SMEs

Structural changes rendering SMEs uncompetitive: Rise in demand along with demand for products with latest technology has made many previously unattractive sectors lucrative for large players. Larger players have greater financial ability and better market reach as compared to MSMEs. These players also have the ability to procure the latest technology thus rendering MSMEs obsolete. This change in the structure of industry has hampered the competitiveness of MSMEs in few industries.

Lack of skilled manpower: MSMEs do not have enough resources to train manpower. Also, MSMEs find it difficult to retain skilled manpower as they frequently change jobs due to higher pay offered by other companies.

Dependence on few clients: MSMEs have limited geographical reach and constrained financial strength required to carry out production. Due to these constraints MSMEs are unable to attract new clients consistently.

Vulnerability to industry cycles: Certain industries go through regular industry cycles due to reasons such as seasonality of raw material or seasonality of demand. MSMEs have limited financial strength and small financial reserves. This makes it challenging for MSMEs to pass through the trough of the industry cycle, especially if the trough phase gets extended.

Currency volatility: MSMEs operate on thin profit margins as they do not have enough bargaining power with clients. These profits could get wiped out due to currency volatility for MSMEs having considerable exposure to exports.

Challenges faced by financiers lending to MSMEs

*Lack of information***:** Lack of information limits the lending potential of financiers and/or increases the probability of default. Thus, appropriate credit appraisal mechanisms play a critical role in managing MSME credit and have gained higher significance for financers. Additionally, the MSME segment is highly heterogeneous in terms of the size of enterprises, variety of products and services provided, and level of technology employed. These factors, coupled with the lower ticket size of loans, make it tough to identify MSMEs with a good business and financial profile.

Identification of focus sectors and key risk factors: MSMEs are spread across various sectors and the supply chain. As these sectors have different dynamics, MSMEs have varying financial needs. Thus, financers, especially NBFCs and HFCs who wish to identify sectors for specialised lending, have a difficult task at hand. Risk factors depend on the sector, position in the supply chain, geographical location, etc., of MSMEs. Thus, identifying appropriate risk factors for a particular MSME during the loan appraisal process is a critical and cumbersome task.

Increasing proportion of higher risk commercial properties in case of LAP: Over the past decade, the share of loans against commercial properties has increased. Although these loans are offered at low LTVs, the risk of delinquency is higher. This is because of the absence of an emotional attachment for the borrower, as in the case of a residential property, which could prompt the borrower to repay the loan.

High balance transfer in case of LAP: Since last couple of years as the interest rates softened, the share of balance transfer (BT) recorded higher growth. In top 20 cities share of BT in LAP is significantly higher. In BT, new lenders offer top-up on the amount of loan that is transferred (at higher LTV), and lower rate of interests to attract customers from competitors. This has made the LAP portfolio riskier. A sustained rise in BT will be detrimental as it may lead to rise in delinquencies in LAP.

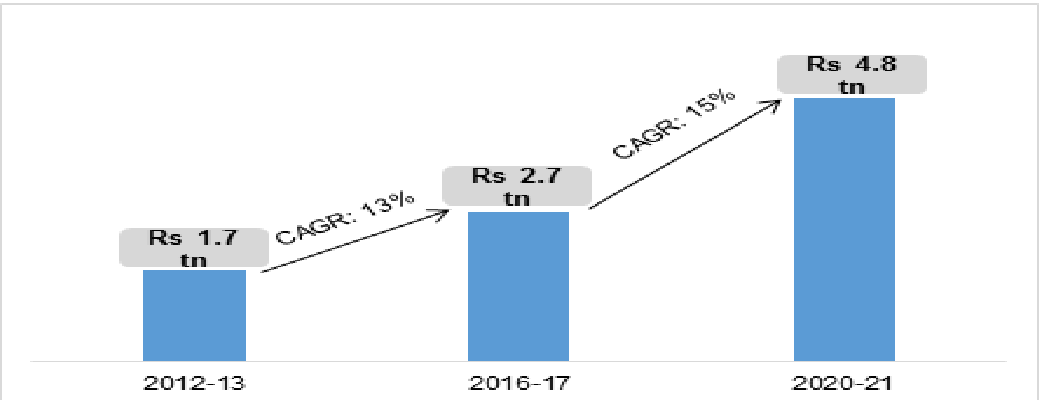
About one-third of portfolio at either high-ticket size or high LTV for LAP: Although LTVs are mostly limited to ~ 65%, some financiers also offer loans at higher LTVs (as high as 75%). This reduces the borrower's equity, consequently reducing the financier's cushion, increasing the risk of under-recovery in case of repossession. Lack of proper standards for valuing properties leads to the risk of over-valuation of properties, which could also lead to under-recovery on sale after repossession. Increased focus of financiers on lowering the turnaround time could also prompt players to reduce dependence on external independent valuers.

Non-standardised property valuation for LAP: Non-standardised or decentralised valuation methodology may sometimes lead to over valuation, especially in smaller cities where differences in valuation between two valuers can be significant.

Challenges in liquidating collateral in case of LAP: Real estate as a collateral can often be difficult to liquidate. This increases the cost and time required to dispose of a repossessed collateral. This could be even higher in the case of high ticket-sized loans, typically exceeding ₹ 20 million. Borrowers can also use legal loopholes to lengthen the recovery process.

Financing K-12 schools

K-12 revenue projected to grow at 15% CAGR to reach ₹ 4.8 trillion by Fiscal 2021



Source: CRISIL Research estimates

~86% of the K-12 school's revenue comes from the private space whereas only 46% of the total student enrollment is in this segment. CRISIL Research expects enrollment share in private space to increase to 50% over next 4 years driving the credit demand for the K-12 sector.

Growth Drivers

- Rapid urbanization spawning demand for more educational facilities.
- Belief in the importance of education.
- Rising household spends on education across the income spectrum implying greater willingness to pay.
- Low penetration in education gives room for growth and expansion.

Larger share of young population underscores the importance of education in India

- By 2025, India is set to surpass China as the most populous country in the world.
- India has two-fifth of its population under 19 years.
- To reap the benefit of demographic dividend, India needs to increase the share of educated workforce.

HOUSING FINANCE

Ease of financing and improved infrastructure leading to higher growth in housing finance segment

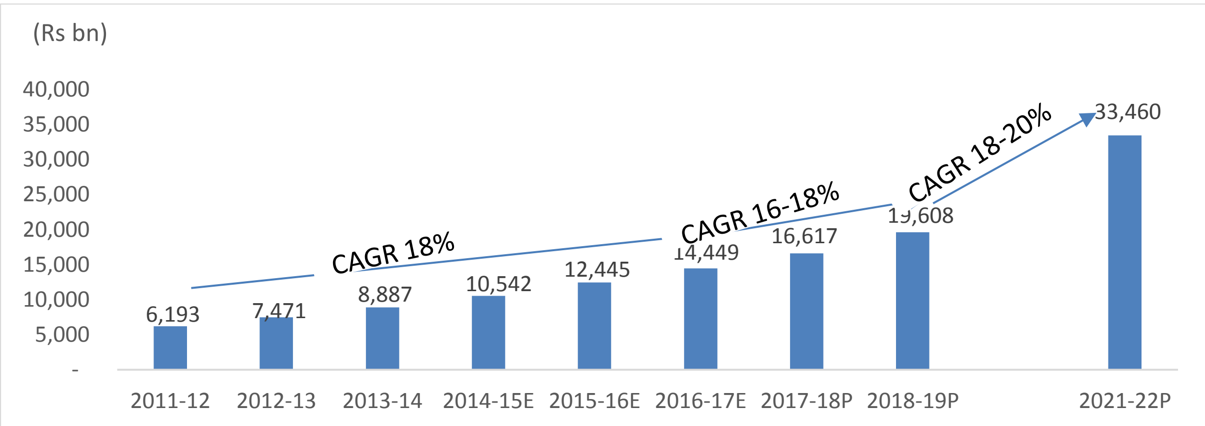
Demonetisation had a transient impact on housing finance segment. HFCs and banks reported uptick in the housing loans business, from low levels in December 2016 and January 2017. Collection efficiency, which too had declined post-demonetisation, especially in November and December 2016, showed signs of improvement from February 2017. Thus, CRISIL Research expects the sector to be on recovery path and post 16% to 18% CAGR growth rate over next two years. However, over the next 5 years the overall housing finance growth to be strong at 18% to 20% CAGR.

As per government data, as in October 2017, ~2 lakh houses have been constructed under the Pradhan Mantri Awas Yojana (PMAY). To achieve the target of constructing 20 million houses across India by calendar year 2022, the pace of construction work will increase and subsequently prompt higher demand for loans. Further, inclusion of middle-income group (MIG) households, whose incomes range between ₹ 6 lakh and ₹ 18 lakh per annum under the credit-linked interest subsidy scheme, will lead to a surge in loan disbursements over next three to five Fiscal years, leading to faster outstanding growth. Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rate scenario will boost overall housing loan demand over next two Fiscal years.

But the Real Estate (Regulatory & Development) Act, 2016, could have some impact over next one to two Fiscal years until the industry adjusts to the new regulations, as RERA has forced developers to focus on completing their existing projects. This, coupled with sluggish demand, has resulted in fewer new launches of residential properties. However, CRISIL Research expects RERA will lead to better structure, transparency and discipline in the sector in future.

Housing loans outstanding grew at 18% CAGR from Fiscal 2011 to 2017, supported by higher government support, lower interest rates and easing inflation. Also, rising urbanisation, nuclearisation of families and increase in number of affordable-housing projects speeded loan growth.

Healthy growth expected in the housing finance segment



Source: Reserve Bank of India (RBI), NHB, Company Reports, CRISIL Research

HFCs' portfolios to grow at 16% to 18% CAGR over next two Fiscal years; growth to accelerate thereafter

CRISIL Research expects HFCs' loan portfolios to grow at a slower pace of 16% to 18% CAGR in Fiscals 2018 and 2019 due to the RERA. Thereafter, growth is expected to accelerate, leading to 18% to 20% CAGR over next five Fiscal years, led by HFCs' strong origination skills, focused approach (catering to a particular category of customers), relatively superior customer service and diverse channels of business sourcing. The push towards affordable housing will also buoy growth.

Market share of HFCs to remain stable

During Fiscal 2011 to 2015, share of HFCs increased fast, from 35% to 40%, as banks were targeting mainly the corporate segment; the share stabilized after that, due to aggressive focus of banks in retail segment due to high asset quality deterioration in corporate book. Banks will continue to focus more on retail segment and take advantage of more customer interactions for various requirements, leading to higher probability of getting leads.

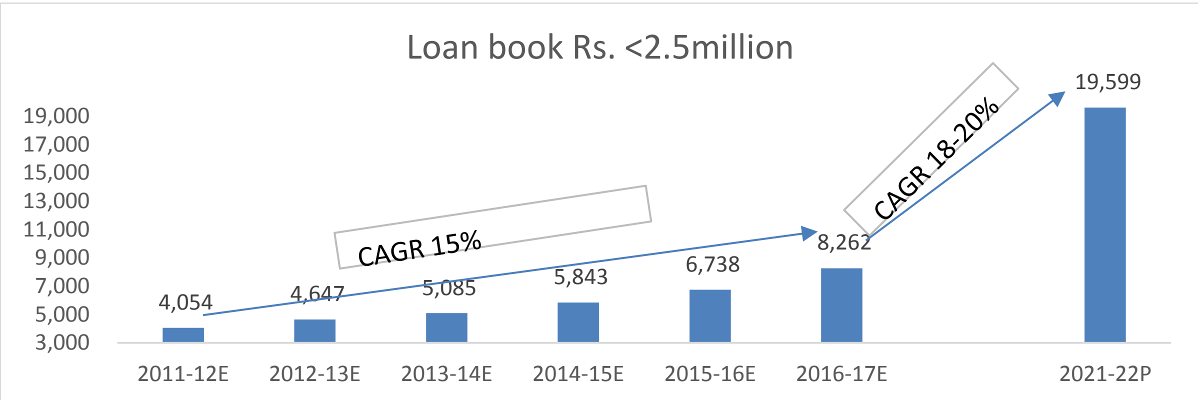
But CRISIL Research expects share of HFCs to remain stable, supported by their ability to take more risk (resorting to various surrogates for credit assessment; hence providing higher LTV), faster turnaround times, higher builder tie-ups and less-stringent documentation processes. CRISIL Research expects share of HFCs in housing finance market to be in 40% to 41% range in Fiscal 2019.

Healthy growth expected in affordable housing finance segment

Affordable housing finance (defined as loans with ticket size of less than ₹ 25 lakh) market grew at 15% CAGR from 2011-2012 to 2016-2017, outpaced by overall housing finance market growth of 18% CAGR over the same period. There is an enormous demand for low-cost housing finance and it is believed that the root cause of slower growth is lack of housing finance options for low-income households.

Supply of Affordable housing finance was constrained mainly by banks' inability to accurately assess credit risk associated with low-income borrowers and lower profit margins, lack of land titles, and uncertainty of repossession. Furthermore, high cost of serving on account of small ticket size and lower volume led the segment secluded from banking system. Thus, even builders were not much interested in building low ticket homes.

Since the last two years, economics of the market have changed and the segment recorded 18% to 19% CAGR led by increased government support, lower interest rates and easing inflation. The awarding of infrastructure status to affordable housing will push more developers to enter the segment, as they will now enjoy easier access to institutional credit and help in reducing their cost of borrowing for affordable projects, leading to a greater supply of units at reasonable prices. Also, the Real Estate (Regulatory & Development) Act, 2016, will lead to more structure, transparency and discipline in the sector in the future, however, it could have some impact in the short term till all the modalities are worked out.



Source: Reserve Bank of India (RBI), NHB, CRISIL Research

Growth drivers for housing finance

CRISIL Research estimates a housing shortage at the national level for rural as well as urban areas. The housing shortage has been calculated based on the following factors:

- Excess of households over housing stock (increase in population)
- Shortage on account of obsolete units/ kutcha houses
- Shortage on account of congested houses

According to the Economic Survey 2015-2016, there was an inter-state migration of 60 million people between calendar year 2001 and 2011 (and interestingly, the number of inter-district migrants is around 80 million during the same period). During calendar year 2011 to 2015, the number of inter-state migrants increased by 45 million. With an increase in migration for employment or education purposes, the need of housing is bound to increase. However, factors such as income growth, job certainty, interest rates, affordability, overall housing ticket size, finance penetration and loan to value play crucial roles in deciding purchase decision. In such cases, many households prefer taking apartments on rents over buying. Census 2011 highlights that, of the total stock in urban region, around 27% is rented. This figure is far lower in rural region at 3.4%.

Key government initiatives and fundamental factors

Government's initiative	Regulator's initiative	Other factors
• Housing for all • Infra status to affordable housing companies • Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	• Interest-spread cap for the Rural Housing Fund (RHF) • Reduction in risk weights	• Urbanization • Expansion in branch network • Low mortgage finance penetration • Higher LTV

Higher transparency in the sector, increasing urbanisation and government's incentive will boost the housing finance market over next five Fiscal years. CRISIL Research forecasts finance penetration in urban areas to increase between Fiscals 2017 and 2022.

Housing for all programme affordable housing finance segment

Recent push by the government to provide housing at affordable cost and its implementation is expected to boost sales of affordable, low-cost housing units and consequently their financing.

- The government has implemented the credit-linked subsidy component under 'Housing for All' mission as a demand-side intervention to expand institutional credit flow to meet housing requirements of people residing in urban regions.

- Under the mission, affordable housing through Credit-Linked Subsidy Scheme (CLSS) will be implemented through banks or financial institutions.

- Credit-linked subsidy will be provided on home loans availed of by eligible urban population for acquisition and construction of houses.

- Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) have been identified as the central agencies to direct this subsidy to the lending institutions, and monitor the progress of this component.

Details of the revised CLSS

Category	Annual household income (₹)	Loan amount (₹)	Interest subsidy	Size of the proposed house (carpet area, sq m)
EWS	Up to 3 lakh	6 lakh	6.50%	30
LIG	3-6 lakh	6 lakh	6.50%	60
MIG 1	6-12 lakh	9 lakh	4%	120*
MIG 2	12-18 lakh	12 lakh	3%	150*

Note: (*) as per government notification of November 16, 2017

Source: PMAY website, CRISIL Research

For all income slabs (annual household income), any additional loan taken by the beneficiary up to a maximum tenure of 20 years, will be at non-subsidised rates.

Keeping no maximum loan limit, government has increased the subsidised loan amount to ₹ 12 lakh and salary slab to ₹ 18 lakh. It has also increased the repayment tenor to 20 years, which will ease the equated monthly instalment (EMI) burden and draw more people into the ambit of this scheme.

Infra status to affordable-housing companies

The government granted infrastructure status to affordable-housing sector, which implies lower financing costs for the same. Grant of infrastructure and priority-sector statuses to retail loans for affordable-housing projects by RBI has provided adequate demand and supply-side impetus to the sector. Typically, sectors enjoying infrastructure status can also avail of loans under the external commercial borrowings (ECB) route. However, this facility was already granted to the affordable-housing sector in Fiscal 2012 by RBI.

Initiatives by regulators to support affordable housing finance

NHB's revision of interest spread cap for the Rural Housing Fund (RHF)

NHB has been allocated a sum of ₹ 6,000 crore under RHF for 2017-2018 and ₹ 3,000 crore under Urban Housing Fund (UHF).

The NHB revised the interest rate and on-lending cap under the RHF this Fiscal. CRISIL Research believes the on-lending cap of 3.5% is better, as the previous 2% cap made financing unattractive, because of higher operating cost incurred to serve rural areas. The new norms for lending under RHF and UHF are given below:

Revised interest rates and on-lending caps

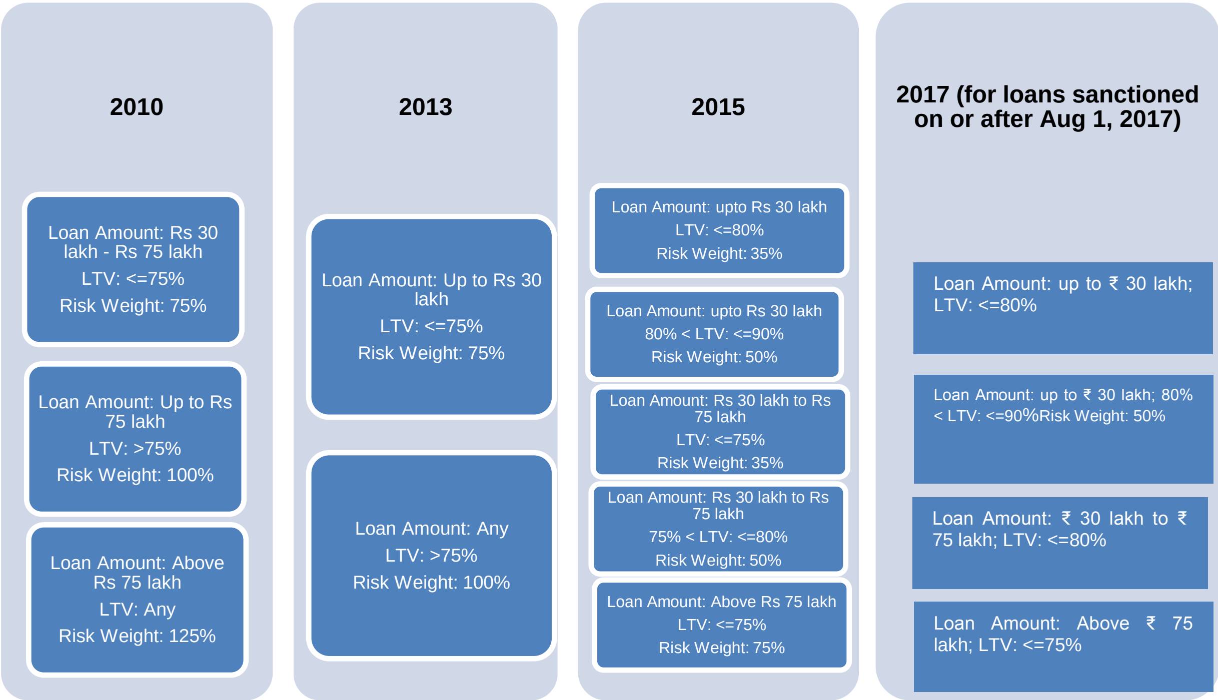
Fund	Primary lending institutions	Interest rate (per annum)	On-lending cap (per annum)
Rural Housing Fund	HFCs and regional rural banks	4.86%	8.36%
	Scheduled commercial banks	4.86%	MCLR + 1%
Urban Housing Fund	HFCs and regional rural banks	4.86%	8.36%
	Scheduled commercial banks	4.86%	MCLR + 1%

Source: NHB, CRISIL Research

Reduction in risk weights

The regulators (RBI for banks, and NHB for HFCs) have been progressively reducing the risk weights for housing loans, taking into cognizance the healthy asset quality of the asset class. The following chart captures the reduction in risk weights for HFCs over the years:

Regulations pertaining to risk weights for housing loan by HFCs



Source: CRISIL Research, NHB

Other factors

Urbanization

Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in the urban areas. The share of urban population rose steadily from 28.8% in calendar year 2004 to ~33.5% in calendar year 2017. CRISIL Research expects urbanisation to accelerate, and the proportion of urban population to reach ~40% in calendar year 2030. Further, the increase in urbanisation will also aid a rise in GDP per capita, as suggested by the experience in the previous five years (calendar year 2013 to 2017).

Urbanisation has a twin impact on housing demand: it results in a rise in the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household.

Expansion in branches and well distributed network of HFCs spurred retail housing finance growth

The branch network of HFCs expanded at a CAGR of 26% over the past 4 years. CRISIL Research expects growth to continue over the next two years as new players enter the market, and some existing ones expand their geographical presence across the country. Though players are equally focusing on the digital channel, branch presence gives them an identity in that particular geography.

Indian mortgage market to follow the global path

India's mortgage-to-GDP ratio was still low at 10% in Fiscal 2016 compared with other developing countries, but it has improved from 7.4% in Fiscal 2010, given rising incomes, improving affordability, growing urbanisation and nuclearisation of families, emergence of tier-II and tier-III cities, ease of financing, tax incentives, and widening reach of financiers.

Rise in finance penetration

An increase in the finance penetration is expected to support the industry’s growth. Rising demand for housing from tier-II and tier-III cities, and a subsequent surge in the construction activity, have increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to ~43% in Fiscal 2017, from ~39% in Fiscal 2012, while penetration in rural areas is estimated to have risen only slightly. However, even in urban areas, the self-employed population is not catered to by several HFCs. CRISIL Research expects finance penetration to increase gradually from these levels, driven by the thrust on affordable housing, improved data availability, and rising competition.

Moreover, CRISIL Research expects rural areas to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges such as timely collection of payments, lower ticket sizes, and higher delinquencies in comparison with the urban markets, will pose headwinds to rural expansion.

Key risks faced in the sector

Poaching of regular customers by banks: One of the biggest risks to low-cost players is threat from banks, which have the details of borrowers' banking behaviour and repayment histories. Banks can poach these customers by offering lower interest rates (compared with smaller HFCs) and zero processing fees. In doing so, banks save on the operating cost and get customers with good credit histories.

Collateral frauds: The rising number of collateral frauds in the sector is becoming a serious issue. As a result, lending institutions are being forced to implement additional controls, thus increasing their underwriting expenses.

HFCs catering to low-ticket housing segment have funding disadvantage: Most small HFCs have a disadvantage versus large banks and large HFCs such as HDFC and LICHF in their cost of funds due to the mix of funding (mid-size and small HFCs are largely bank-funded) and higher cost (as credit ratings are lower). However, CRISIL Research believes securitisation and NHB funding could help to an extent.

Delay in project approvals and construction: Cash flows of HFCs are largely dependent on timely completion of a development, in which their customers have bought apartments. If the project gets delayed, the borrower may start defaulting on loans. Project delays also tend to impact loan-book growth.

Lack of proper title: Lack of a proper title can be a risk, especially on the outskirts of large cities, and semi-urban and rural areas. With better availability of information and proper due diligence by the technical team, CRISIL Research believes HFCs are trying to mitigate this risk.

Liquidity risk: The apartment culture has still not caught on in many semi-urban and rural areas, hence financing is more of individual standalone properties. CRISIL Research believes this makes it harder to sell a property that is built according to the needs of the borrower. Also, in rural areas, due to cultural issues, it may become challenging to find a buyer for a repossessed property. This leads to the liquidity risk.

Employee attrition: As the market is growing faster and new players are emerging in the housing finance space, the risk of existing employees switching to another company is increasing. CRISIL Research believes this risk is especially pertinent in sales roles in affordable housing finance segment.

Insufficiency of data for credit appraisal: Credit score availability in India is still at a nascent stage, despite the presence of credit bureaus. In several cases, borrowers lack formal proof of income documents. CRISIL Research believes this makes it difficult to judge the ability of the borrower to repay.

Economic scenario: The financial performance of an HFC depends on the overall macroeconomic factors: GDP growth, economic cycles, and the health of the securities markets. CRISIL Research believes any trend or event that has a significant impact on India's economy, including a rise in interest rates, could impact the financial standing and growth plans of HFCs, leading to a slowdown in sectors important to the business.

CAPITAL MARKETS

Overview

The performance of entities in the capital markets business is primarily influenced by two factors: the performance of the primary and secondary equity markets, and fund-raising through equity (initial public offer, rights issue, qualified institutions placement) or debt markets.

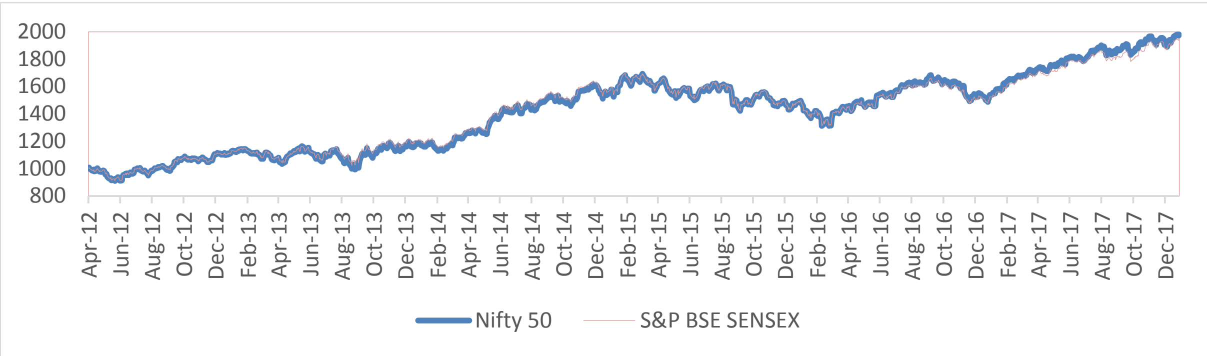
Capital market-related entities have had an exciting two to three Fiscals as equity markets have given investors healthy returns. Corporates too have tapped the capital markets for equity and debt issuances. To illustrate, benchmark indices like Nifty 50 and S&P BSE Sensex have grown at a CAGR of 12.5% and 11.4% respectively, from the end of Fiscal 2014 to September 30, 2017. In the long term as well, Indian equity markets have given healthy returns. The amount of capital raised through equity markets doubled in Fiscal 2017, and the trend remains buoyant in the first half of the current Fiscal.

The following factors explain the uptrend:

- Establishment of a stable union government in 2014.
- A stable macroeconomic environment.
- Falling interest rate cycle and benign inflation in India, and a low interest rate environment globally.
- Continued inflows from domestic institutional investors (DIIs) and foreign institutional investor (FIIs).
- Implementation of structural reforms such as bankruptcy code, power sector reforms, and the Goods and Services Tax having raised hopes of a sustained pick-up in economic growth in the years ahead.
- Increasing proportion of savings moving to financial assets, given the diminishing attractiveness of real estate and gold. The record inflows in mutual funds are an indicator of this.

As per CRISIL Research estimates, revenue of Indian brokerages surged 20% on-year in Fiscal 2017, driven by a 35% increase in the average daily turnover in equity (cash and derivatives of NSE and BSE) markets. While intense competition continues to exert pressure on yields, large players have been able to control their costs. As a result, the cost-to-income ratio for the industry improved, resulting in a 40% upsurge in profitability.

Growth in Indian equity markets indexed to 1,000 as on April 1, 2012

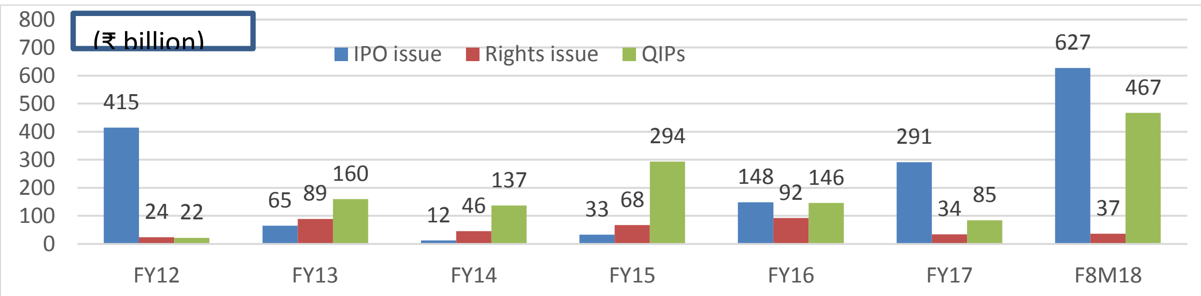


Source: BSE, NSE, CRISIL Research Equity markets

Investment banking

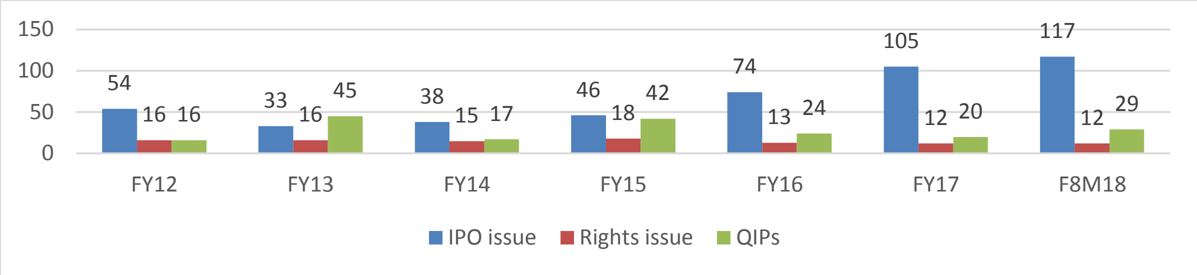
Primary markets continue to surge as companies look to mobilize resources through issues

Trends in amount raised through primary markets (equities)



Source: SEBI, BSE, NSE, CRISIL Research

Trends in number of issues through primary markets (equities)



Source: SEBI, BSE, NSE, CRISIL Research

As much as ₹ 410 billion was raised through primary markets through 105 public, 12 rights and 20 QIP issues in Fiscal 2017. The capital raised through public issues doubled to reach ₹ 291 billion. Overall capital raised in Fiscal first 8 months of 2018 was highest than the amount raised over any of the past five years, mainly on account of higher liquidity in markets and private equity players exiting their holdings. The small and medium enterprises (SME) platform of exchanges saw 79 listings in Fiscal 2017 which raised capital of ₹ 11 billion.

Mergers and acquisitions

The Indian mergers and acquisition market has picked up in the last 2 years with some high ticket deals in telecom, banking, insurance, power, and cement sectors taking place. Some of the large deals that have taken place include the merger of Vodafone and Idea, consolidation of the State Bank of India group, and merger of Aditya Birla Nuvo and Grasim.

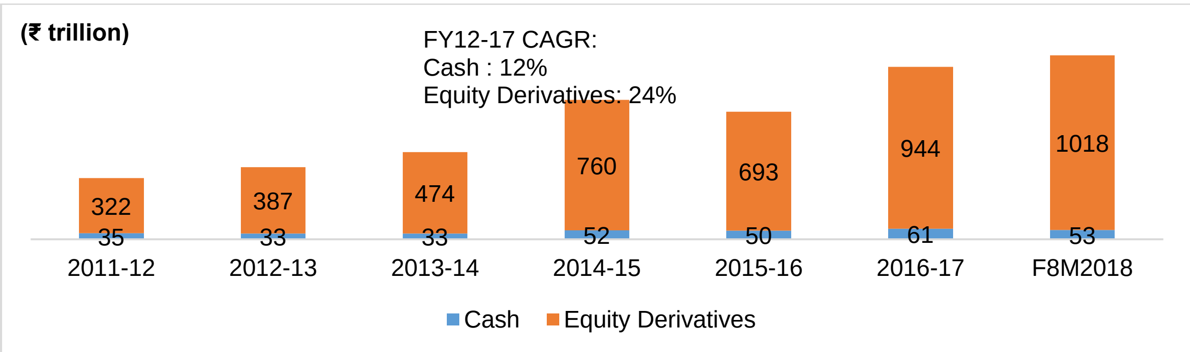
Going forward too M&A activity is expected to remain active on account of:

- Sale of the non-core assets by capital-starved banks and debt-laden companies.
- Inorganic growth to remain an attractive option for faster growth given the overall slowdown in demand.
- Corporates striving to optimise costs and add to their product/services suite.
- Expected consolidation in the banking and financial services space.
- Government's consistent push towards ease of doing business and attracting foreign investments.

The implementation of Insolvency and Bankruptcy Code and the government's emphasis on the resolution of banking sector NPAs has created a framework for acquisition of stressed assets, thereby creating a big opportunity for M&A market and advisory firms. In June 2017, an Internal Advisory Committee (IAC) set up by the RBI recommended an efficient resolution of top 500 exposures that are partly and wholly classified as NPAs. The RBI has till date directed banks to resolve more than 50 large stressed accounts till December 2017; failure to do so will lead to these cases being referred for resolution under the Insolvency and Bankruptcy Code.

Broking

Market turnover continues to soar; share of cash segment declines



Source: SEBI, CRISIL Research

Equity derivative markets have outpaced the cash markets to grow at 24% CAGR over the last 5.7 years. Proportion of equity derivatives has increased from 90% in Fiscal 2013 to 94% in Fiscal 2017. Key factors aiding this growth were higher index levels, reduced securities transaction tax (STT) on equity futures from 0.017% to 0.01%, and increasing share of high-frequency and algorithmic trading, mainly dealing in the derivatives market.

Foreign portfolio investors (FPIs) account for only 15% to 20% of overall volumes and mainly take positions for hedging. DIIs have a negligible presence in the derivatives segment as key institutions such as mutual funds are not allowed to write option contracts and exposure to option premium paid must not exceed 20% of the net assets of the scheme.

Full service brokerage players dominate broking industry

CRISIL Research estimates the equity broking industry (including cash and derivatives) to be around ₹ 140 billion as of Fiscal 2017. The industry grew at 14% CAGR over the last five Fiscals, mainly aided by rising trading turnover and increasing retail investor participation. The broking industry can be mainly divided into 2 major groups namely full service brokerage and discount brokerage.

Full service brokerages refer to those players who offer a range of services like offline and online trading, demat accounts, investment advisory and other customised services to their clients.

The concept of discount brokerage is to charge a fixed and relatively low brokerage, irrespective of the size of the order provided via an online platform. A discount broker does not provide clients with any additional facilities like physical offices, research reports and relationship managers. They take advantage of lower costs and pass it on to customers. There are more than 15 discount brokerages in India. Discount brokerages tend to attract customers who are well acquainted with the stock markets and having high trading volumes.

Unlike the trend in developed countries such as the US where 65% to 70% of retail volume trades takes place through discount brokers, full service brokerages continue to dominate the broking pie in the India market, accounting for over 95% of industry revenues in Fiscal 2017, as per CRISIL Research estimates.

Most discount brokerages have not been able to gain much traction in the Indian market, despite being present for last few years, due to the following reasons:

- Low penetration of equities amongst retail customers.
- Low ticket size and frequency of trading of average retail investors, making them indifferent to benefits of low brokerage.
- Absence of technologically savvy investors indulging in algorithmic trading, and the requirement of hand holding by investors.
- Absence of supporting infrastructure like data availability, advance algorithmic trading platforms, etc. in India.

Full service brokerages can be further divided based on the parent company and line of businesses. Most of the large broking houses are either subsidiaries of banks or have been in business for several years. Large players have also seen a transformation in their business profiles over the last few years. While most players have diversified into related fee-based activities such as mutual fund distribution and capital markets lending, some of them have entered into the next level of diversification by acquiring a non-banking finance company (NBFC) licence and are now focusing on growing their non-capital market credit books. In the long term, the success of these entities in the lending business would be dependent upon their ability to manage the liability-side of the book and manage risk effectively.

Smaller entities in the equity broking business remain niche players with limited diversification and hence, more vulnerable to market volatility. These entities typically benefit from strong customer relationships; nevertheless, given the shift in market shares towards larger brokerages, they will need to continuously evolve and control their cost structure to be able to manage profitability in the current market environment.

Equity broking industry revenues to expand at 15% to 18% CAGR in next five years

The revenues of the broking industry surged 20% in Fiscal 2017 on-year, to reach an estimated ₹ 140 billion on account of a 35% increase in average daily turnover in equity (cash and derivatives of NSE and BSE) markets. Derivatives segment continued to outpace cash segment's growth in turnover by growing 36% in Fiscal 2017 vis-à-vis 22% growth in cash segment turnover. The growth in industry revenue is expected to further accelerate in Fiscal 2018 as investments from retail investors continue to surge, mainly on account of factors like benign interest rate cycles, funnelling of cash into financial assets post demonetisation, better returns in equity markets, and increasing avenues or newer instruments to invest in.

In addition, SEBI released revised guidelines on margin trading facility in June 2017, making it more viable for brokerage houses to now offer this facility. MTF allows investors to take exposure in the market over and above their resources, further augmenting revenue potential for brokerage house. The facility is expected to benefit full service brokerage houses. Competition, however, continues to be intense with the rising share of derivative products and emergence of discount brokerages pushing yields lower.

Going forward, CRISIL Research foresees continued pressures on yields; however, the pace of decline could moderate. We project industry revenue to grow at 15% to 18% CAGR in the next 5 years to touch around ₹ 300 billion by Fiscal 2022, driven mainly by continued uptick in trading volumes and increasing retail investor participation. CRISIL Research expects full service brokerages to continue to dominate the equity broking industry. This is because of the convenience offered by most full service brokerages (trading, demat, and banking account linked), additional services such as research reports/tips provided, and the comfort drawn from the strong brand name that several full service brokerages have. Furthermore, trading volumes for several retail customers in India may not be large enough to justify transacting through a discount brokerage.

Retail participation, which was losing market share in turnover between Fiscals 2012 and 2015, has seen a strong revival in the past two Fiscals. The share of retail investors in the average gross traded value in NSE derivatives market increased by around 400 bps each year in Fiscals 2016 and 2017, mainly on account of strong inflows from retail investors directly and indirectly (via mutual funds and alternative investment funds).

Growth drivers

Favorable demographics to aid capital markets growth

India's working population has not peaked and will continue to grow for the next three decades, in comparison to other G3 and Asian countries. The aspirations of the working population as also awareness (for example, need to build a strong corpus before retirement) is also increasing, leading to increasing focus on investments in capital markets. The young population is typically more tech-savvy and, with increasing proliferation of wireless broadband internet, internet and mobile trading is expected to get a boost.

Sharp spurt in share of investments in capital markets aided by government policies

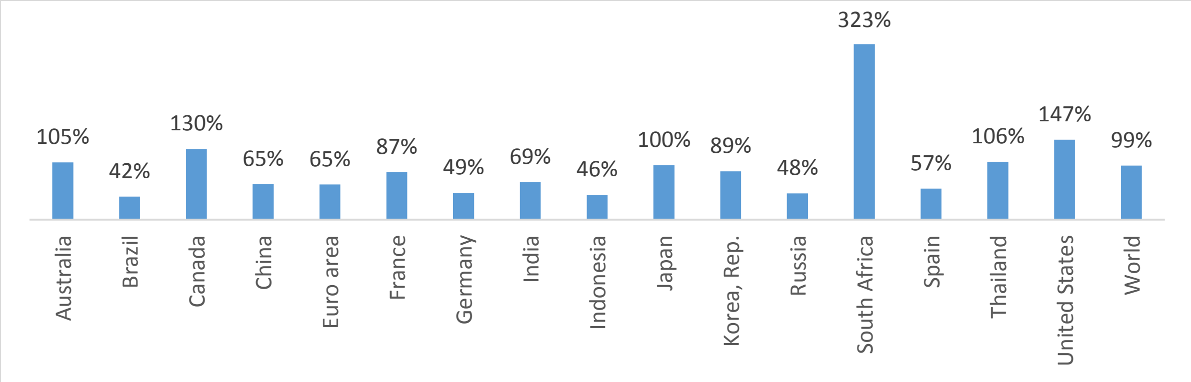
Demonetisation (in November 2016), a reduction in cash transactions due to the implementation of GST from July 2017, and the Benami Transaction Act has funnelled a huge proportion of household cash savings to financial assets. The latter includes direct investments in shares and debentures and inflows in mutual funds. In addition, the falling interest rate cycle, coupled with low returns from traditional investment instruments such as gold and real estate, has led to a shift in retail investor interest to capital markets.

Going forward, CRISIL Research expects a gradual pickup in economic growth, benign inflation, and low interest rates will lead to a surge in household financial savings in India. The share of capital markets within financial savings is also likely to increase, dictated by increased awareness and consequent higher retail participation.

Moderate penetration of equity leaves further scope for growth

The global market capitalisation to GDP ratio continued to improve in calendar year 2016 to reach 99% from the lows of 56% in 2008. This was aided by a recovery in global macros and the Fiscal and monetary stimulus provided by various governments. India, which was relatively insulated from global shocks, saw the ratio improve from 54% in 2008 to 69% in 2016. With GDP growth expected to gradually pick up, increasing formalisation of the economy, and more entities from newer segments getting listed (insurance companies, e-commerce service providers, for example), India's market capitalisation to GDP ratio is likely to increase further in the next few Fiscal years.

Market capitalisation as a % of GDP as of Calendar Year 2016



Source: World Bank, CRISIL Research

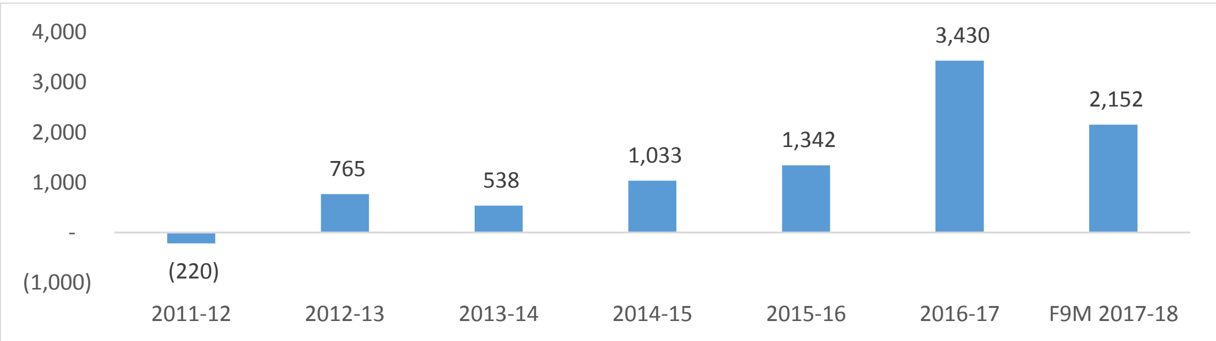
Strong investment patterns from institutional investors into equities

DIIs and FIIs account for the bulk of investments in Indian capital markets. Over the past few Fiscal years, FIIs and DIIs have consistently been net buyers in Indian capital markets. These institutional investors help provide adequate liquidity to both the cash and derivatives markets. Another key trend is the consistent and increasing inflow of capital from the mutual fund industry. Between Fiscals 2012 and 2017, the mutual funds industry pumped in ₹ 6.9 trillion net. Mutual funds also provide capital markets with a degree of stability from fluctuations arising from the sudden withdrawals of FIIs.

Net inflows strengthen in Fiscal 2017 as investors hunt for higher returns in capital markets

Net inflows increased significantly in Fiscal 2017 as a low interest environment globally saw heightened investor interest in Indian markets. In addition, a falling interest rate cycle led to higher issuance of corporate bonds. Foreign institutional investors (FIIs) and domestic institutional investors (DIIs) pumped in ₹ 250 billion each into the Indian capital markets, with retail investors flocking to equity and bond markets in expectation of higher returns. This led to record net inflows for the mutual fund industry of ₹ 3.4 billion during the Fiscal 2017.

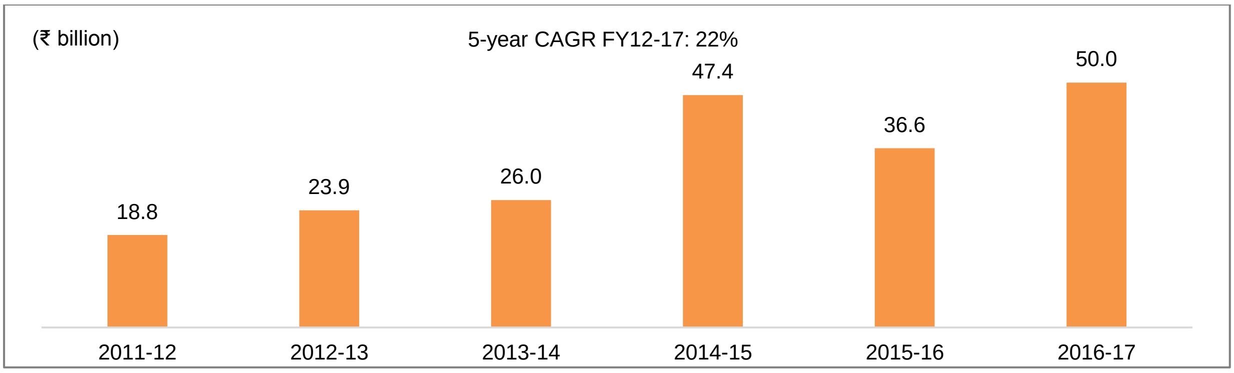
Trends in net inflows in mutual fund industry (₹ billion)



Source: AMFI, CRISIL Research

Strong growth in net inflows has also led to a 22% CAGR growth in commissions earned by distributors between Fiscals 2012 and 2017. Commissions earned have increased from ₹ 19 billion in Fiscal 2012 to ₹ 50 billion in Fiscal 2017.

Growth in gross mutual fund distribution commissions for brokerages



Source: AMFI, CRISIL Research

Benign interest rate cycle to boost inflows into capital markets

In addition to stable growth, interest rates have fallen, led by proactive out by the government / central bank and exogenous factors such as the decline in global commodity prices. With rising income and inflation under control, the household savings rate (household savings as a percentage of GDP) is likely to increase gradually. The decrease in inflationary pressures is also reflected in the fall in interest rates in the country. The RBI's benchmark lending rate (Repo) stands at 6.25%, the lowest since October 2010. Furthermore, benign inflationary pressures would diminish the attractiveness of gold and real estate – which represent physical savings of households – as investment alternatives. The government's measures to curb black money will also help increase the share of financial savings, which would further aid the capital markets industry.

Key risks related to capital markets and asset management business

Deep global recession or global sell-off due to geopolitical tensions: The global economy has just started to recover from the slowdown witnessed in Fiscal 2008, and interest rates across the globe are still at low levels wth high amount of liquidity in the system. Thus the global economy has few levers left to deal with any new shock or slowdown, which remains a great risk for the capital markets. Further, the tension in Korean peninsula and political issues in the Middle East have kept the market under check, and could impact further if the situation deteriorates further.

Political instability or shift away from the pro-growth policy: Political instability in India or regions across the globe, any harsh protectionist measures by larger economies, or faster than required tightening of monetary policy could impact growth and global trade.

Earnings growth and fundamentals not keeping pace with increase in share prices: India's top two equity indices, namely the Nifty 50 and S&P BSE Sensex, have increased at 12.4% and 11.4% CAGR respectively, from Fiscal 2014 to Fiscal 2017. However, earnings growth has been tepid in comparison, leading to expansion in market price earnings ratios. The increase in share prices indicate the market expectations that the policies implemented by the government and regulators like RBI would help improve the economic scenario and lead to faster growth. If earnings growth does not gain traction in the medium-term, the market could start to correct.

Sharp increase in interest rates can make the debt market more attractive and impact flows in the equity market: With performance of developed economies showing signs of recovery, the cycle of tightening of interest rates is on. Any sharp tightening will make developed economies more attractive on a risk-return basis and emerging economies could witness increase in outflows by foreign institutional investors.

Any downturn or volatility can hamper retail equity flows into capital markets: Retail participation and inflows into equity markets are heavily influenced by market performance and sentiments. Any down turn or volatility could make them shy away from equity markets and push towards less riskier assets.

Cap on commissions or transition to advisory model will impact distribution business: In recent years, SEBI introduced a number of regulations for investor protection which included banning entry load in August 2009 on the invested amount and allowed customers the right to negotiate and decide commissions directly with distributors. Any new regulations related to commission charges or transition towards advisory model could impact distribution business.

ASSET RECONSTRUCTION COMPANIES ("ARCs")

Sizeable opportunities in the Indian stressed-assets market

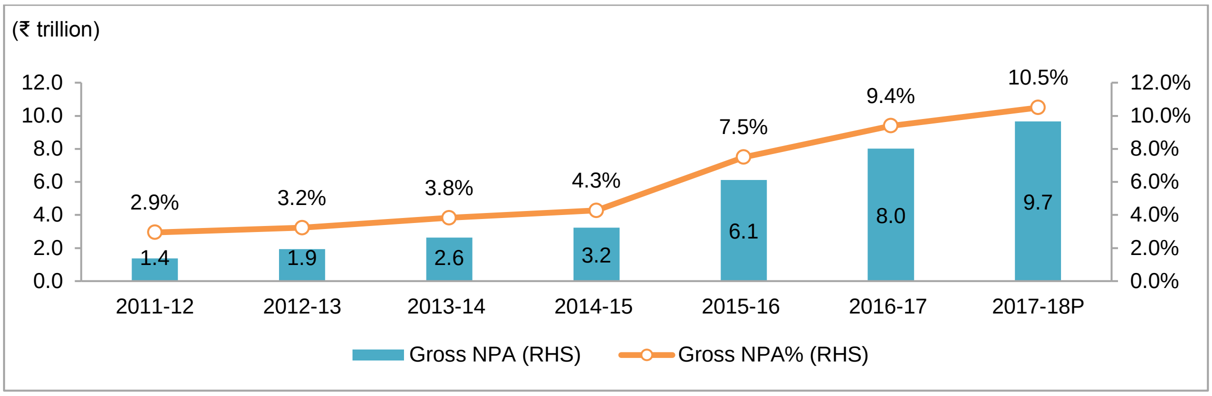
While India remains is one of the fastest-growing economies, its banking system has suffered a severe deterioration in asset quality over the past few Fiscal years, due to the impact of time and cost overruns on project feasibility, inadequate factoring of risks in project assessment, and the impact of demand slowdown on off take. Gross NPA have multiplied by 2.5 times in the past two Fiscal years to over ₹ 8 trillion as of March 2017, partly due to the asset-quality review mandated by the RBI. As per CRISIL estimates, stressed assets (which include gross NPA, restructured accounts, accounts structured under the 5/25, SDR and S4A schemes) were about ₹11.5 trillion as of March 2017, ~50% higher than the reported NPA.

While CRISIL Research expects the incremental additions to gross NPA to be lower, CRISIL Research also expects NPA levels to remain elevated due to the following reasons:

- Some slippage is likely from loans restructured during the past two to three Fiscal years, primarily from the infrastructure (especially power) and construction sectors.
- Business disruptions in SME, real estate and other cash-intensive segments on account of demonetization and GST.
- Continuing strain on cash flows.

CRISIL Research expects GNPA as a percentage of advances to be approximately 10.5% as of March 2018.

GNPA to remain elevated in Fiscal 2018



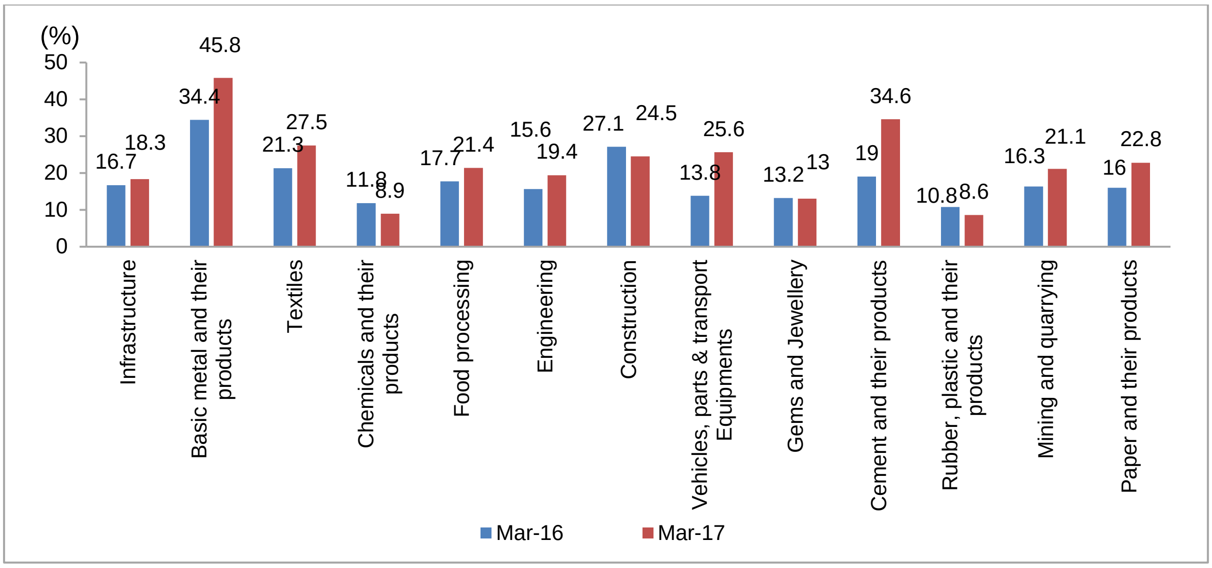
P: projected

Source: CRISIL Research

GNPAs are concentrated in a few sectors

The stressed-advances ratios (as a percentage of advances of their respective sub sector) for most sectors, where banks have a high exposure, has increased significantly from March 2016 to March 2017. Sectors such as infrastructure, metals, textiles, food processing, cement, mining, quarrying and paper have seen a sharp increase in stressed assets. As per CRISIL Research estimates, the top 50 companies, primarily belonging to the construction, power and steel sectors account for half of the GNPAs in the banking system.

Increase in the stressed-advances ratio in various sectors



Note: Sectors are arranged in the descending order of share in total credit; stressed advances are defined as GNPAs plus restructured standard advances

Source: Financial Stability Report, June 2017, RBI, CRISIL Research

AUM for ARCs to increase at a 14% CAGR in the next two years

The sharp increase in stressed assets coupled with CRISIL Research's expectation of the smooth running of the bankruptcy process under the Insolvency and Bankruptcy Code has spawned business opportunities for ARCs. CRISIL Research believes that tier 1 ARCs with higher and easier access to capital will grow at a much faster pace. Their assets under management (AUM) have grown at a CAGR of approximately 55% between Fiscal 2012 and Fiscal 2017. In the past three Fiscal years to Fiscal 2017, the ARCs' AUMs have grown at a CAGR of 22%.

CRISIL Research forecasts the AUMs of ARCs to grow at a CAGR of 14% in the next two Fiscal years, which is lower than the growth rate of the previous two Fiscal years. The main factor impacting growth would be the revision in provisioning norms for banks; starting April 2017, the RBI has mandated banks to increase the provisioning in case banks invest more than 50% of the value of stressed assets sold by them in the security receipts issued in lieu. This limit is proposed to be further reduced to 10% from April 1, 2018. Through this change, the regulator intends to ensure that any NPA sale is a true sale conducted transparently, wherein the ARC ends up with a significant share in the game so as to maximise recovery. However, in first half of Fiscal 2018, several NPAs were sold with banks subscribing 85% of SRs since they had already made high provisioning for the asset being sold. This indicates banks are selling assets for resolution and not mainly for provisioning benefits. But, going forward, disposing low provisioned assets and reluctance to accelerate provisioning will be the key challenge banks will face while dealing with ARCs.

While banks will continue to sell assets to ARCs, particularly those assets where banks have already made adequate provisioning, CRISI Research expects this regulatory change to lead to higher push for cash sales in the medium term. This would increase the capital requirement of ARCs, thereby limiting their asset purchases. The ARCs may also need to bring in co-investors, as the share of selling banks in Security Receipts (SRs) reduces. CRISIL Research also expects to witness some delays in deal closure, particularly in the case of all-cash deals, given the mismatch in valuation expectations of banks and ARCs. Further, to inject more capital into the industry, the RBI has allowed 100% FDI in ARCs, compared with 49% earlier. Sponsorship stakes were also increased to 100% from less than 50% earlier. With these regulatory changes, larger ARCs would be on a firmer footing, especially those backed by strong promoter groups with the ability and intent to infuse capital and a relatively better capability to attract capital from external sources.

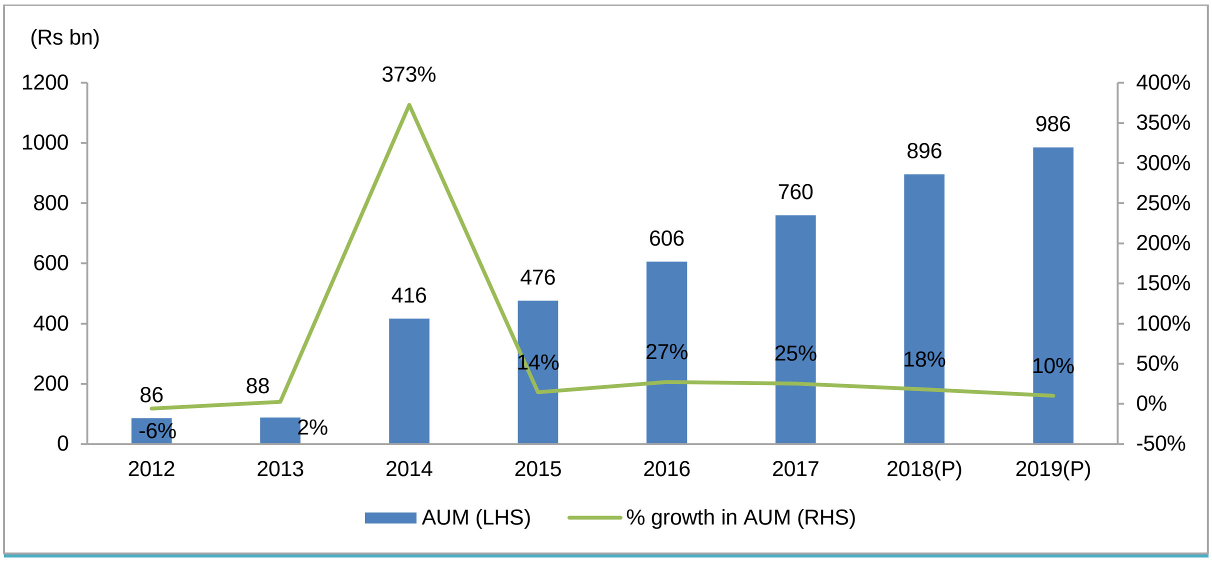
Additionally, in September 2016, the RBI opened up the market to other banks, NBFCs and financial institutions, which have the required expertise and capital. However, NBFCs face following issues which are not a constraint for ARCs:

- NBFC can only buy NPA of a certain vintage.

- Exposure (single and group) limits are applicable to NBFCs hence large deals could be a challenge.
- Asset classification norms became applicable immediately based on record of recovery.
- Only ARCs can issue SR thereby allowing leverage.
- ARC enjoys the benefit of preferential stamp duty.

Thus, ARCs is a more efficient model for purchase and resolution of bad assets and require lesser equity capital.

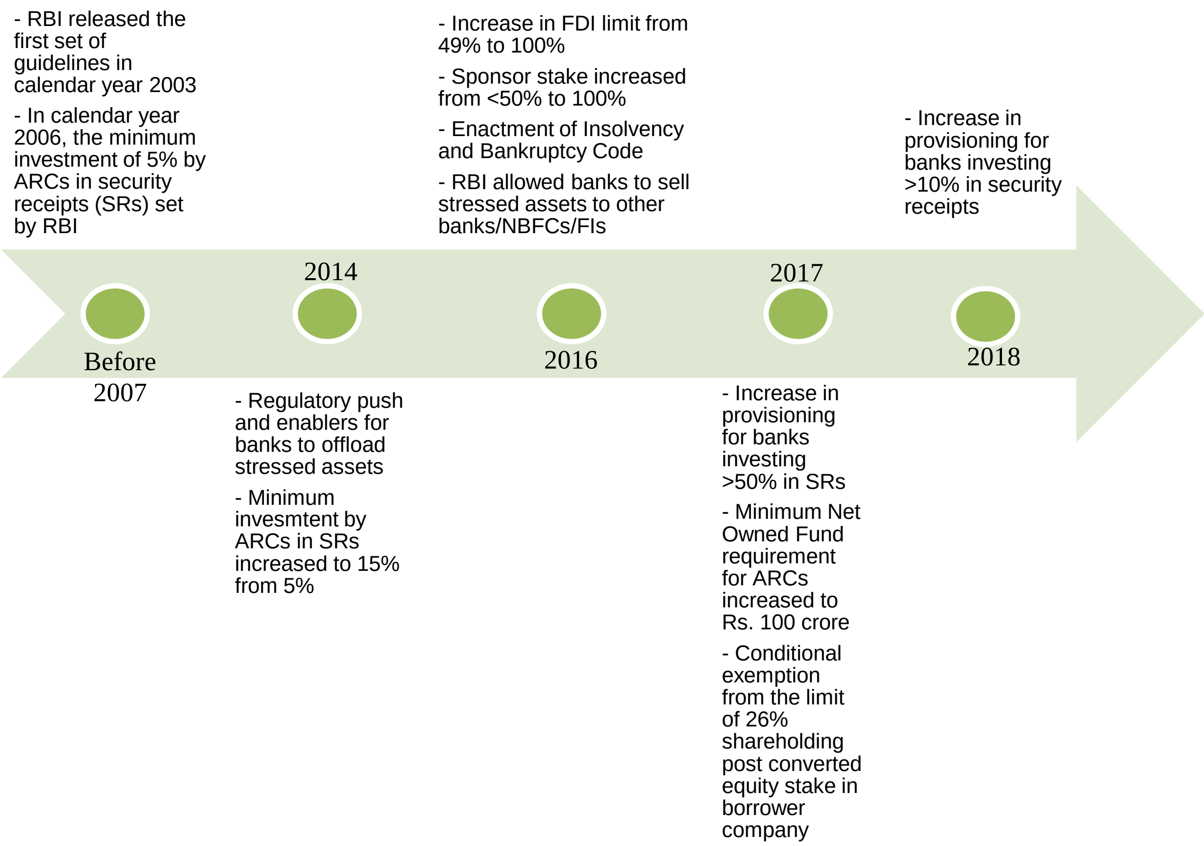
AUMs of ARCs (i.e., security receipts outstanding)



Note: Numbers till 2014 are as on June, numbers from 2015 onwards are as on March

Source: RBI, CRISIL Estimates

Regulatory changes in the ARC industry



Source: CRISIL Research

Notwithstanding the slight slowdown in the near-term growth rate, the long-term prospects of the industry seem extremely buoyant, due to regulatory changes such as the enactment of the Insolvency and Bankruptcy Code in calendar year 2016 boosting the prospects. Banks have not exhibited the skill and the ability to resolve and turnaround assets, and will therefore continue to sell assets to ARCs to manage capital better.

Insolvency and Bankruptcy Code a key long-term structural positive

Insolvency and Bankruptcy Code is a reform that will structurally strengthen the identification and resolution of insolvency in India. The Insolvency and Bankruptcy Code enhances the credit enforcement structure and provides certainty around the timeframes for insolvency resolution. Along with lenders, ARCs are also a big beneficiary since these assets can be sold to them under the bankruptcy process, the code enhances the right of a creditor to identify insolvency and initiate resolution proceedings. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome. This code will install far greater financial discipline among borrowers.

The implementation of the bankruptcy framework and engagement with independent credit-assessment firms could aid resolution of stressed assets. Strengthening the framework would affect the volume of asset sales, as banks are reluctant to take adequate haircuts. To address the reluctance of banks to further mark down assets values, the RBI has set up an Internal Advisory Committee ("**IAC**") to provide guidance.

In June 2017, the IAC recommended a time-bound resolution of top 500 exposures that are partly and wholly classified as NPAs. Of those exposures, the IAC referred the top 12 large NPAs for resolution under the Insolvency and Bankruptcy Code, and for other corporate NPAs, it asked banks to finalise a resolution plan within next six months. If there is no viable solution plan agreed upon within the time period, the banks should initiate insolvency proceedings under the Insolvency and Bankruptcy Code. With this step, the RBI has sent a strong signal to borrowers to adhere to the credit discipline and also encourage banks to break resolution deadlocks with definite timelines.

However, there are challenges to be resolved for effective implementation of the Insolvency and Bankruptcy Code:

- Lack of operational information utilities along with adequate insolvency professionals may impact the speed of the resolution process
- Inter-creditor conflicts could delay the process
- The market for secondary assets remains limited in India
- The time period put in place for resolution (180 days plus 90 days) may not be sufficient to decide on an effective resolution process

The ARC industry remains fairly concentrated with to top five players having approximately 90% market share

There are 23 players in the ARC industry in India. Several new players have entered the industry, especially since Fiscal 2007, reflecting the growth potential. However, the market remains fairly concentrated with the top five players accounting for around 90% of the AUM.

With the minimum 'net owned funds' requirement being enhanced to ₹ 100 crore (from ₹ 2 crore earlier), only serious players with deep pockets will be able to enter the industry. The key differentiating factors across players would be access to capital and having the required skill set and expertise to resolve stressed assets.

Key Risks

- New capital norms have increased the cost of acquisition for ARCs. To offset this, ARCs are asking for higher discounts from banks. Also, raising funds to buy 15% of the asset value as SRs at a reasonable interest rate will remain an issue for ARCs.

- The changing RBI rules on ARCs business has made the industry less attractive for banks. Also, increasing share of ARCs in SR subscription will require higher discounts to keep the returns constant.

- Another risk faced by ARCs is the delay in proceeding in various legal forums, especially when ARCs are dealing with large corporates and there is involvement of bank consortium. Bringing all parties together and convincing them to agree to a plan will remain a major challenge for ARCs players.

- Slow judicial process also creates challenges for the industry

WEALTH MANAGEMENT

The wealth management industry has been witnessing robust growth because of fresh investments from household savings going into organised financial assets, low penetration of the wealth management industry, and increasing need for customisation with clients typically asking advice for asset management, financial planning, tax planning, estate planning and succession planning.

Type of wealth management services

Advisory: A wealth manager's role is to provide advice on investment / financial planning and tax advisory based on the clients' profile. However, as per the mandate given by the client, investment decisions can be at the company's discretion or solely taken by the client as per his judgment. This type of services is typically for high net-worth individuals (HNIs) and Ultra High Net-worth Individuals (U-HNIs). Indian investors are extremely price conscious and are not accustomed to paying a fee for wealth management advice. The fee-based advisory model is not yet matured in India and many of the wealth managers refrain from offering fee-based advisory services and instead focus on commissions from transactions.

Distribution: This type of service is primarily transaction-oriented, where the client assigns the wealth manager to execute specific transactions related to his wealth management. However, investment planning, decision and further management remain vested with the client. This service is offered for products like mutual funds, ETFs, portfolio management services, alternative investment funds, tax free bonds and fixed deposits. These services are also offered by brokerage firms apart from the wealth management firms.

Customer profile in the wealth management industry

UHNI (ultra-high net worth individuals): They are entrepreneurs, corporate executives or traditionally wealthy families who have an investable assets base of more than ₹ 25 crore (excluding their primary residence, collectibles, consumables and consumer durables). They usually require structured customised solutions from the wealth manager. CRISIL Research estimates that approximately 1.5 lakh individuals in the country fall in this category and have assets worth ₹ 140-150 trillion.

HNI (High Networth Individuals) and mass affluent: High net worth individuals (HNWI) have investable asset base of more than ₹ 2 crore (excluding their primary residence, collectibles, consumables and consumer durables). With rising income levels, more and more professionals and salaried individuals are able to generate surplus income and like to channel this into productive investments. Thus, a new category of customers – mass affluent customers – have emerged in the last few years (disposable income upward of ₹ 20 lakh per annum).

Retail investors/mass affluents: Wealth management players and brokers provide distribution and custodial services to this segment.

Industry outlook

The wealth management industry in India is still at a very nascent stage and has huge potential to become a high-growth market supported by its young affluent investor base, improving wealth levels, strengthening regulatory environment and an increasing share of organised players, including banks, independent wealth advisors and brokers who act as financial advisors. CRISIL Research estimates India's wealth management industry (including only banks and broking companies offering such services) assets to be at around ₹ 7.6 trillion in Fiscal 2017; CRISIL Research project the market to grow at a CAGR of 20% to 25% over the next five Fiscal years and cross ₹ 20 trillion by Fiscal 2022. Wealth management assets grew by 28% to 30% over previous two years and CRISIL Research estimates it to grow at the same rate over next two years supported by strong equity markets and rising awareness.

Key growth drivers

Low penetration of organised wealth management: The wealth management market (assets under advisory) in India is about ₹ 7.6 trillion, which is only ~6% of the country's GDP. In the established markets, advised wealth as a percentage of GDP is much higher at 60% to 75%. The increase in penetration of wealth management companies into Tier II and III cities will also help drive growth given more than 40% of the UHNIs live in non-metros and their wealth is majorly managed by independent financial advisors (IFAs) and Chartered Accountants.

Increasing population of affluent clients with rising income levels: With expanding economy, income of middle class and investable assets of the UHNI in the country have increased dramatically over the last few years. This, along with higher financial literacy and growing customer awareness, has led to an increase in demand for the wealth products. India is one of the world's fastest growing ultra-high-net-worth Individual (UHNWI) population both in terms of the number of individuals and the wealth levels. The rise in UHNWI population has been partly driven by e-commerce start-ups and rising income levels.

Increase in wealth allocated towards financial products: Individuals and investors are increasingly moving away from traditional physical investments such as real estate and gold and making higher allocations into financial assets such as equity, bonds and alternate investments, thereby creating higher potential for wealth products. This coupled with ease in accessibility of different investment products on one platform will also help drive growth.

Latest SEBI proposal: SEBI's 2013 guidelines had allowed distributors to set up a separate division to offer advisory services. However, SEBI's recent and third consultation paper which came on January 2, 2018 stated that a SEBI-registered adviser cannot offer mutual fund distribution services and a distributor cannot offer advisory services. If this gets implemented then it will cause severe changes in business model of all wealth management companies.

Key challenges

Ability to attract and retain experienced advisors, investments in technology and penetration of digital advice, ability to understand customer needs in an ever-changing environment and offer customised solutions and establishing trust with clients are the key challenges faced by the industry. Also, going forward, passive fund managers and discount brokers could pose a challenge.

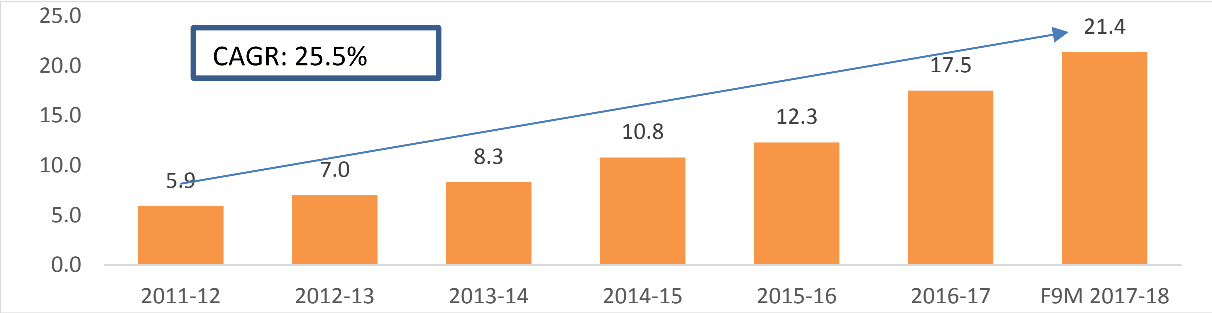
MUTUAL FUNDS AND ALTERNATE ASSETS

Asset under management grows at a strong pace aided by rising retail participation, growth in equity

market

Fiscal 2017 was a strong year for the mutual fund industry, with asset under management ("**AUM**") surging 42% on-year to cross ₹ 17 trillion, as of March 31, 2017. Growth was supported by net inflow surging over 150% on-year in Fiscal 2017 to ₹ 3.4 trillion. The robust growth trajectory continued into the first nine months of Fiscal 2018, with the industry's AUM rising to ₹ 21.4 trillion.

Mutual fund AUM growth trajectory (₹ trillion)



Source: AMFI, CRISIL Research

Nearly 50% of equity funds' inflows in Fiscal 2017 came from systematic investment plans (SIPs) of individual investors, indicating growing retail participation. Income funds, balanced funds, and liquid and money market funds saw a sharp spurt in investor interest as well.

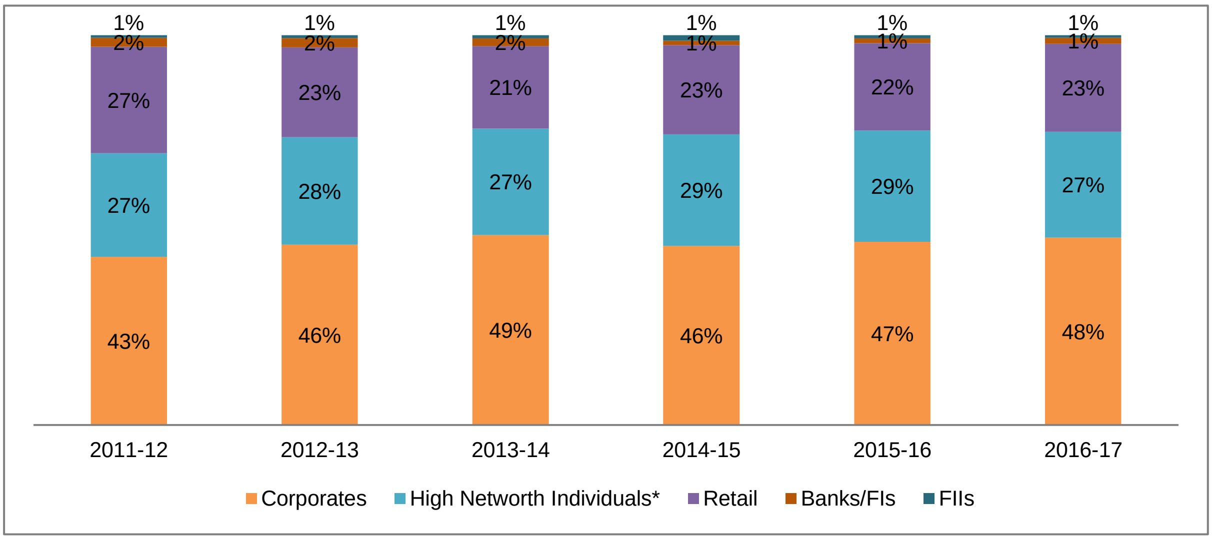
Within the asset management space, the share of debt funds decreased from 58% in Fiscal 2013 to 43% in Fiscal 2017. Conversely, the share of equity funds increased, mainly on account of steady inflows and strong growth of the equity markets. Inflows into liquid/ money market funds also rose from Fiscal 2012 to 2017, resulting in its share expanding from 14% to 18%.

The strong performance of the overall industry can be attributed to increased financial savings as well as improving investor awareness about the benefits of mutual funds in the financial savings basket. Going forward as well, CRISIL Research expects these structural growth drivers to propel the industry.

Corporates remain largest segment by AUM; retail participation rising

Corporates accounted for 48% share of the AUM of the asset management industry in 2017, up from 43% in Fiscal 2012, mainly because of their strong presence in debt-oriented, gilt and liquid funds. The share of retail investors, though, decreased from 27% to 23% over the period. The share of high net worth individuals (HNIs) was relatively stable.

Retail participation, though, has increased significantly in the last two to three Fiscals, with over 12 million retail folios added during Fiscal 2016 and 2017. In fact, retail investors have a strong presence in the equity funds segment, accounting for 52% share in AUM, as of Fiscal 2017.



Share of AUM by investor classification

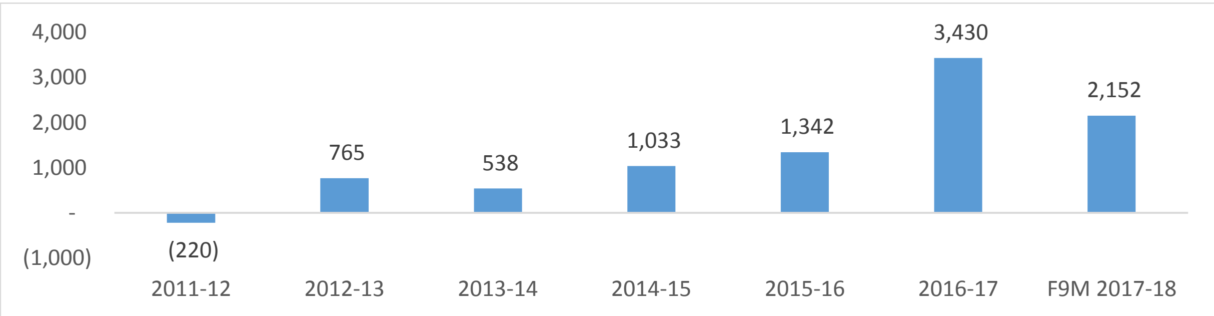
** Defined as individuals investing ₹ 5 lakh and above*

Source: AMFI, CRISIL Research

Net inflows strengthen in Fiscal 2017 as investors hunt for higher returns in capital markets

Net inflows increased significantly in Fiscal 2017 as a low interest environment globally saw heightened investor interest in Indian markets. In addition, a falling interest rate cycle led to higher issuance of corporate bonds. Foreign institutional investors (FIIs) and domestic institutional investors (DIIs) pumped in approximately ₹ 250 billion each into the Indian capital markets, with retail investors flocking to equity and bond markets in expectation of higher returns. This led to record net inflows for the mutual fund industry of ₹ 3.4 billion during the Fiscal 2017.

Trends in net inflows in mutual fund industry (₹ billion)



Source: AMFI, CRISIL Research

Between Fiscals 2012 and 2017, income funds saw high inflows (net inflows: ₹ 2.4 trillion), followed by equity funds (net inflows: ₹ 1.9 trillion) and liquid funds (net inflows: ₹ 1.4 trillion) trillion. Balanced funds were laggards during the period, with negligible inflows – inflows of only ₹ 661 billion were recorded between Fiscals 2015 to 2017.

Growth drivers

Financial savings shifting to mutual funds

CRISIL Research expects gradual pick-up in economic growth, benign inflation, and diminishing attractiveness of gold and real estate as investment options to lead to a surge in household financial savings in India. This financial savings will find its way into mutual funds, owing to increased awareness of the product.

Low penetration and strong fundamentals to aid industry growth

Despite growth in assets, India accounts for less than 1% share of the global mutual fund industry. Furthermore, mutual fund penetration, as measured by AUM-to-GDP ratio, was a mere ~10% in 2016 as compared with the global average of 54%.

Increased reach of mutual funds beyond top 15 cities

Mutual funds are expanding their distribution reach and focusing on securing customers from smaller markets. Beyond top 15 (B15) cities have seen faster growth in assets in past three Fiscals ended March 2017, at 30% CAGR, compared with top 15 (T15) cities (27% CAGR).

Further, individual investors' (retail and HNIs) assets grew even faster in B15 cities at 35% CAGR compared with 28% CAGR in T15 cities. This growth can be attributed to increasing digitisation along with government policies like allocation of expenses for investor education. Furthermore, SEBI has incentivised fund houses to garner assets from tier II and III cities by allowing them to charge an additional expense ratio of up to 30 bps on inflows above the defined limits (30% of gross new inflows or 15% of average AUM for a scheme, whichever is higher) from beyond T15 cities.

CRISIL Research expects technology to progressively reduce the cost of reaching smaller markets; this, along with higher awareness, should continue to lead to strong growth in B15 markets.

Retail participation increasing with rise in SIP investments

Retail investor folios, which were on a decline post the financial crisis of 2008, reversed course in the past three Fiscals, with 14 million folios added during the period. This was complemented by strong rise in retail investor quarterly average AUM (QAAUM), which increased from ₹ 1.6 trillion to ₹ 4 trillion between Fiscals 2012 and 2017 - a CAGR of ~20%.

Supportive policies

The government and SEBI have over the years come out with a number of regulations to educate investors, simplify products and lower costs, with the eventual aim of enhancing the acceptance of mutual funds as an investment avenue and protecting the interest of investors. While some of these policies, such as banning entry load (2009), mandating exit loads to be credited back to the scheme (2012), and mandating AMCs to offer a direct plan option with lower expense ratio for investors who do not wish to invest through distributors (2013), have led to short-term gyrations. But these have contributed in making the sector more attractive.

Further, in October 2017, SEBI directed mutual funds to classify schemes into five categories – equity, debt, hybrid, solution-oriented, and other schemes – according to their investment strategies. These five are further divided into 36 sub-categories. The move is intended to streamline the various products, and make it easier for investors to compare various schemes offered by AMCs. SEBI also asked mutual funds to hold only one product per sub-category, which CRISIL Research expects will force asset managers to merge similar schemes.

Equity mutual funds perceived as long-term wealth creators

Equity mutual funds have created wealth in multiples for investors over the long term. For e.g., ₹ 1,000 invested in equity funds (represented by the CRISIL-AMFI Equity Fund Performance Index) in 1999, would have grown 31.6 times, compared with 15.6 times, 11.4 times and 11.0s times of the Nifty 500, Nifty 50 and S&P BSE Sensex indices, respectively.

Key Risk and Challenges

Asset management industry faces the following four major risk /challenges:

Regulatory Risk. Overall regulatory environment for Asset management industry is very complex and players have to comply with a host of norms. Some key regulatory risk considerations include Investment guidelines, compliance programs, institutional conflicts, regulatory reporting, risk disclosures, valuation of funds, safeguarding investor assets, insider trading, etc.

In recent years, SEBI introduced a number of regulations for investor protection which included banning entry load in August 2009 on the invested amount and allowed customers the right to negotiate and decide commissions directly with distributors. SEBI also issued a circular that requires mutual funds to include details of investor complaints in their Annual Report. SEBI also tightened norms for investments in corporate bonds.

Cost management. Mutual fund industry has three major cost:

- *Distribution cost:* Managing distribution cost, especially when expanding into Tier II and III cities, becomes a key challenge for asset management industry. This is being mitigated by spread of technology via digital medium (mobiles, desktops, etc.) into smaller towns and cities.

- *Marketing Spends:* This relates to cost of sales which is mainly agent’s commission, cost related to educating retail investors about the mutual funds and cost related to marketing and advertising mutual fund products via various media. Restriction on entry loads has led to mutual funds incurring these cost from their own pocket.

- *Recruitment and operational expenses:* This includes expenses like related to hiring talent and expenses like brokerage and other fees paid during operations of fund. Ability to manage and minimize these cost is a key monitorable.

Distribution networks. A key challenge for mutual funds players is to expand their distribution networks into Tier II and III cities which accounts for ~25% of managed AUM as of Fiscal 17. The share of these regions has shown a steady increase over previous 5 Fiscal on account of rising awareness and rising incomes. Going forward, these regions continue to represent a strong potential for growth given higher under penetration of mutual funds compared to Top 15 cities.

Increasing distribution networks and creating awareness into hinterlands remains a key opportunity and a key challenge for players.

Market Growth. Investments into mutual fund markets remains a function of growth in capital markets. It has been observed that in times with lower returns or higher interest rates, inflows from investors into mutual funds remains subdued. Increasing proportion of investments through SIPs has mitigated the risk from fluctuations in inflows upto some extent.

Overview of alternate funds industry

Alternative assets includes private equity, private debt (dealing mainly in performing credit, distressed assets, real estate credit, and infrastructure funds), early stage ventures, special opportunity funds, and art. However it does not include traditional investments like mutual funds, life insurance, etc. Alternative investment funds (AIFs) are regulated by the Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, but the market also includes several funds that are registered offshore. Funds registered with SEBI form only a small portion of the overall market.

SEBI defines AIFs as privately pooled investment vehicles which collect funds from investors for investing as per a defined policy for the benefit of its investors, and are not covered by any other regulations of SEBI that govern fund management activities.

Types of AIFs

<u>Category I:</u> Mainly invests in start-ups, early stage ventures, SMEs, or any other sector, which the government or the regulator considers economically and socially viable. These include SME funds, venture capital funds, social venture funds, and infrastructure funds.

<u>Category II:</u> These AIFs do not fall under Category I and III, and do not undertake leverage or borrowing other than to meet day-to-day operational requirements. These funds are closed-ended with a minimum tenure of three years.

<u>Category III:</u> These funds employ diverse or complex trading strategies. They may employ leverage, including

investments in derivatives. They can be open-ended or closed-ended. The category III AIF mainly invest in Indian-listed equities and equity derivatives, with the objective to produce absolute returns with lower volatility than stock markets. They seek capital appreciation and positive returns in an efficient and risk-adjusted manner through long and short positions in equities, futures and options across various market scenarios and have witnessed healthy growth in the past.

Growth of AIFs

AIFs registered in India have grown significantly, since the regulations by SEBI came into effect in 2012. As of September 2017, there were over 300 AIFs registered with SEBI. The funds raised by AIFs increased sharply by 80% on-year, from ₹ 227 million as of March 31, 2016, to over ₹ 409 billion as of March 31, 2017. The amount of investments made by AIFs rose from ₹ 182 million to ₹ 351 billion during this period.

Category II funds which are mainly focused on private debt, real estate and distressed asset areas account for ~60% of investments made into AIFs as of Fiscal 2017. CRISIL Research estimates that investments in real estate account for bulk of debt-based funds and accounted for ~25% of the overall AIF industry in Fiscal 2017. Increased need for funds post implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) and the cautious stance adopted by public sector banks in lending to this sector, would act as key growth catalysts in the near term for the real estate segment.

The private debt market has also seen a strong increase in interest on account of higher yields. As per the Association of Alternate Investment in India, the high-yield corporate term loan market offers 15-18% IRRs and structured holding company loans offer 16-20% IRRs compared to sub-9% IRRs offered by banks and government bonds. These funds aim to bridge the gap of financing assets, meet capital buyback commitments, fund incomplete assets and other special situations which banks cannot fund. These funds help provide tailored products which have a strong demand in markets and have relatively lower penetration.

Going forward, growth will be driven by:

- Wealth managers increasingly selling AIF investments as an alternative to HNIs.
- Insurance companies and banks being eligible to invest into these instruments.
- Increase in allocation to private debt by pensions and insurance companies.
- Offshore funds investing in India to earn higher yields.

FINANCIAL PRODUCTS DISTRIBUTION INDUSTRY

Favourable macros, increase in awareness of financial products and financial savings, higher growth in life insurance and mutual fund industry will help financial products distribution industry.

Portfolio management services

Portfolio Management Services ("**PMS**") are an investment portfolio in stocks, debt and fixed income products managed by a professional money manager, and are customised products to meet specific investment objectives. There is a freedom and flexibility to tailor customer required portfolio to address personal preferences and financial goals. The key difference between mutual fund and portfolio management services are PMS portfolios are more concentrated unlike mutual funds. Minimum investment in PMS is ₹ 2.5 million.

Most of these investment solutions provided by PMS cater to a niche customer segment, and the clients are usually HNIs or institutions. According to SEBI guidelines, only those entities which are registered with the capital market regulator for providing PMS services can only offer these products. Many asset management companies have been providing portfolio management services which are distributed by wealth management firms and brokers. Distribution commissions for these products are higher than mutual funds.

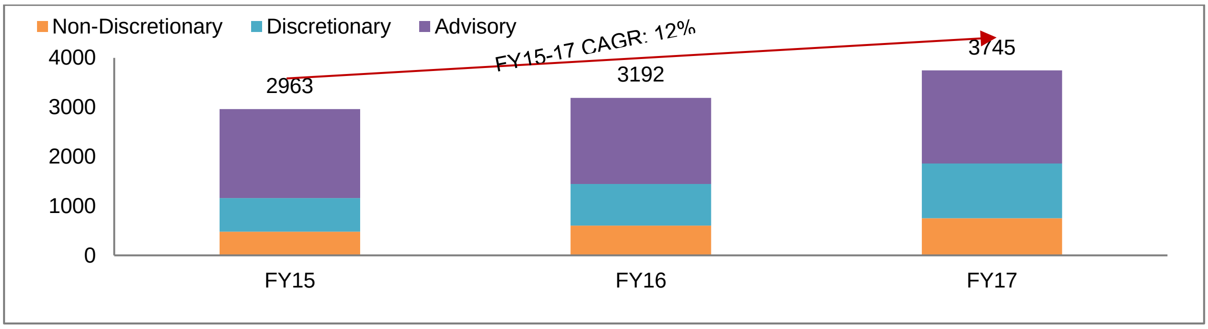
There are broadly two types of PMS:

- Discretionary PMS – Where the investment is at a discretion of the fund manager and the client has no intervention in the investment process.

- Non-discretionary PMS – Non-discretionary services are the ones in which managers involve the client in the decision-making process. Non-discretionary clients are usually institutional clients such as pension funds, insurance companies, high net worth individuals, etc.

- Advisory PMS: Advisory services are the ones where managers advise their clients about investing.

PMS AUM grew by 12% over last two years (₹ billion)



Source: SEBI, CRISIL Research

Note: EPFO/PF funds excluded from the discretionary portfolio

Note: PMS amounts excludes contribution by funds from EPFOs / PFs which is ₹ 6,311 billion, ₹ 7,262 billion, ₹ 8,560 billion in Fiscal 2015, Fiscal 2016, Fiscal 2017 respectively.

AUM of MFs grows at a strong pace aided by rising retail participation, growth in equity market

Fiscal 2017 was a strong year for the mutual fund industry, with AUM surging 42% on-year to cross ₹ 17 trillion, as of March 31, 2017. Growth was supported by net inflow surging over 150% year-on-year in Fiscal 2017 to ₹ 3.4 trillion. The robust growth trajectory continued into the first nine months of fiscal 2018, with the industry's AUM rising to ₹ 21.4 trillion.

AUM to reach ₹ 44 trillion by Fiscal 2022

CRISIL Research forecasts AUMs of AMCs to grow at 21% CAGR over the next five fiscals, compared with CAGR of 24% between fiscals 2012 and 2017. CRISIL Research expects total AUMs to grow more than 2.5 times from the current ₹ 17.5 trillion (as of Fiscal 2017), crossing the ₹ 44-trillion-mark by the end of fiscal 2022.

Pick-up in economic growth, higher disposable income, and government schemes focusing on increasing awareness, ease of investing, digitalisation, and perception of mutual funds as long-term wealth creators, and increasing geographical penetration will be key facilitators of growth. *CRISIL Research's forecasts assume real GDP growth of 7.5-8.0% during the next five fiscals, benign inflation, and consistent increase in mutual fund penetration as well as fresh inflows*.

Mutual fund distribution industry crosses ₹ 50-billion-mark in Fiscal 2017

Indian AMCs adopt a multi-channel approach to distribute their products, including banks, nationwide distributors such as brokerages and wealth management companies and independent financial advisors (IFAs) in addition to direct sales and online channels. Distributors have a significant role in the mutual fund ecosystem. They play a pivotal role in improving the penetration of mutual funds, especially in smaller cities and towns. Despite the development of the industry, aid of technology, and increasing financial awareness, we foresee distributors being an essential part of the mutual fund ecosystem, going forward. This is because several investors in India have the financial wherewithal, but do not have the requisite knowledge to invest in mutual funds directly, and, therefore, need support and guidance from distributors. To illustrate, individual investors accounted for just ~14% of the AUM of direct plans, as of March 2017, while close to 70% of regular plans' AUM came from individual investors.

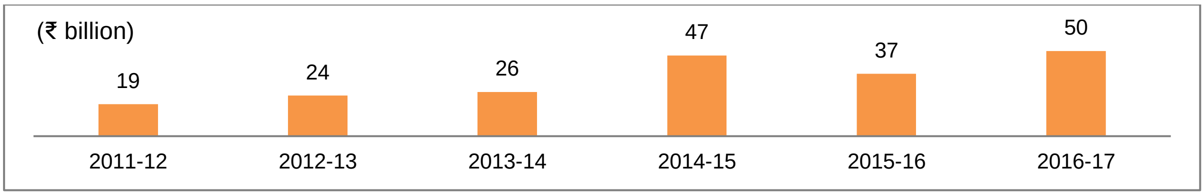
Hence, it is imperative for distributors to also act in the best interest of clients for the long-term success of the industry. As per AMFI, the commission paid by mutual funds to distributors grew at 22% CAGR between Fiscals 2012 and 2017 to a record ₹ 50 billion. This growth can mainly be attributed to healthy returns from mutual funds attracting investors, increasing awareness about financial savings, increasing push by distributors, and government policies.

On the regulatory front, SEBI passed a directive in September 2012, which allowed AMCs to charge an additional expense of 30 bps in B15 (beyond top 15) locations. This allows fund houses to pay higher commissions to distributors in underpenetrated regions, thereby incentivising them to attract more investors.

The data is based on AMFI disclosures on commissions of distributors, which comprises distributors meeting any of the below four criteria:

1. Present in at least 20 locations
2. AUMs of ₹ 1 billion
3. Total commission greater than ₹ 10 million
4. Commission received from at least one fund house should be greater than ₹ 5 million

Revenue trend of mutual fund distributors



Source: AMFI, CRISIL Research

There were 732 distributors as of Fiscal 2017 that met the criteria as compared to 373 in Fiscal 2012. However, the top 10 distributors dominated in Fiscal 2017, commanding a high share of 48% of revenue through the distributor route in Fiscal 2017. Their share improved ~400 bps over the last five years.

Most of the top 10 players have seen stronger-than-industry growth in revenue despite the number of distributors doubling owing to entry of new players in the space. Banks constitute seven of the top 10 positions supported by their large network and greater access to customers.

BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 44 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Audited Consolidated Financial Statements for Fiscal 2015, 2016 and 2017, and our Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine months ended December 31, 2016 and 2017, included in this Preliminary Placement Document. For further information, see "Financial Information" on page 270.

In this section, unless the context otherwise requires, a reference to "our Company" is a reference to JM Financial Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to JM Financial Limited on a consolidated basis.

Overview

We are an established financial services group providing a range of financial services. Beginning with the establishment of JM Financial and Investment Consultancy Services Private Limited in September 1973, the major shareholder and promoter of our Company, our longstanding operations in the financial services sector has resulted in establishing "JM Financial" as a recognized brand.

Our primary business verticals include:

- fund based activities comprising real estate, corporate/ structured finance and capital markets lending as well as the asset reconstruction business;
- investment banking and securities business covering (i) equity and fixed income capital markets transactions, mergers and acquisitions advisory and private equity syndication, (ii) investment advisory and distribution which includes wealth management, and (iii) institutional equities;
- alternative asset management business which involves managing private equity funds and a real estate fund; and
- asset management business which involves the mutual fund business.

Fund Based Activities. Our fund based activities are conducted principally through three of our Subsidiaries: JM Financial Credit Solutions Limited ("JMFCSL") and JM Financial Products Limited ("JMFPL") which entities are registered with the Reserve Bank of India ("RBI") as non-banking financial companies ("NBFCs"); and JM Financial Asset Reconstruction Company Limited ("JMFARCL"), which is registered with the RBI under the SARFAESI Act, and in which we own 50.01% shareholding. While JMFCSL is primarily engaged in the business of extending wholesale credit to developers of real estate projects, JMFPL undertakes the business of structured finance/ corporate lending to corporates and capital markets lending to high networth individuals, retail and wealth segment clients. JMFPL also leverages its balance sheet to extend large sized loans to real estate developers. We are in the process of growing our SME lending business in JMFPL as well as our housing finance business in JMFPL's wholly owned subsidiary, JM Financial Home Loans Limited ("JMFHLL"). JMFHLL has recently been granted a license to operate as a housing finance company by the National Housing Bank of India. JMFARCL is engaged in the asset reconstruction business, a key focus area within our fund based activities.

Investment Banking and Securities Business (IWS). The investment banking and securities business includes management of capital markets transactions, advising on mergers & acquisitions, and private equity syndication. We also provide investment advisory and distribution services, involving equity brokerage services, wealth management, capital market lending for wealth management and broking clients and distribution of financial products. This segment also includes our institutional equities business. The average daily turnover for the securities business for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017, was ₹ 24,196.0 million, ₹ 21,369.0 million, ₹ 29,874.2 million and ₹ 48,899.5 million, respectively.

Alternative Asset Management. Our alternative asset management business involves administration and management of our private equity and real estate funds, i.e. JM Financial India Fund and JM Financial Property Fund. These funds are close to completion of their respective terms, and we are currently in the process of launching another private equity fund, JM Financial India Trust II.

Asset Management. Our asset management business is conducted through JM Financial Asset Management Limited ("JMFAML"), which manages the assets under schemes launched by JM Financial Mutual Fund ("JMFMF"). Our mutual fund clients predominantly include institutional and corporate clients as well as high net worth individuals.

Revenues from our fund based activities, investment banking and securities, alternative asset management, and asset management business contributed 68.9%, 27.1%, 0.2% and 3.8%, respectively, of our total revenues in Fiscal 2017. Profit before tax from these segments represented 80.1%, 14.8%, (0.9)% and 5.9%, respectively, of our profit before tax in Fiscal 2017. Profit after tax from these segments represented 76.6%, 20.3%, (1.8)% and 5.3%, respectively, of our profit after tax in Fiscal 2017.

In the nine months ended December 31, 2017, these segments contributed 69.9%, 25.5%, 0.9% and 3.7%, respectively, of our revenues, and represented 76.8%, 14.9%, 0.9% and 6.7%, respectively, of our profit before tax, and 68.8%, 21.9%, 2.2% and 6.2%, respectively, of our profit after tax, in such period.

The tables below set forth certain information relating to our principal business segments in the periods indicated:

Segment	Fiscal 2015				Fiscal 2016				Fiscal 2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)											
Fund Based Activities	8,062.1	21,041.7	3,474.4	2,165.9	10,789.3	25,583.5	5,486.0	3,150.1	16,250.2	32,407.6	7,787.5	3,603.4
Investment Banking and Securities	5,219.3	5,998.8	1,239.9	847.5	4,946.9	5,605.0	794.4	539.6	6,387.5	6,388.4	1,436.9	953.7
Alternative Asset Management	274.4	847.2	149.5	110.5	128.5	830.6	43.8	37.5	44.0	806.8	(85.6)	(86.4)
Asset Management	467.5	1,375.8	178.1	96.5	855.4	1,832.1	563.4	249.3	892.9	2,285.1	574.3	247.1
Others/ Unallocated	1,391.7	1,659.6	127.2	84.8	1,939.7	876.4	40.9	28.1	2,130.1	1,474.3	4.2	(15.8)
Total Segment Revenue	**15,415.0**	**30,923.1**	**5,169.1**	**3,305.2**	**18,659.8**	**34,727.6**	**6,928.5**	**4,004.6**	**25,704.7**	**43,362.2**	**9,717.3**	**4,702.0**
Less: Inter - segment	(1,384.6)	-	-	-	(1,813.2)	-	-	-	(2,112.1)	-	-	-
Total	**14,030.4**	**30,923.1**	**5,169.1**	**3,305.2**	**16,846.6**	**34,727.6**	**6,928.5**	**4,004.6**	**23,592.6**	**43,362.2**	**9,717.3**	**4,702.0**

Segment	Nine Months ended December 31,							
	2016				2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)							
Fund Based Activities	11,468.1	31,449.1	5,392.3	2,574.9	16,090.9	36,345.2	6,961.5	3,041.7
Investment Banking and Securities	4,159.5	5,993.1	745.5	526.9	5,866.5	6,804.0	1,348.4	966.4
Alternative Asset Management	34.4	785.7	(66.7)	(67.5)	196.7	903.8	78.3	97.0
Asset Management	634.3	2,140.2	387.6	168.6	850.1	2,195.5	607.1	273.2
Others/ Unallocated	1,386.3	1,622.7	(3.9)	(9.4)	1,840.3	1,884.7	72.9	42.9
Total Segment Revenue	**17,682.6**	**41,990.8**	**6,454.8**	**3,193.5**	**24,844.5**	**48,133.2**	**9,068.2**	**4,421.2**
Less: Inter - segment	(1,339.6)	-	-	-	(1,822.0)	-	-	-

Segment	Nine Months ended December 31,							
	2016				2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)							
Total	**16,343.0**	**41,990.8**	**6,454.8**	**3,193.5**	**23,022.5**	**48,133.2**	**9,068.2**	**4,421.2**

In Fiscal 2015, 2016 and 2017, and in the nine months ended December 31, 2017, our profit after tax (on a consolidated basis) was ₹ 3,305.2 million, ₹ 4,004.6 million, ₹ 4,702.0 million and ₹ 4,421.2 million, respectively, and profit after tax (on a standalone basis) was ₹ 781.0 million, ₹ 1,122.5 million, ₹ 1,067.3 million and ₹ 872.2 million, respectively.

Competitive Strengths

Strong track record of over four decades of trusted partnership with clients

Commencing the group's operations with the establishment of JM Financial and Investment Consultancy Services Private Limited in September 1973 by our major shareholder and promoter, we believe that our longstanding operations in the financial services industry in India has resulted in establishing "JM Financial" as an established brand. We believe that the group's client focused business approach over four decades has enabled us to develop strong relationships across the corporate, institutional, HNI and the retail client base. We believe that the established brand and trusted partnership with our clients has enabled us to ensure a track record of strong financial performance.

Diversified business model, strong brand, and well positioned to benefit from industry trends

We have grown from an investment banking, mergers and acquisitions, advisory, equity broking and wealth management business to a diversified financial services group encompassing real estate developer loans, structured finance, corporate and capital markets lending, asset reconstruction, investment banking, research based securities broking and wealth management, asset management and alternative asset management. We believe that our diversified financial products and services platform enables us to develop and maintain strong relationships with clients and customers across our businesses, and leverage such relationships to generate repeat business and cross-sell our products and services. In addition, our business model involves a diversified revenue stream, comprising a mix of fee based and fund based income. We were initially focused on providing asset management and corporate finance solutions to corporates and institutions and subsequently diversified into fund based activities over the years. We believe that these diversified offerings have helped us gain more visibility as a financial services entity, and thereby improved our recall value with our client base. While we have continued our strong performance in our investment banking and securities business, we have significantly grown our fund based lending businesses focused on increased profitability and ROE. We believe that our client oriented approach, together with our ability to capitalize on emerging market trends, has enabled us to develop a consistently profitable and sustainable business model, which has resulted in further strengthening the brand equity through the brand "JM Financial" as an established organization in the financial services industry in India.

We believe that our extensive presence across the rapidly growing financial services industry in India, including in credit, investment banking and securities, asset reconstruction, investment advisory and distribution has enabled us to grow our businesses across different segments. In addition, our significant experience and established corporate relationships also enable us to access specialist industry expertise and grow our businesses. We believe our existing fee based businesses (investment banking and securities business, asset management and alternative asset management businesses) and fund based businesses (lending business and asset reconstruction business) are well established and are well positioned to benefit from emerging industry trends. We expect our businesses to benefit from the increased activity in the Indian capital markets, growing trend of increased household savings moving towards financial assets, structural reforms being implemented in India including the insolvency and bankruptcy code, increase in stressed assets and focus on their resolution and industry growth in wholesale finance. We have also ventured into housing finance and SME lending (including education infrastructure lending) businesses to capitalize on the opportunities in these segments and further diversify our loan portfolio.

Consistent track record of growth and profitability

We believe that our diversified business model provides multiple growth opportunities, and enables us to manage short-term volatility in our business cycles to ensure consistent growth and profitability. Our corporate and developer loan book has increased from ₹ 9,173.0 million as of March 31, 2012 to ₹ 111,787.9 million as of December 31, 2017. AUM for our ARC business has grown from ₹ 7,583.9 million as of March 31, 2012 to ₹ 125,003.4 million as of December 31, 2017, while AUM for our mutual fund business has grown from ₹ 62,829.2 million as of March 31, 2012 to ₹ 142,961.6 million as of December 31, 2017. Similarly, AUM for our wealth management business has grown from ₹ 185,956.2 million as of March 31, 2012 to ₹ 319,101.2 million as of December 31, 2017. In addition, our capital markets lending book has grown from ₹ 10,856.3 million as of March 31, 2012 to ₹ 31,800.2 million as of December 31, 2017.

We believe that the diversity of our businesses, strong brand, asset classes, client segments and geographies has enabled us to ensure a stable and sustainable financial performance, reflected in our consistent growth in revenues and profitability. We recorded total revenue of ₹ 14,030.4 million, ₹ 16,846.6 million, ₹ 23,592.6 million and ₹ 23,022.5 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively. Our total revenue increased at a CAGR of 29.7% from Fiscal 2015 to Fiscal 2017. We recorded profit before tax of ₹ 5,169.1 million, ₹ 6,928.5 million, ₹ 9,717.3 million and ₹ 9,068.2 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively. Our profit before tax increased at a CAGR of 37.1% from Fiscal 2015 to Fiscal 2017. Our profit after tax after minority interests in such periods was ₹ 3,305.2 million, ₹ 4,004.6 million, ₹ 4,702.0 million and ₹ 4,421.2 million, respectively. Our profit after tax increased at a CAGR of 19.3% from Fiscal 2015 to Fiscal 2017. Our ROA was 5.3%, 5.4%, 4.7% and 4.4% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017 (on an annualized basis), respectively. Our ROE was 14.6%, 15.3%, 15.6% and 17.3% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the nine months ended December 31, 2017 (on an annualized basis), respectively.

The following table sets out certain information on our key business verticals:

	Fiscal			**Nine Months ended December 31,**	
	2015	**2016**	**2017**	**2016**	**2017**
	(₹ million)				
Segment Revenues					
Fund Based Activities	8,062.1	10,789.3	16,250.2	11,468.1	16,090.9
Investment Banking and Securities	5,219.3	4,946.9	6,387.5	4,159.5	5,866.5
Alternative Asset Management	274.4	128.5	44.0	34.4	196.7
Asset Management	467.5	855.4	892.9	634.3	850.1
Others	1,391.7	1,939.7	2,130.1	1,386.3	1,840.3
Total Segment Revenue	15,415.0	18,659.8	25,704.7	17,682.6	24,844.5
Less: Inter - segmental revenue	(1,384.6)	(1,813.2)	(2,112.1)	(1,339.6)	(1,822.0)
Total	**14,030.4**	**16,846.6**	**23,592.6**	**16,343.0**	**23,022.5**
Segment Profit Before Tax					
Fund Based Activities	3,474.4	5,486.0	7,787.5	5,392.3	6,961.5
Investment Banking and Securities	1,239.9	794.4	1,436.9	745.5	1,348.4
Alternative Asset Management	149.5	43.8	(85.6)	(66.7)	78.3
Asset Management	178.1	563.4	574.3	387.6	607.1
Others	127.2	40.9	4.2	(3.9)	72.9
Total	**5,169.1**	**6,928.5**	**9,717.3**	**6,454.8**	**9,068.2**
Segment Profit After Tax After Minority Interests					
Fund Based Activities	2,165.9	3,150.1	3,603.4	2,574.9	3,041.7
Investment Banking and Securities	847.5	539.6	953.7	526.9	966.4
Alternative Asset Management	110.5	37.5	(86.4)	(67.5)	97.0
Asset Management	96.5	249.3	247.1	168.6	273.2
Others	84.8	28.1	(15.8)	(9.4)	42.9
Total	**3,305.2**	**4,004.6**	**4,702.0**	**3,193.5**	**4,421.2**
Segment Capital Employed					
Fund Based Activities	21,041.7	25,583.5	32,407.6	31,449.1	36,345.2
Investment Banking and Securities	5,998.8	5,605.0	6,388.4	5,993.1	6,804.0
Alternative Asset Management	847.2	830.6	806.8	785.7	903.8
Asset Management	1,375.8	1,832.1	2,285.1	2,140.2	2,195.5
Unallocated	1,659.6	876.4	1,474.3	1,622.7	1,884.7
Total	**30,923.1**	**34,727.6**	**43,362.2**	**41,990.8**	**48,133.2**

Strong lending book profile reflected in strong growth, asset quality and returns

Our fund based activities are primarily focused on wholesale lending to real estate developers, corporate lending and capital markets lending, as reflected in our aggregate loan book which has grown at a CAGR of 45.1% from March 31, 2015 to March 31, 2017. Our aggregate loan book was ₹ 53,876.0 million, ₹ 72,148.8 million, ₹ 113,428.3 million and ₹ 143,588.1 million, as of March 31, 2015, 2016, 2017 and December 31, 2017, respectively.

We continue to manage the credit risk associated with our lending business through a diversified credit portfolio, and have accordingly been able to increase our customer base and client accounts across our loan book. Our loan approval and administration procedures, as well as our collection and enforcement procedures are designed to ensure consistent recovery and minimize delinquency. In particular, we have developed customized credit analysis procedures for each product depending on the nature of the customer, purpose of the loan and the amount of loan advanced. We analyze past financial information and the applicant’s business performance to assess their ability to repay loans. In addition to document verification and credit bureau reports, we conduct site verifications, interviews, as well as market and banking reference checks on the applicant, co-applicant and guarantor, as applicable. Other measures adopted to assess institutional borrowers include the viability of their business and financing products, the credit history of such institutions, the reputation and experience of the relevant promoters and founders of such institutions, as well as their credit, collection and other operational procedures and policies. In particular, for our developer/ real estate financing business, we endeavor to maintain our position as senior secured lender at all times, by avoiding entering into consortium arrangements. In most cases, we also conduct micro market surveys and lend largely to residential projects and developers that are not subject to any concentration risks. We also have stringent eligibility criteria for borrowers in this segment, including having achieved certain minimum delivery records, experience, and commercial presence. We believe that these risk management efforts are reflected in our relatively low NPA levels. Gross NPAs were ₹ 479.3 million, ₹ 203.3 million, ₹ 141.0 million and ₹ 801.4 million in Fiscal 2015, Fiscal 2016, Fiscal 2017 and in the nine months ended December 31, 2017, respectively, while Net NPAs were ₹ 390.2 million, ₹ 117.1 million, ₹ 8.1 million and ₹ 683.6 million in such periods. Gross NPAs were 0.9%, 0.3%, 0.1% and 0.6% of our gross advances as of March 31, 2015, 2016, and 2017, and December 31, 2017, respectively, while Net NPAs were 0.7%, 0.2%, 0.0% and 0.5% of our net advances as of such dates.

Our lending book has accordingly yielded strong ROA and ROE. Our lending business’ ROA was 4.5%, 4.9%, 4.7% and 4.0% in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the in nine months ended December 31, 2017 (on an annualized basis), respectively. Our lending business’ ROE was 15.7%, 16.7%, 17.9% and 17.2%, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the in nine months ended December 31, 2017 (on an annualized basis), respectively.

The following table sets forth certain key performance indicators with respect to our lending business as of the dates or for the periods indicated, as applicable:

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million, except ratios and percentages)			
Loan Book:				
Real Estate	28,446.4	56,285.5	81,061.1	83,898.2
Corporate Credit and Structured Finance	9,910.0	5,930.6	15,604.0	27,889.7
Capital Market	15,519.6	9,932.7	16,763.2	31,800.2
Total	**53,876.0**	**72,148.8**	**113,428.3**	**143,588.1**
Gross NPA	479.3	203.3	141.0	801.4
Gross NPA as Percentage of Gross Assets (%)	0.9%	0.3%	0.1%	0.6%
Net NPA	390.2	117.1	8.1	683.6
Net NPA as Percentage of Net Assets (%)	0.7%	0.2%	0.0%	0.5%
Capital Adequacy ratio	35.0%	28.8%	24.1%	21.3%
Tier I ratio	34.5%	28.3%	23.8%	20.9%

Ratios[(1)]	**Fiscal 2015**	**Fiscal 2016**	**Fiscal 2017**	**Nine Months ended December 31, 2017**
Yield (%)	14.8%	15.0%	14.4%	13.3%
Cost of Borrowing (%)	10.3%	9.7%	9.5%	8.6%
Net Interest Margin (%)	6.7%	8.0%	7.3%	6.5%
ROA (%)	4.5%	4.9%	4.7%	4.0%
ROE (%)	15.7%	16.7%	17.9%	17.2%

(1) Calculated on an annualized basis

Diversified funding sources and strong credit profile

Our funding requirements are currently predominantly met through credit facilities from banks, issuance of commercial paper and redeemable non-convertible debentures on a private placement basis. We have access to funds from multiple classes of credit providers, including public sector banks, private commercial banks and mutual funds. We also access money market borrowings from mutual funds. We believe that we have developed and maintained stable long-term relationships with our lenders and established a track record of timely servicing of our debt obligations. We believe that our quality loan portfolio, stringent credit appraisal and risk management processes allow us to reduce cost of borrowings. The following table sets forth our long term and short term borrowing profile by instrument as of the dates indicated:

	As of March 31,						As of December 31, 2017	
	2015		2016		2017			
	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total	Amount	Percentage of Grand Total
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
	(₹ million, except percentages)							
Long Term Borrowings:								
Term loans	1,698.3	3.6%	14,710.0	22.1%	23,486.2	21.7%	36,685.4	25.6%
Non-convertible debentures	3,987.6	8.4%	11,922.0	17.9%	30,737.5	28.5%	47,035.7	32.8%
Inter corporate deposit	-	-	1,600.0	2.4%	-	-	-	-
Finance lease obligation	13.8	0.0%	12.5	0.0%	10.7	0.0%	10.9	0.0%
Total	**5,699.7**	**12.1%**	**28,244.5**	**42.3%**	**54,234.4**	**50.2%**	**83,732.0**	**58.4%**
Short Term Borrowings:								
Commercial papers	36,655.1	77.6%	30,602.6	45.9%	48,628.5	45.0%	57,524.4	40.1%
Short term loan from bank	-	-	1,100.0	1.6%	-	-	100.0	0.1%
Inter corporate deposit	850.0	1.8%	900.00	1.3%	400.00	0.4%	250.0	0.2%
Overdraft accounts/ Loans from banks	1,262.8	2.7%	2,865.4	4.3%	3,507.3	3.2%	350.7	0.2%
Borrowings under securities lending and borrowings (SLB)	-	-	566.4	0.8%	1,245.9	1.2%	1,515.8	1.1%
Borrowing under CBLO	2,746.4	5.8%	2,428.5	3.6%	-	-	-	-
Total	**41,514.3**	**87.9%**	**38,462.9**	**57.7%**	**53,781.7**	**49.8%**	**59,740.9**	**41.6%**
Grand Total	**47,214.0**	**100.0%**	**66,707.4**	**100.0%**	**108,016.1**	**100.0%**	**143,472.9**	**100.0%**

Our Company together with its Subsidiaries has strong credit ratings from agencies including CRISIL, ICRA, CARE and India Ratings. We believe our strong credit rating allows us to borrow funds at competitive rates from diverse sources, reflected in our reduced cost of funds. For further information on our credit ratings, see " – *Credit Ratings*" on page 195.

Depth of management team

We believe that the considerable experience of our Board and senior management team in the financial services sector is a significant competitive advantage that has enabled us to successfully diversify and grow a profitable and sustainable business model. The Board comprises distinguished industry experts. Mr. Nimesh Kampani, Chairman of the JM Financial group is an industry veteran with extensive experience in the financial services industry, and has been instrumental in consolidating our market position as one of India's leading financial service providers. He has served as a member on several committees of regulatory authorities in the financial services industry. Mr. Vishal Kampani, Managing Director of our Company, has garnered considerable experience as a senior investment banker, and has continued to shape our businesses focused on improving profitability while strengthening our diversified businesses.

The Board is supported by a professional and experienced senior management team that has extensive experience in the banking and financial services sector, which has enabled us to develop strong relationships with our major clients and the financial industry network. Each of our businesses are supported by a dedicated team of managers with specialized professional expertise. Our leadership team includes heads of our real estate / developer financing, corporate/structured financing, capital market lending, investment banking, institutional securities, investment advisory and distribution, asset reconstruction, and private equity businesses, each with extensive experience in such business.

For further information on our management team, see "*Board of Directors and Senior Management*" on page 199.

Extensive operational network and wide customer coverage

We serve our customers through our distribution network of 291 offices across 19 States and one Union Territory, as of December 31, 2017. As of December 31, 2017, we had a team of 58 wealth advisors and a presence in Mumbai, Delhi, Bangalore, Ahmedabad, Pune, Kolkata and Hyderabad and an extensive network IFDs with coverage across 114 cities through a combination of branches and franchisees. As of December 31, 2017, our securities business had research coverage of established companies as well as institutional coverage of recognized investors across various regions. Our asset management business included 14 branches and 81 service centers as of December 31, 2017, with an investor reach of over 126,109 investors. As of December 31, 2017, our asset reconstruction business had six offices across India, and our investment banking business had two offices in India. We also have offices in Mauritius, Singapore and United States of America.

We believe that our widespread operational network allows us to effectively serve existing customers and develop new customers through proximity and frequent interaction. Our extensive operational network reduces concentration in a particular region and ensures that each of our businesses engages best practices across regions in a consistent manner. Our ability to address our customer requirements with a range of product and service offerings through our extensive operational network also results in increasing sales and managing operating costs.

Business Strategies

Continue to focus on risk adjusted profitable and sustainable growth and diversify assets and liabilities

We believe there is significant growth and additional revenue opportunities in offering additional products across the financial services industry and expanding customer access to such products and services. We continue to grow our AUM in a profitable manner by increasing our penetration through our diversified portfolio of products and services. We continue to focus on profitability as a key factor driving our business decisions. We are strategically focused on market opportunities within the financial services sector that enable us to focus on higher profitability. We have developed and implemented stringent credit appraisal processes and standards to manage risks associated with our operations.

We intend to diversify our assets by strategically focusing on other high growth and profitable lending businesses and further expand our capital market and corporate lending businesses. We intend to continue to expand our product portfolio to address the diverse financial needs of our customers and capitalize on emerging industry opportunities by focusing on high growth and dispersed-risk retail lending. In particular, we intend to increase our focus on lending to the SME sector, cater to the finance requirements of education infrastructure, grow our housing finance business with a focus on affordable housing segment, expand the retail segment for the asset management business, pursue strategic opportunities under our asset reconstruction business, and offer real estate brokerage services. We expect that our diverse revenue streams will reduce our dependence on any particular product, spread our risk exposure across industries, businesses, geographies and customer segments.

We also intend to further diversify our funding profile, strategically adding additional funding resources, including insurance companies and retail investors. We will continue to focus on developing a diversified funding model to achieve optimal cost of funds while balancing liquidity and concentration risks. As our cost of borrowings is determined by our credit ratings, financial discipline and business performance, we will continue to source funding at competitive rates from the debt capital markets and reduce the proportion of bank borrowings to reduce funding costs. In particular, with respect to our credit business, a decrease in cost of borrowings will enable us to price our products in a more competitive manner. Based on our balance sheet, we believe that we will continue to improve our credit ratings and access additional sources of funds.

Strengthen our credit profile

We have identified the SME and retail credit segment as a strategic focus area to grow our credit portfolio. In order to diversify our operations from our wholesale credit business and diversify our risk profile, we intend to increasingly focus on market opportunities in the retail credit segment. Our borrowers in the capital market lending segment are largely retail and HNI customers. We also intend to further strengthen our retail lending profile by increasing our focus on SME lending and also developing our housing finance business focused on the affordable housing segment. As an integral part of our strategy to increasingly focus on growing our retail credit portfolio and profile, we continue to introduce stringent measures to further improve our credit approval processes, revise our credit policies regularly to address customer requirements and market developments, and streamline distribution channel in our capital markets lending business. We believe that our strategic focus on growing our retail lending business will enable us to diversify our risk profile, increase interest income, improve capital utilization efficiencies, eventually resulting in superior credit ratings and lower cost of funds. We also believe that expanding our retail customer base will allow us to generate significant opportunities for cross-selling our wider range of products and services.

Strengthen our position across various businesses and expand into new verticals

We believe that our investment banking business provides us with competitive advantages that we can leverage to increase our market share and ranking in our other financial services businesses. In order to strengthen our wealth management business, we intend to continue to recruit specialized personnel and improve the mix of our AUM to include more equity as a proportion of total AUM. We also intend to expand into newer geographies and increase our customer base in our real estate financing business, to spread our credit risk and drive overall growth of the segment. In addition to our existing corporate and capital market loan products, we intend to leverage our network to develop complementary business segments and establish ourselves as the preferred provider of financial products for our customers' financial needs. By offering a wide range of products and services, we also expect to attract more customers and to increase our scale of operations. We expect that our strategically complementary businesses will allow us to offer new products to existing customers while also attracting new customers. We also expect to leverage our extensive knowledge of the financial markets and localized industry and customer requirements to enable us to diversify into various financial products and services that address the specific requirements of customers, differentiating us from our competitors.

Asset reconstruction

In particular, we intend to expand our presence in the financial services sector with our asset reconstruction business, by leveraging our expertise in the sector to identify and acquire stressed assets and NPAs that may be resolved. The significant rise in NPA volumes in the banking sector and corresponding pressure on the banking industry to maintain adequate capital and strengthen their balance sheet provides our ARC business significant opportunities. We believe that recent regulatory developments streamlining insolvency and bankruptcy proceedings and the regulatory framework around distressed assets in India, will lead to attractive opportunities for the acquisition and resolution of distressed assets from banks and other financial institutions at competitive prices. Our subsidiary JMFARCL commenced this business in 2008, and we believe that our deep experience in the financial services industry will provide a competitive advantage in identifying, resolving and leveraging such distressed asset opportunities. We intend to focus on resolutions and acquisitions, and adopt turn-around strategies for distressed credit across sectors. This will involve working with banks and other stakeholders, and we believe our established position in the financial services sector provides us with significant opportunities to leverage these relationships. We propose to strengthen our team of specialized personnel and advisors for our ARC business, in order to implement our resolution and recovery mechanisms. We intend to focus on restructuring the capital or business, as required, with the existing management, and provide additional financing. In addition, we intend to undertake sale of core / non-core assets, working within the regulatory framework set out under the Insolvency and Bankruptcy Code, 2016. As NPAs and stressed asset acquisitions in India in recent years have increasingly involved significant upfront payments, we intend to grow our capital base in the ARC business to pursue such strategic opportunities.

Housing finance

Higher government support for the affordable-housing segment (in terms of interest rate subsidies) as well as a low interest rates are expected to boost overall housing loan demand over the next two Fiscal years (*Source: CRISIL Report*). We believe there is significant growth potential in the housing finance industry, including favorable government initiatives such as the housing for all mission by 2022, the Pradhan Mantri Awas Yojana ("PMAY") and tax incentives for affordable housing (*Source: CRISIL Report*). Leveraging our industry experience in the real estate lending business, we intend to focus on developing our housing finance business focusing on retail customers in the affordable housing segment. Our step-down subsidiary JMFHLL has obtained a license to operate as a non-deposit taking housing finance company from the National Housing Bank on

November 17, 2017. Offering housing loans through a registered housing finance company confers certain inherent advantages, such as increased leverage due to lower capital adequacy norms, and lower risk weights for certain classes of loans. We intend to leverage our credit ratings to have relatively low cost of funds to build this business. We are also seeking to improve our technology processes to create efficiencies for such business.

SME lending including loans to NBFCs and education infrastructure lending sector

We have over the years focused on growing our real estate financing business through our wholesale lending operations. We now intend to develop our retail credit business to achieve economies of scale and intend to diversify our risk across geographies, industries and collaterals. In order to achieve this, we propose to increase our lending to the SME sector, offer loans to other NBFCs, and focus on financing brownfield projects like K12 schools in the education infrastructure space. We anticipate greater demand for education infrastructure owing to rapid urbanization. (*Source: CRISIL Report*). We believe that focusing on these additional verticals will enable us to maintain steady growth and improve profitability while adopting a cautious credit underwriting approach. In addition to using technology to help develop these businesses, we intend to focus on sector research in the SME lending space in order to manage credit risks through awareness of early warning signals.

Asset management business

Average AUM for our mutual funds business was ₹ 142,961.6 million for the nine months ended December 31, 2017. Our asset management business caters largely to corporate, institutional and high net worth individuals. We plan to profitably enter the retail segment with smaller ticket sizes. We believe we will be able to leverage our existing distribution network and diversify into the retail segment.

Leverage customer base across verticals

We continue to leverage our wide customer base by cross-selling products across different business segments. We believe we can thereby provide more attractive products and services to our customers while achieving superior operating leverage. We continue to focus on leveraging our corporate relationships and significant expertise garnered from our investment banking platform for our fund based businesses. In order to achieve this, we intend to engage dedicated relationship managers assigned to specific corporate groups and other customers. While the relationship managers engage with our customers to address their specific requirements, our internal products teams assist in developing customized solutions for such customers. We continue to develop our data analytics platform, which analyzes customer information to identify and develop new loan products and cross-sell current loan products. In addition, we are in the process of expanding our network of wealth managers to cross-sell various financial products such as mutual funds, fixed deposits, IPOs and bonds. We are focused on improving the productivity from our existing wealth resources.

In addition, as we grow our asset reconstruction business, we continue to effectively leverage our investment banking expertise to assist with debt restructuring and resolution of assets. We also continue to engage with promoters and HNIs that are associated with our investment banking business, to promote our wealth management and capital markets funding products. Similarly, we propose to leverage our existing relationships with wealth management clients to promote our investment banking products. We believe that our extensive presence across financial services provides us with substantial opportunity to grow and synergize our businesses further. We also believe that strengthening our customer relationships across businesses, and broadening our customer base for each business, will assist in improving our profitability.

Focus on technology to manage and grow business

As we continue to expand our geographic reach, enter into new businesses and scale our operations, we continue to focus on further developing and integrating technology to support growth, facilitate synergies between our businesses and thereby improve the quality of services. We intend to increase connectivity of our distribution network to our central operations in Mumbai through our technology platform. We have made significant investments in strengthening our online technology platform, which we believe will assist in growing our equity broking business in a cost effective manner. We will also continue to build on our technology platform to more effectively coordinate with and service IFDs. In order to support our growing investment advisory and equities brokerage business, we intend to further develop our online platform for investments in mutual funds and IPOs in order to handle the significant increase in business volumes. In our credit business, we are exploring the use of technology to reduce time to market and also control operating costs in the new businesses with the intention of gradually diversifying from wholesale lending into retail lending, and digitizing the credit evaluation and appraisal processes.

As our customer base increases, we will have access to an increasing amount of data. We intend to continue investing in our analytics capabilities to ensure that we are able to gain actionable insights from such data. We will continue to, use analytics to help us understand customer preferences, design new products, identify targets for cross-selling and increase customer transactions.

Enhance the 'JM Financial' brand

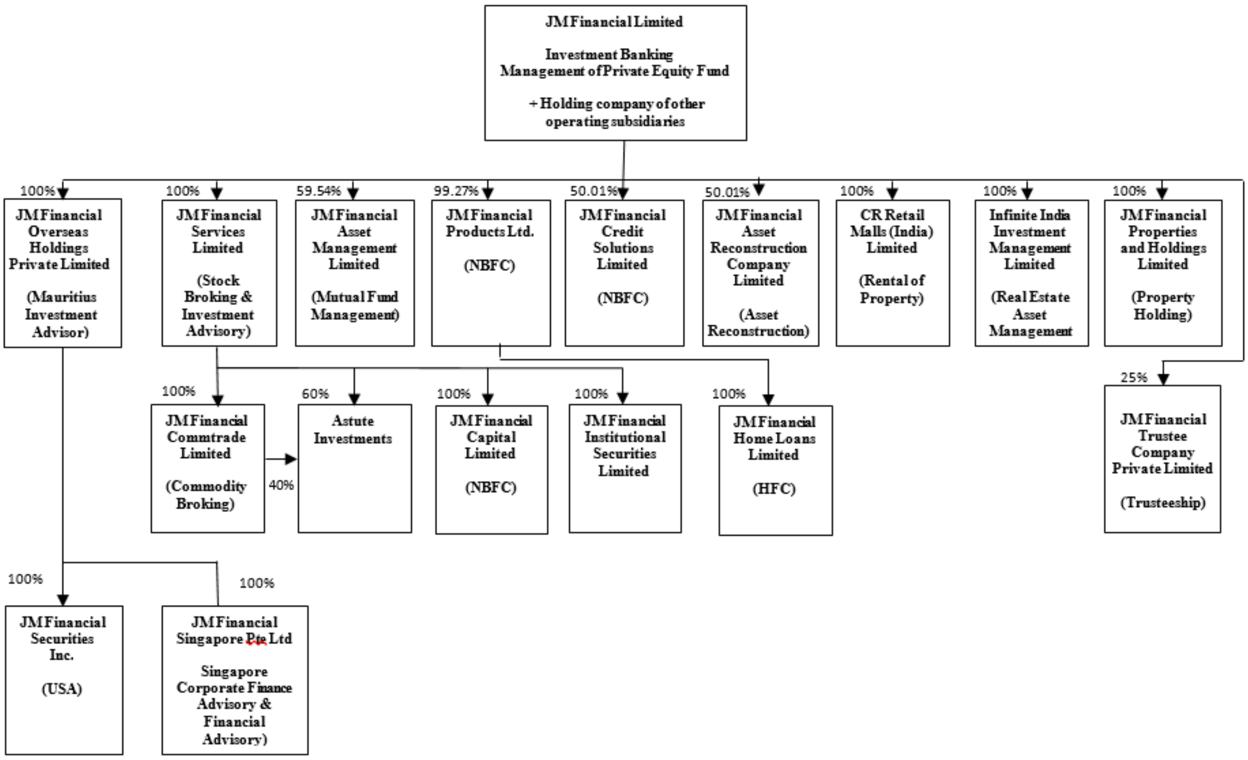
While we believe we have developed brand equity as a prudent organization in the financial sector in India, we intend to leverage and enhance the brand to further expand our presence in the financial sector and develop new customer relationships beyond our existing businesses. Our primary focus will be to provide relevant information to customers at all times, and develop our presence as a 'one-stop-shop' financial services provider with a comprehensive product and services portfolio.

Key Milestones

Calendar Year	Key Milestones
1973	JM Financial & Investment Consultancy Services Private Limited was incorporated
1986	JM Financial Share & Stock Brokers Private Limited, now known as JM Financial Limited was incorporated to engage in the business of stock broking and securities.
1988	Deemed conversion of JM Financial Share and Stock Brokers Private Limited to JM Financial Share and Stock Brokers Limited
1991	JM Share and Stock Brokers Limited listed on the BSE.
1994	Set up a mutual fund
1998	Joint venture with Morgan Stanley Dean Witter & Co
2004	Commenced capital market lending business
2004	Change of name from JM Financial Share and Stock Brokers Limited to JM Financial Limited
2005-2006	Preferential issue of shares to Mr. Azim Premji, Tiger Global and Blueridge
2006-2007	Launched alternative assets management business (PE fund and RE fund)
2007	Terminated the joint venture with Morgan Stanley Acquired ASK Securities for institutional equities and research
2008	Commenced distressed lending through asset reconstruction business established under JM Financial Asset Reconstruction Company Limited
2008-2009	Commenced real estate lending and corporate lending
2014	Received capital investment in real estate lending subsidiary JM Financial Credit Solutions Limited (then known as FICS Consultancy Services Limited) from a global fund led by Mr. Vikram Pandit
2015	Received long term-debt credit rating upgrade for JM Financial Products Limited and JM Credit Solutions Limited to AA / Stable from CRISIL and ICRA respectively.
2016	Received long term-debt credit rating upgrade for JM Financial Asset Reconstruction Company Limited from CRISIL and ICRA. JM Financial Asset Reconstruction Company Limited became subsidiary of JM Financial Limited
2017	Received NHB license for Housing Finance. Commenced SME lending business
2018	Merger of JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited with JM Financial Limited, post which JM Financial Limited ceased to be a 'Core Investment Company'

Corporate Structure

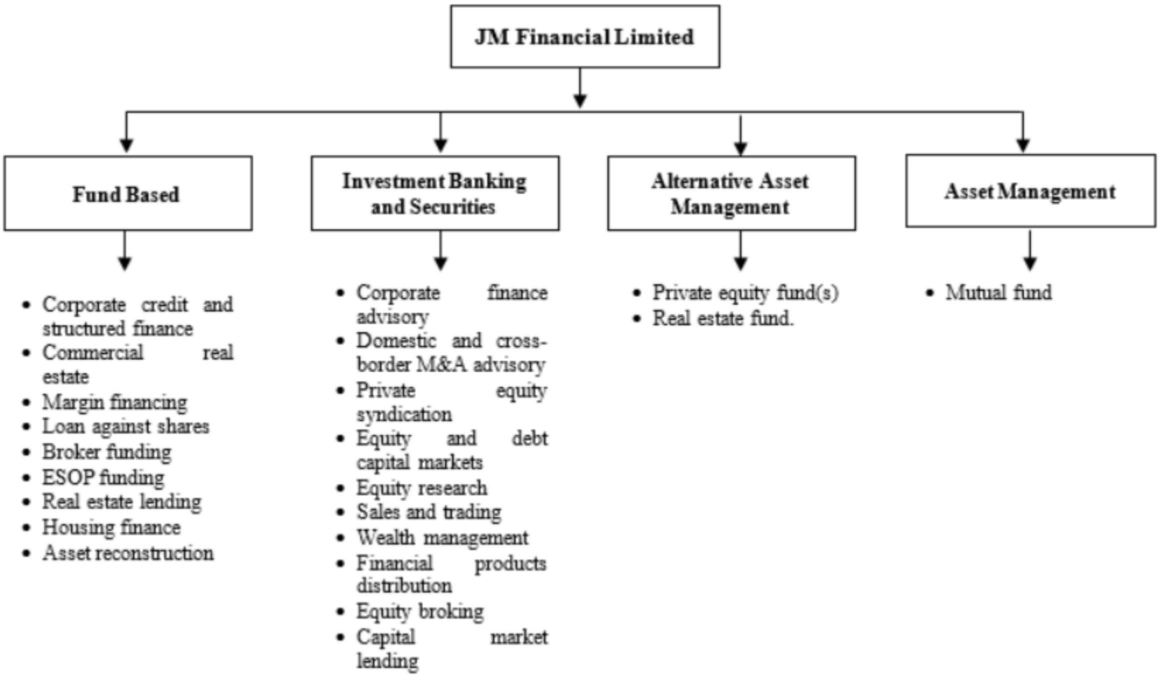
The chart below sets out our corporate structure as of January 29, 2018:



The Mumbai Bench of the Honorable National Company Law Tribunal vide it's Order dated December 14, 2017, sanctioned the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited. The aforesaid scheme has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. Consequent to the Scheme becoming effective, our Company has ceased to be a Core Investment Company. While continuing to hold same equity ownership and control as prior to the amalgamation over its operating subsidiary companies, the Company is engaged in operating businesses as a SEBI registered Category I merchant banker and as the investment manager for our private equity funds.

Our Businesses

Our businesses have been classified as follows:



The tables below set forth certain information relating to our principal business in the periods indicated:

Segment	Fiscal 2015				Fiscal 2016				Fiscal 2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)											
Fund Based Activities	8,062.1	21,041.7	3,474.4	2,165.9	10,789.3	25,583.5	5,486.0	3,150.1	16,250.2	32,407.6	7,787.5	3,603.4
Investment Banking and Securities	5,219.3	5,998.8	1,239.9	847.5	4,946.9	5,605.0	794.4	539.6	6,387.5	6,388.4	1,436.9	953.7
Alternative Asset Management	274.4	847.2	149.5	110.5	128.5	830.6	43.8	37.5	44.0	806.8	(85.6)	(86.4)
Asset Management	467.5	1,375.8	178.1	96.5	855.4	1,832.1	563.4	249.3	892.9	2,285.1	574.3	247.1
Others/ Unallocated	1,391.7	1,659.6	127.2	84.8	1,939.7	876.4	40.9	28.1	2,130.1	1,474.3	4.2	(15.8)
Total Segment Revenue	**15,415.0**	**30,923.1**	**5,169.1**	**3,305.2**	**18,659.8**	**34,727.6**	**6,928.5**	**4,004.6**	**25,704.7**	**43,362.2**	**9,717.3**	**4,702.0**
Less: Inter - segment	(1,384.6)	-			(1,813.2)		-	-	(2,112.1)	-	-	-
Total	**14,030.4**	**30,923.1**	**5,169.1**	**3,305.2**	**16,846.6**	**34,727.6**	**6,928.5**	**4,004.6**	**23,592.6**	**43,362.2**	**9,717.3**	**4,702.0**

Segment	Nine Months ended December 31,							
	2016				2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)							
Fund Based Activities	11,468.1	31,449.1	5,392.3	2,574.9	16,090.9	36,345.2	6,961.5	3,041.7
Investment Banking and Securities	4,159.5	5,993.1	745.5	526.9	5,866.5	6,804.0	1,348.4	966.4

Segment	Nine Months ended December 31,							
	2016				2017			
	Revenue	Capital Employed	PBT	PAT	Revenue	Capital Employed	PBT	PAT
	(₹ million)							
Alternative Asset Management	34.4	785.7	(66.7)	(67.5)	196.7	903.8	78.3	97.0
Asset Management	634.3	2,140.2	387.6	168.6	850.1	2,195.5	607.1	273.2
Others/ Unallocated	1,386.3	1,622.7	(3.9)	(9.4)	1,840.3	1,884.7	72.9	42.9
Total Segment Revenue	**17,682.6**	**41,990.8**	**6,454.8**	**3,193.5**	**24,844.5**	**48,133.2**	**9,068.2**	**4,421.2**
Less: Inter - segment	(1,339.6)	-	-	-	(1,822.0)	-	-	-
Total	**16,343.0**	**41,990.8**	**6,454.8**	**3,193.5**	**23,022.5**	**48,133.2**	**9,068.2**	**4,421.2**

Revenues from our fund based activities, investment banking and securities, asset management business and alternative asset management contributed 68.9%, 27.1%, 0.2% and 3.8%, respectively, of our total revenues in Fiscal 2017. Profit before tax from these segments represented 80.1%, 14.8%, (0.9)% and 5.9%, respectively, of our profit before tax in Fiscal 2017. Profit after tax from these segments represented 76.6%, 20.3%, (1.8)% and 5.3%, respectively, of our profit after tax in Fiscal 2017.

Fund Based Activities

We provide fund based activities through our Subsidiaries, JM Financial Products Limited (and its wholly owned subsidiary JM Financial Home Loans Limited), JM Financial Credit Solutions Limited, and JM Financial Asset Reconstruction Company Limited.

Revenues from our fund based activities represented 57.5%, 64.0%, 68.9% and 69.9% of our total revenues in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively. Profit before tax from our fund based activities represented 67.2%, 79.2%, 80.1% and 76.8% of our profit before tax in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively. Profit after tax from our fund based activities represented 65.5%, 78.7%, 76.6% and 68.8% of our profit after tax in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively.

Our fund based activities can broadly be classified into four categories: (i) wholesale lending to real estate developers across geographies (ii) structured financing solutions catering to the funding requirements of our corporate clients; (iii) capital market related lending largely to our broking and wealth management clients; and (iv) asset reconstruction business involving acquisition and resolution of distressed assets. We have also recently entered SME lending and housing finance business as part of our fund based activities.

The following table sets forth the geographic split of our aggregate real estate Loan Book as of December 31, 2017:

Region	Percentage of total Loan Book
	(%)
Mumbai	35.9%
Bangalore	33.4%
Chennai	10.1%
Pune	9.4%
Hyderabad	2.7%
Kolkata	2.9%
NCR	2.1%
Other	3.5%
Total	**100.0%**

The following table sets forth the product-wise aggregate real estate Loan Book as of December 31, 2017:

Product	Percentage of total Loan Book
	(%)
Project Loan	44.8%

Product	Percentage of total Loan Book
	(%)
Loan against property	14.5%
Land	9.5%
Project at Early Stage	16.5%
Loan against securities	14.7%
Total	**100.0%**

- ***Financing and Lending through JM Financial Credit Solutions Limited ("JMFCSL")***

We provide integrated financial solutions to real estate developers with a focus on project financing through JM Financial Credit Solutions Limited. All our products under this segment require collateral and our portfolio includes loans against property, loans against shares, project at early stage loans, and land loans. We provide loans for tenures ranging from 24 to 48 months. We facilitate timely repayments through an escrow mechanism of project receivables.

With a predominant focus on residential development, we are currently focused on funding projects located in Tier 1 cities such as Mumbai, Pune, Bengaluru and Chennai. We have successfully carried out lending against a few completed, commercial properties, in Mumbai and Bengaluru and have recently commenced financing projects in Kolkata, Hyderabad and NCR. Some of our key clients include RMZ, Kalpataru, Embassy, Kanakia, Peninsula, Adarsh, Goel Ganga, Lodha, and Anant Raj.

As of December 31, 2017, advances towards residential projects represented 82.0% of JMFCSL's total advances. As of December 31, 2017, cash flow backed advances represented 88.0% of JMFCSL's total advances. As of December 31, 2017, JMFCSL had 69 borrower groups in this business as compared to 25 as of November 30, 2014, and the average ticket size of our advances per borrower group was ₹ 938.4 million in the nine months ended December 31, 2017.

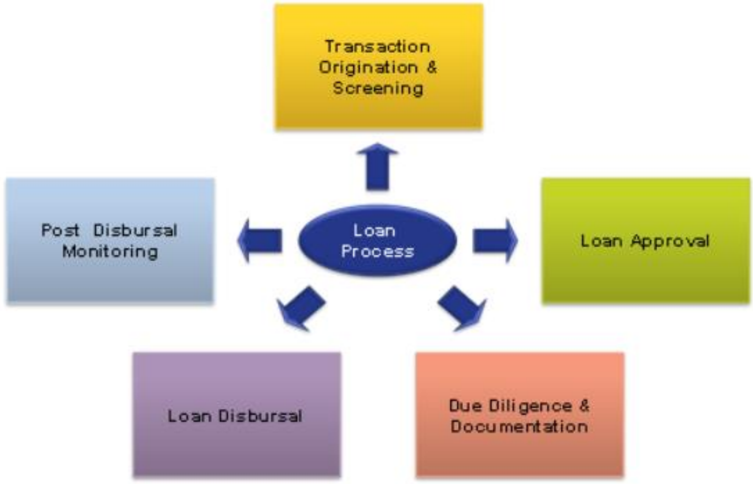
The following table sets out the geographic split of JMFCSL's aggregate Loan Book as of December 31, 2017:

Region	Percentage of Loan Book
	(%)
Mumbai	42.9%
Bangalore	25.3%
Chennai	12.0%
Pune	9.3%
Kolkata	3.3%
Hyderabad	3.4%
NCR	2.7%
Others	1.1%
Total	**100.0%**

The following table sets forth the product wise split of JMFCSL's loan book as of December 31, 2017:

Product	Percentage of total Loan Book
	(%)
Project Loan	46.4%
Loan against property	18.0%
Land	11.5%
Project at Early Stage	14.6%
Loan against securities	9.5%
Total	**100.0%**

The loan process for JMFCSL is as under:



Loan Origination

In our developer/ real estate financing business, we endeavor to maintain our position as senior secured lender at all times, by avoiding entering into consortium arrangements. In order to determine demand and supply in a micro market, we conduct surveys. We lend largely to residential projects and developers that are not subject to any concentration risks. We also have a stringent eligibility criteria for borrowers in this segment, including a 10 year delivery track record, experience, and commercial presence. At an appropriate stage management meetings, promoter reference checks and site visits are conducted. In case the borrower group does not have such a record, but satisfies certain other conditions, the origination team may present such proposal to the credit committee. The credit memorandum is prepared post the analysis of the project, assessment of collateral, borrower group financials and estimated cash flows from the project. A sensitivity analysis is also conducted on the estimated cash flows.

The origination team directly meets with clients for deal origination and receives preliminary information. A name clearance memorandum is generated for the credit committee and a borrower is considered for a loan following discussions with the risk team. The risk team independently prepares a risk note on the client / project and presents it to the credit committee for further deliberation. The credit memorandum along with the risk note is presented to the credit committee for relevant commercial terms to be finalized.

Loan Approval

Final loan approval is sought from the credit committee. A term sheet is produced based on sanction terms, post sanction/ conditional sanction terms and additional analysis is performed if required. The legal team vets the term sheet before it is issued to the client. The final term sheet is issued in accordance with the sanction terms. Limited title due diligence and technical due diligence is undertaken by external professionals, before execution of the loan documents. Loan documents are executed as advised by legal counsel based on unconditional acceptance by client. We also set out security creation requirements in the loan documents.

Loan Disbursal

Prior to loan disbursal, a disbursement memorandum has been set out covering the loan disbursal process and requirements. All original documents are stored in safe custody in the relevant place of execution. A disbursement memorandum with details of the transaction, conditions precedent, security creation and other terms is prepared, following which the loan is disbursed. The loan is monitored periodically for compliance with covenants and terms of the loan documents, and a review of the borrower. Such review is carried out by the origination team with the assistance of our technology platforms. The repayment status is also tracked by our operations team. If required, we may also initiate loan recovery processes.

Key Performance Indicators

The following tables set forth certain information relating to the financial performance and key performance indicators of our lending business as carried out through JMFCSL:

	Fiscal			Nine Months ended December 31,	
	2015	2016	2017	2016	2017
	(₹ million, except number of accounts/ groups)				
Loan Book:					
Real Estate	17,694.6	39,614.7	55,951.5	47,686.9	64,640.2
Others	750.0	1,130.0	630.0	630.0	110.0
Total	**18,444.6**	**40,744.7**	**56,581.5**	**48,316.9**	**64,750.2**
Number of Accounts/Groups	23	40	60	56	69
Average Ticket Size	801.9	1,018.6	943.0	862.8	938.4
Income:					
Interest Income	723.8	4,683.5	7,077.4	5,166.8	6,363.7
Interest Expenses	133.7	1,746.8	3,122.6	2,282.8	2,780.8
Net Interest Income	590.1	2,936.7	3,954.8	2,884.0	3,582.9
Fee and Other Income	313.5	510.9	806.2	489.4	554.6
Net Total Income	**903.6**	**3,447.6**	**4,761.0**	**3,373.4**	**4,137.5**
Expense:					
Total Operating Expenditure	157.5	353.8	437.2	289.8	387.3
Provisions	43.9	76.7	76.0	46.8	133.9
Profit Before Tax	**702.2**	**3,017.1**	**4,247.8**	**3,036.8**	**3,616.3**
Tax	214.2	1,041.7	1,475.3	1,053.9	1,262.0
Profit After Tax	**488.0**	**1,975.4**	**2,772.5**	**1,982.9**	**2,354.3**

The Net Total Income and Profit After Tax of JMFCSL increased at a CAGR of 129.5% and 138.4%, respectively from Fiscal 2015 to Fiscal 2017. Further, Net Total Income of JMFCSL increased by 22.6% from ₹ 3,373.4 million in the nine months ended December 31, 2016 to ₹ 4,137.5 million in the nine months ended December 31, 2017. Profit After Tax of JMFCSL also increased by 18.7% from ₹ 1,982.9 million in the nine months ended December 31, 2016 to ₹ 2,354.3 million in the nine months ended December 31, 2017. In addition, the Loan Book of JMFCSL also increased at a CAGR of 75.1% from Fiscal 2015 to Fiscal 2017.

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of December 31, 2017
	(₹ million, except ratios and percentages)			
Assets:				
Fixed Assets	1.3	3.1	8.5	7.3
Loan Assets	18,444.6	40,744.7	56,581.5	64,750.2
Other Assets	111.0	1,319.9	321.4	612.3
Total Assets	**18,556.9**	**42,067.7**	**56,911.4**	**65,369.8**
Liabilities:				
Share Capital	25.0	25.0	25.0	25.0
Reserves and Surplus	9,359.8	11,335.2	14,107.7	16,461.9
Shareholders' Funds	9,384.8	11,360.2	14,132.7	16,486.9
Borrowings	9,009.1	29,689.6	41,382.4	47,139.5
Other Liabilities	163.0	1,017.9	1,396.3	1,743.4
Total liabilities	**18,556.9**	**42,067.7**	**56,911.4**	**65,369.8**
Gross NPAs	-	-	-	1.2%
Net NPAs	-	-	-	1.1%
Debt to Equity	1.0	2.6	2.9	2.9
Capital Adequacy	50.8%	27.1%	24.9%	25.2%
Tier I Ratio	50.6%	26.8%	24.5%	24.8%

Ratios	Fiscal 2015	Fiscal 2016	Fiscal 2017	Nine Months ended December 31, 2017
Yield(1)	17.1%	16.6%	15.7%	14.8%
Cost Of Borrowing(1)	9.9%	9.9%	9.8%	9.0%
Net Interest Margin(1)	14.0%	10.4%	8.8%	8.3%
Cost to Net Total	17.4%	10.3%	9.2%	9.4%

Ratios	Fiscal 2015	Fiscal 2016	Fiscal 2017	Nine Months ended December 31, 2017
Income				
ROA(1)	5.0%	6.5%	5.6%	5.1%
ROE(1)	10.3%	19.0%	21.8%	20.5%

(1) Calculated on an annualized basis

- ***Financing and Lending through JM Financial Products Limited ("JMFPL")***

JM Financial Products Limited is primarily engaged in our lending business, and our portfolio under this segment can be broadly classified into the following: (i) corporate lending; (ii) capital markets lending; and (iii) real estate (overflow) lending.

Corporate Lending

Our corporate lending business provides customized financing solutions under the following broad categories:

Structured Lending. We offer comprehensive financing solutions to operating businesses to refinance existing debt, top-up working capital funding and fund growth capital expenditure. These solutions are generally offered to quality borrowers in growth sectors, with strong track record of promoters and management, and are aimed at providing an optimal capital structure suitable for the long term prospects of such companies.

***Promoter Funding*.** We offer financing to promoter holding companies against listed share securities or mortgage of properties to meet their strategic requirements, such as equity funding for acquisitions or capital expenditures, increase of shareholding in group companies, investments, buying out of private equity investors and promoter debt refinancing.

Acquisition Financing. We offer Rupee funding solutions to companies acquiring domestic assets, where banks are restricted by regulation from providing financing for the equity investment.

***Bridge Financing to Capital Market Exit*.** We offer efficient financing structures to companies for short tenor structured as a bridge to IPO or private equity infusion; alternately, structured debt financing can be a medium term solution for such companies to raise capital without equity dilution.

As of December 31, 2017, we had 24 borrower groups and 36 accounts in this segment, and the average ticket size of our advances per borrower group was ₹ 1,141.2 million in the nine months ended December 31, 2017. The tenure of the loans is approximately two years. Our Gross NPA and Net NPA as a percentage of our gross advances, as of December 31, 2017 was nil, respectively. We had a yield of 11.6%, as of December 31, 2017.

The following table sets forth certain information on JMFPL's corporate loan book as of December 31, 2017 is as follows:

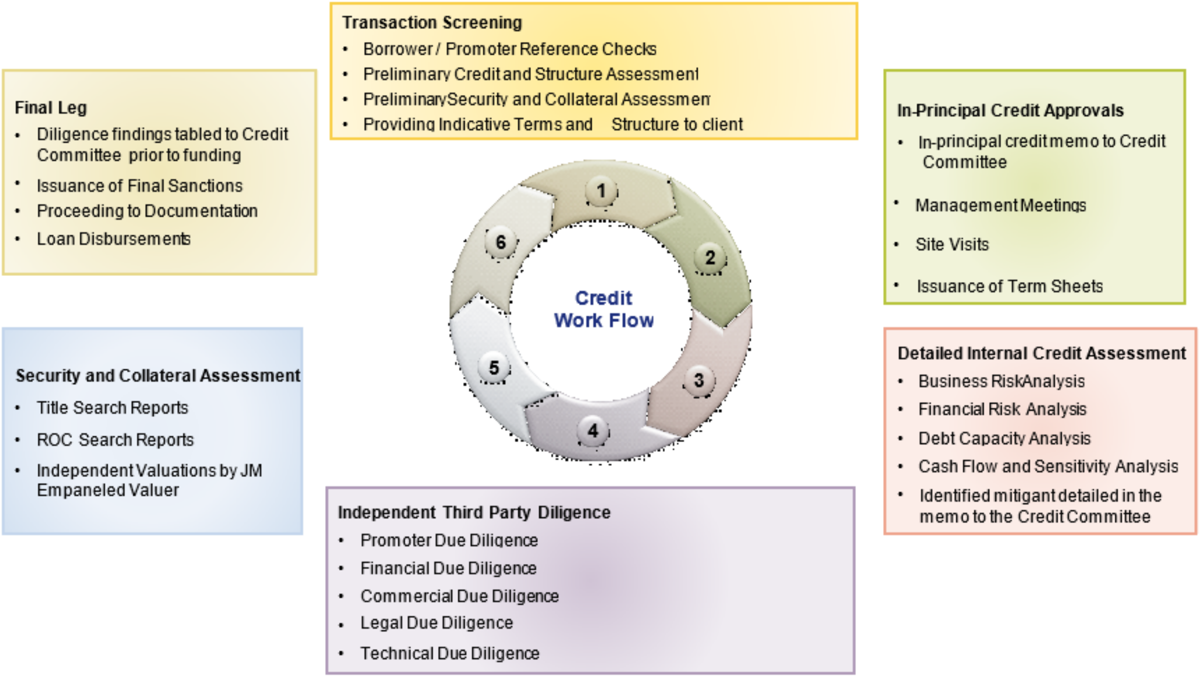
Particulars	Loan Book	
	Amount	Percentage of Total
	(₹ million	(%)
Loan Against Shares	11,547.0	41.7%
Loan Against Property	2,450.0	8.9%
Structured Finance	13,391.8	48.4%
Others	266.0	1.0%
Total	**27,654.8**	**100.0%**

Loan Origination

In our corporate lending business, loan origination is carried out through our investment banking team, market advisors and existing relationships. The investment banking team leverages its client relationships and transactions to source transactions for our corporate lending business. Our corporate lending products also help us serve our investment banking customers as a comprehensive financial services solutions provider by enabling the investment banking team to meet the funding requirements of clients. The corporate lending team seeks to leverage the investment banking franchise to develop a stable loan portfolio. The market advisors channel is used for deal sourcing in the mid-market segment, which is not actively covered by the investment banking team.

Credit Appraisal

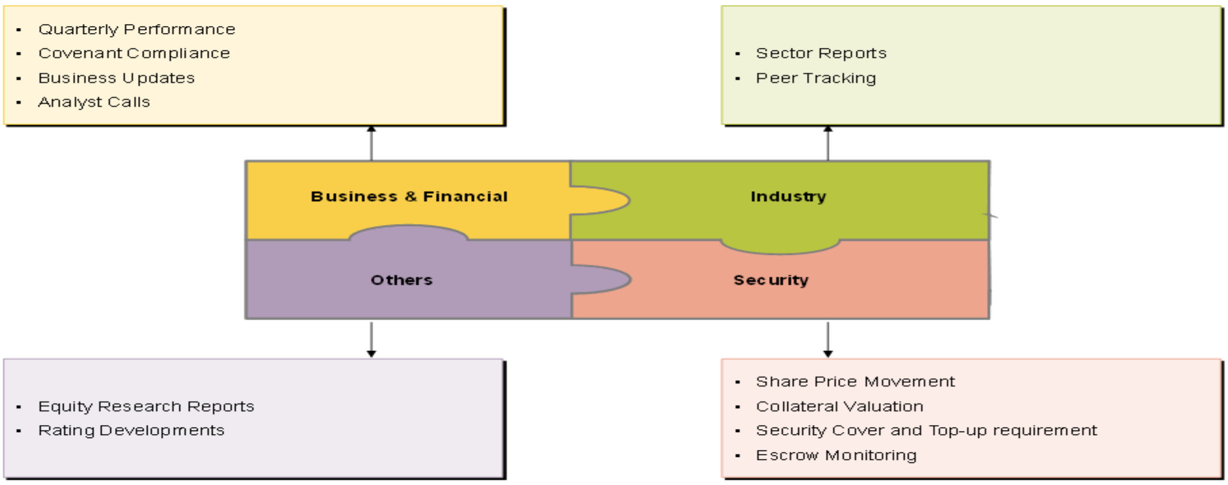
The chart below describes our credit appraisal process:



We have set up a stringent credit assessment processes in JMFPL in order to maintain asset quality. We carry out borrower-promoter reference checks along with a preliminary credit and structure assessment at the time of loan origination. We also do a preliminary assessment of the security and collateral and on the basis of such preliminary assessment, we provide the indicative terms and structure to the client. This is followed by an in-principle memorandum and management meetings with site visits, and a preliminary term sheet is issued. A credit risk analysis is carried out to examine the business risk, financial risk, debt capacity and cash flow and sensitivity. The mitigants are identified in a detailed memorandum for the credit committee. We supplement these checks by engaging third parties to diligence the entity with a focus on its promoters, financial statements, commercial arrangements, legal compliance and technical operations. Prior to sanctioning the loan, we also undertake a security and collateral assessment to verify title to the collateral and determine the valuation of such security. The loan is sanctioned once these assessments are complete and the documentation is finalized.

Monitoring

The chart below sets out our loan monitoring measures:



We actively monitor our accounts by conducting analyst calls and quarterly performance reviews with our credit committee for each transaction, to assess compliance with covenants and examine business updates. We also review sector reports and track borrower peers to understand the relative performance of such borrower. This is supported by tracking the share price movement, value of the collateral and initiating top-ups if required. We also issue research reports and track developments in relevant ratings.

Capital Market Lending

Loans under this segment are typically short-term advances and primarily cater to the finance requirements of clients under our broking and wealth management businesses. Strong synergies within our businesses enables cross-selling of these financial products across our wealth management and investment banking verticals.

In our capital market lending business we offer the following:

Loans against Securities. These loans facilitate our clients to capitalize on their investments by providing liquidity against investments in shares, mutual funds, and bonds, without the need to sell such securities. The product includes a portfolio of loan against mutual funds, loan against shares, loan against securities and loan against bonds. Loans may be business loans, or loans to meet short term working capital requirements or personal obligations.

Margin Trade Funding. These loans facilitate our clients to participate and to fund their settlement obligations of the stock exchanges. This facilitates a client to make investments in equity markets without having to deploy cash collateral towards the investment. A client can also take a leveraged position on the basis of the client’s existing investments. A loan is granted as a short term working capital demand loan against an approved list of shares and mutual funds.

Employee Stock Option (ESOP) Funding. ESOP funding is offered to the employees of various corporates to finance their employee stock options of the approved portfolio value, eliminating the need to arrange liquidity for this purpose while exercising ESOPs.

Broker Funding. In cases where the client is an existing broker, it may avail funding to meet working capital requirements against the collateral of its existing investment.

IPO Funding. It enables clients to participate in an IPO of equity shares, by giving a small margin and the balance is funded by us. This facility grants leverage to the retail clients to apply for a larger application size in public issues and procure higher allotments. IPO funding is for extremely short tenures, and is strictly advanced for the limited purpose of financing an application for an IPO subscription.

Loans against Properties. Designed as secured loans against property, this product helps clients address funding requirements for both personal and business needs. The loan is extended at a certain percentage of the property's market value.

Our Gross NPA as a percentage of our gross advances was 0.1% and our Net NPA as a percentage of our gross advances was negligible, as of December 31, 2017. We had a yield of 11.0% (on an annualized basis) as of December 31, 2017.

The following table sets out certain information on JMFPL’s capital markets loan book by category as of December 31, 2017:

Particulars	**Loan Book**
	Percentage of Total
	(%)
Loan Against Securities/ Bonds/ Mutual Funds	45.1%
Margin Funding	26.5%
ESOP	9.3%
Loan Against Property	10.4%
Promoter Funding	7.0%
Others	1.7%
Total	**100.0%**

Real Estate Lending (Overflow)

While the origination of developer loans is entirely done through JMFCSL, in certain cases where funding requirements exceed the single borrower credit limits, JMFPL also leverages its balance sheet to extend large sized loans to real estate developers. The objective is to achieve full financial closure within the Group and to avoid entering into consortium arrangements and consequently sharing of collateral.

Debt Trading and Syndication

We have in the past been engaged in trading of debt securities. In addition, we also have a team which does syndication for fixed income paper.

Key Performance Indicators

The following tables set forth certain information relating to the financial performance and key performance indicators of our lending business as carried out through JMFPL:

	Fiscal			Nine Months ended December 31,	
	2015	2016	2017	2016	2017*
	(₹ million, except ratios and percentages)				
Loan Book:					
Corporate Lending	9,162.2	4,830.1	14,754.0	7,090.0	27,654.8
Capital Markets Lending	15,518.7	9,928.2	15,123.1	15,000.0	23,816.2
Real Estate (Overflow) Lending	10,751.8	16,670.8	25,111.1	19,140.0	18,966.0
Total	**35,432.7**	**31,429.1**	**54,988.2**	**41,230.0**	**70,437.0**
Revenue:					
Interest Income	5,419.2	4,639.0	6,106.2	4,565.3	6,075.3
Interest Expenses	3,176.7	2,520.3	3,288.3	2,470.5	3,583.0
Net Interest Income	**2,242.5**	**2,118.7**	**2,817.9**	**2,094.8**	**2,492.3**
Income from trading in Debt Instruments (net)	845.1	316.7	367.0	325.5	53.7
Interest Expenses	556.7	229.3	152.7	142.3	50.5
Net income from Trading in Debt Instruments (net)	**288.4**	**87.4**	**214.3**	**183.2**	**3.2**
Fee and Other Income	760.5	639.1	590.7	452.5	622.7
Net Total Income	**3,291.4**	**2,845.2**	**3,622.9**	2,730.5	3,118.2
Expense:					
Total Operating Expenditure	496.1	376.3	589.6	490.7	676.9
Provisions	23.2	-	-	-	22.8
Profit Before Tax	**2,772.1**	**2,468.9**	**3,033.3**	**2,239.8**	**2,418.5**
Tax	889.2	794.6	1,061.0	781.5	842.8
Profit After Tax	**1,882.9**	**1,674.3**	**1,972.3**	**1,458.3**	**1,575.7**
Cost to Net Total Income	15.1%	13.2%	16.3%	18.0%	21.7%

**Including IPO lending book*

The Net Total Income and Profit After Tax of JMFPL increased at a CAGR of 4.9% and 2.3%, respectively from Fiscal 2015 to Fiscal 2017. Further, Net Total Income of JMFPL increased by 14.2% from ₹ 2,730.5 million in the nine months ended December 31, 2016 to ₹ 3,118.2 million in the nine months ended December 31, 2017. Profit After Tax of JMFPL also increased by 8.1% from ₹ 1,458.3 million in the nine months ended December 31, 2016 to ₹ 1,575.7 million in the nine months ended December 31, 2017. In addition, the Loan Book of JMFPL also increased at a CAGR of 24.6% from Fiscal 2015 to Fiscal 2017.

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million, except ratios and percentages)			
Assets:				
Fixed Assets	38.6	38.4	49.7	44.8
Loan Assets	35,432.7	31,429.1	54,988.2	70,437.0
Other Assets	10,018.6	11,627.0	4,532.7	8,172.9
Total Assets	**45,489.9**	**43,094.5**	**59,570.6**	**78,654.7**
Liabilities:				
Share Capital	5,445.0	5,445.0	5,445.0	5,445.0
Reserves and Surplus	5,535.6	6,610.2	7,982.9	8,963.9
Shareholders' Funds	**10,980.6**	**12,055.2**	**13,427.9**	14,408.9
Borrowings	33,028.2	29,695.8	45,090.4	61,931.8
Other Liabilities	1,481.1	1,343.5	1,052.3	2,314.0
Total liabilities	**45,489.9**	**43,094.5**	**59,570.6**	**78,654.7**

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million, except ratios and percentages)			
Ratios				
Gross NPA (%)	1.4%	0.6%	0.1%	0.1%
Net NPAs (%)	1.1%	0.4%	0.0%	0.0%
Tier I Ratio	26.6%	29.9%	20.6%	17.5%
Capital Adequacy	27.3%	30.6%	21.1%	17.9%
Debt to Equity	3.0	2.5	3.4	4.3

Ratios(1)	Fiscal 2015	Fiscal 2016	Fiscal 2017	Nine Months ended December 31, 2017
Yield	14.6%	13.6%	13.1%	12.3%
Cost of Borrowing	10.3%	9.5%	9.1%	8.4%
Net interest margin	5.8%	6.0%	5.8%	5.1%
ROA	4.4%	3.8%	3.8%	3.0%
ROE	18.2%	14.5%	15.5%	15.1%

(1) Calculated on an annualized basis

Housing Finance

We have recently entered the housing finance business through our step-down subsidiary, JM Financial Home Loans Limited (established as a subsidiary of JMFPL), which has obtained a license to operate as a non-deposit taking housing finance company from the National Housing Bank on November 17, 2017. The focus of our housing finance business would be to provide home loans to retail customer with a focus on affordable segment. At present, we intend to engage a combination of internal and external sources to source customers for this segment. We also propose to utilize technology to improve credit approval processes and reduce cost, and intend to position this business as a technology based housing finance company with a focus on service.

- ***Asset Reconstruction Business***

We commenced our asset reconstruction business in September 2008, which is engaged in the business of acquiring and resolving distressed assets. We undertake our asset reconstruction business through our Subsidiary, JM Financial Asset Reconstruction Company Limited ("JMFARCL"), an entity registered under the SARFAESI Act. Until September 29, 2016, JMFARCL was an associate company of our Group, and it became a subsidiary with effect from September 30, 2016. Other shareholders of JMFARCL include certain public sector banks, JM Financial Group Employees Welfare Trust, a foreign investor, and certain high net worth families.

Asset reconstruction business involves acquisition and resolution of distressed debt assets sold by banks or financial institutions. This typically involves identifying distressed debt assets and businesses, acquiring debt assets from the banks and financial institutions, working with the lenders and borrowers towards restructuring and resolution of the assets. We leverage our existing network with lending institutions to acquire NPAs and build our portfolio. We adopt accounting methods as prescribed by the ICAI and follow a defined resolution mechanism as part of this business. Apart from acquisitions, monitoring and resolutions, the team is also involved in carrying out financial and legal diligence prior to acquisition and implementation of resolution processes. Our asset reconstruction business generates revenues in the form of management fees, interest on restructured loans, upside sharing, and interest on additional loans provided to investee companies. As of January 15, 2018, the JMFARCL team comprised 78 members.

As of December 31, 2017, JMFARCL had acquired aggregate dues of ₹ 310,535.6 million, at a price of ₹ 141,038.7 million. As of December 31, 2017, JMFARCL had also made aggregate cash investment of ₹ 27,948.0 million, and achieved total recovery of ₹ 32,366.2 million.

Resolution and Recoveries

We initiate resolution of distressed assets either through a negotiated settlement with the entity, or by undertaking a debt restructuring process. A negotiated or one time settlement is initiated based on the asset value and anticipated litigation process and timeline, while a debt restructuring involves a sustainable debt analysis, followed by acquisition of the entity as a going concern, hiving off non-core assets and injecting additional funds. The financial turnaround expertise is also used to streamline business operations and improve profitability. In the event these processes fail, we initiate recovery under the SARFAESI Act and other regulatory frameworks available as well as through recourse to the personal assets of guarantors.

We monitor our operations on a fortnightly or monthly basis and appoint external agencies for valuations. Settlement of dues is achieved through a one-time settlement payment or staggered payment by the borrower/ guarantor in a negotiated settlement. In a debt restructuring process, dues are satisfied either by a sale of assets, or from revenue generated from business operations, or both. Investors in distressed assets typically infuse funds as refinancing debt or equity and take management control to effectively manage the restructuring exercise. Sale of assets is done through auctions and enforcement of security, in compliance with applicable regulations.

Key Performance Indicators

The following tables sets forth certain information relating to the financial performance and key performance indicators of our asset reconstruction business through JMFARCL:

	Fiscal 2015	**Fiscal 2016**	**Fiscal 2017**	**Nine Months ended December 31, 2016**	**Nine Months ended December 31, 2017**
	(₹ million, except ratios and percentages)				
Income:					
Revenue from Operations	**2,139.4**	**3,177.9**	**2,237.4**	**1,405.1**	**2,414.5**
Other Income	4.1	12.4	1.2	1.1	0.2
Total Income	**2,143.5**	**3,190.3**	**2,238.6**	**1,406.2**	**2,414.7**
Interest Expenses	1,133.1	970.9	918.7	657.1	874.8
Net Income	**1,010.4**	**2,219.4**	**1,319.9**	**749.1**	**1,539.9**
Expense:					
Total Operating Expenditure	317.5	383.5	349.6	248.3	375.3
Provisions	92.2	252.0	132.4	53.5	238.9
Profit before Tax	**600.7**	**1,583.9**	**837.9**	**447.3**	**925.7**
Tax	238.7	500.3	289.2	153.3	326.7
Profit after Tax	**362.0**	**1,083.6**	**548.7**	**294.0**	**599.0**

	As of March 31,			**As of December 31, 2017**
	2015	**2016**	**2017**	
	(₹ million, except ratios and percentages)			
Assets:				
Fixed Assets	13.8	33.6	24.6	18.8
Investments In Security Receipts Assets	14,605.2	12,262.4	16,354.0	17,603.2
Loan Assets	363.9	677.2	702.8	1,723.0
Other Assets	748.4	427.0	1,021.3	940.9
Total Assets	**15,731.3**	**13,400.2**	**18,102.7**	**20,285.9**
Liabilities:				
Share Capital	2,412.5	2,412.5	2,412.5	2,412.5
Reserves and Surplus	1,752.9	2,836.5	3,385.2	3,986.8
Shareholders' funds	**4,165.4**	**5,249.0**	**5,797.7**	**6,399.3**
Borrowings	11,123.7	7,642.0	11,551.2	12,460.8
Other Liabilities	442.2	509.2	753.8	1,425.8
Total liabilities	**15,731.3**	**13,400.2**	**18,102.7**	**20,285.9**
Assets Under Management	83,977.6	98,204.6	118,740.8	125,003.4
Debt to Equity	2.7	1.5	2.0	1.9

Ratios	**Fiscal 2015**	**Fiscal 2016**	**Fiscal 2017**	**Nine Months ended December 31, 2017**
ROA(i)	3.2%	7.4%	3.5%	4.2%
ROE(1)	9.7%	23.0%	9.9%	13.1%
Cost to Net Income(2)	31.4%	17.3%	26.5%	24.4%

(1) Calculated on an annualized basis
(2) Cost refers to total operating expenditure

The AUM of JMFARCL increased at a CAGR of 18.9% from Fiscal 2015 to Fiscal 2017. The following table sets forth our AUM in our ARC business across various industries as of December 31, 2017:

Industry	**Amount**	**Percentage of Total AUM**
	(₹ million)	**(%)**
Hospitality	41,219.2	33.0%
Real Estate	15,053.3	12.0%
Pharmaceuticals	13,655.7	10.9%

Industry	Amount	Percentage of Total AUM
	(₹ million)	**(%)**
Textiles	9,947.0	8.0%
Ceramics	8,758.6	7.0%
Portfolio & Others	36,369.6	29.1%
Total AUM	**125,003.4**	**100.0%**

Investment Banking and Securities Business (IWS)

Our Investment Banking and Securities segment comprises our (i) investment banking, (ii) investment advisory and distribution and (iii) institutional equities businesses.

Revenues from our investment banking and securities business represented 37.2%, 29.4%, 27.1% and 25.5% of our total revenues in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively. Revenue from this segment increased at a CAGR of 10.6% from Fiscal 2015 to Fiscal 2017, and increased by 41.0% from the nine months ended December 31, 2016 to the nine months ended December 31, 2017. Profit before tax from our investment banking and securities business represented 24.0%, 11.5%, 14.8% and 14.9% of our profit before tax in Fiscal 2015, 2016 2017 and in the nine months ended December 31, 2017, respectively. Profit after tax has for this segment increased at a CAGR of 6.1% from Fiscal 2015 to Fiscal 2017, and increased by 83.4% from the nine months ended December 31, 2016 to the nine months ended December 31, 2017. The segment generated a return of equity of 15.9% for Fiscal 2017 and 19.5% for the nine months ended December 31, 2017 on an annualized basis.

- ***Investment Banking***

Our investment banking business offers equity capital markets services, corporate finance services, mergers & acquisitions advisory and private equity syndication services to corporate clients and financial sponsors. We are a SEBI registered Category I merchant banker.

We offer the following services as part of our investment banking business:

Capital Markets. Our capital market services is focused on marquee capital market transactions and our services include lead managing, underwriting and syndicating IPOs and follow-on offerings in the domestic market, marketing block trades, advising on new and innovative debt and equity linked corporate finance products, advising on positioning, investor relations and non-deal road shows, advising on capital restructuring and balance sheet management through products such as share repurchase and recapitalization and bridge financing assistance for potential acquisitions. Having commenced our operations as an investment banking company, we have gained over four decades of experience in this segment. We have completed a large number of equity transactions between January 1, 2008 and December 31, 2017, aggregating to over ₹ 1,855 billion (*Source: Prime Database*).

Mergers & Acquisitions. We provide advisory services for various types of transactions, including domestic and cross-border mergers and acquisitions, private placements, and restructuring. We charge financial advisory fees based on the type and scale of transactions and the scope of our services. Our financial advisory team works closely with leading financials sponsors and private equity houses in India to facilitate and advise on promoter financing and private equity exits. We also work with our structured financing team to offer our clients financing for their other transactions. We have completed mergers and acquisitions transactions aggregating to US$ 62 billion from January 1, 2008 to January 15, 2018 (*Source: Merger Market*). Most recently, we were the highest ranked corporate group for the mergers and acquisitions transactions completed in the calendar year 2017, by Mergermarket.

Private Equity Syndication. We focus on bringing together private equity investors and corporate houses. With our active coverage of corporates in India, we believe we possess an understanding of private equity investors' approach and their requirements. We advise companies on fundraising strategies, as well as private equity investors on their investment approach. This involves ideation, structuring the transaction, negotiation on financial and strategic terms, facilitating due-diligence, preparation of private placement materials, and deal closure. The various types of deals executed under private equity include venture capital, growth capital, pre-IPO, acquisition financing, private equity investments in public enterprises, buy-outs and structured finance.

- ***Investment Advisory and Distribution***

We are engaged in the investment advisory and distribution business through JMFSL. We offer research based investment advisory, broking and distributor services to non-institutional investors with open product architecture. We also have a proprietary trading book to undertake cash, and futures arbitrage. Our services in this segment are further classified into three distinct businesses: (i) equity brokerage; (ii) wealth management; and (iii) independent financial products distribution.

Equity Brokerage. Our equity brokerage group offers research based equity advisory and trading services to HNIs, corporate and retail clients.

As of December 31, 2017, our equity brokerage group had presence in 114 cities in India, through a network of branches and franchisees.

Wealth Management. Our wealth management group serves high net worth individuals and family offices. Our clients include CXO level executives, entrepreneurs, business owners and other professionals. Our wealth management products include advisory PMS, discretionary PMS, equity debt and mutual fund, equity and derivatives, fixed income products, leverage products, and structured products. Our wealth management group provides a range of financial and custody solutions to our clients. We follow open product architecture through a combination of in-house offerings and third party products. As of December 31, 2017, our wealth management business had a team of 58 wealth advisors and presence in Mumbai, Delhi, Pune, Bangalore, Ahmedabad, Kolkata and Hyderabad.

The following table sets forth certain information on our AUM under the wealth management business as of the dates indicated:

Particulars	As of March 31,			As of December 31,	
	2015	2016	2017	2016	2017
	(₹ million)				
Equity and alternate	52,126.1	64,754.0	90,580.6	91,606.0	143,183.5
Debt	66,286.6	61,612.6	74,418.9	55,494.2	130,405.6
Liquid	55,893.4	143,223.0	71,641.5	76,266.4	45,512.1
Total AUM	**174,306.1**	**269,589.6**	**236,641.0**	**223,366.6**	**319,101.2**

In addition to trading and other products, we also provide funding to our broking and wealth management clients through our NBFCs. For further information on our funding business, see " – *Business Operations – Fund Based Activities*" on page 166.

We incorporated JMFCL on December 4, 2015 as a subsidiary of JMFSL, to optimize the overall capital structure of our investment advisory business. JMFCL is registered as an NBFC with the RBI, and its loan book as of March 31, 2017 and December 31, 2017 was ₹ 1,638.7 million and ₹ 9,073.0 million, respectively, with yields of 11.0 % and 10.4% (on an annualized basis), respectively. There were no Gross NPAs or Net NPAs as of March 31, 2017 and December 31, 2017 in JMFCL.

Independent Financial Distribution. Our extensive network of independent financial distributors ("IFDs") distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds to their retail and high net-worth customers across the country.

- ***Institutional Equities***

Our institutional equities business offers broking services in both cash and derivatives to Indian and global institutional clients. Over the years, our institutional equities business has established key connections within India and other regions in Asia, in Europe and in the United States. The institutional equities team is primarily focused on aiding companies broad-base their investments across geographies and fund types.

We have developed an extensive coverage of companies under research, and cater to various institutional investors including foreign institutional investors, hedge funds, sovereign funds, domestic mutual funds and insurance companies.

Alternative Asset Management

Our alternative asset management business involves the administration and management of our private equity and real estate funds. Revenues from our alternative asset management business represented 2.0%, 0.8%, 0.2%

and 0.9% of our total revenue in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively. Profit (loss) before tax from our alternative asset management business represented 2.9%, 0.6%, (0.9)% and 0.9% of our profit before tax in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017.

The alternative asset management business generated a return of equity of 15.1% in the nine months ended December 31, 2017 on an annualized basis.

The following table sets forth the key performance indicators of our alternative asset management business:

Particulars	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of December 31, 2017
	(₹ million)			
Private Equity Fund	6,103.2	5,403.2	4,752.2	3,403.2
Real Estate Fund	3,013.8	2,331.5	1,804.5	1,804.5
Total	**9,117.0**	**7,734.7**	**6,556.7**	**5,207.7**

- ***Private Equity Funds***

JM Financial India Fund I. JM Financial India Fund ("Fund I") is a broad-based, multi-sector US$ 225 million India fund that has invested in domestic companies seeking growth capital. The focus sectors for Fund I included consumer services, financial services, infrastructure services, manufacturing, education and outsourcing services.

Fund I raised capital of ₹ 9,520.0 million through its domestic and offshore schemes and invested the corpus in 13 companies across various sectors. It has successfully exited completely from seven of its portfolio companies and partially from two portfolio companies. It has returned an aggregate of 97.7% amounting to ₹ 9,301.8 million of the capital contributions in terms of Indian Rupee, and has received consent from its investors to extend the tenure of the fund by an additional two years until July 31, 2018. The fund is in the process of seeking exit opportunities for its balance portfolio.

JM Financial India Trust II. JM Financial India Trust II ("Fund II") has been registered with the SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II AIF. Similar to Fund I, Fund II is an India focused private equity fund. As of December 31, 2017, Fund II had completed one investment.

- ***Real Estate Fund***

JM Financial Property Fund (the "Property Fund") is a real estate focused private equity fund that has invested in residential, hospitality and mixed use development assets at individual project or at holding level in development companies. As of December 31, 2017, the Property Fund had made 16 investments and had completely exited six investments and partially from three investments. The Property Fund through its domestic and offshore schemes had raised total capital contribution of ₹ 4,007.5 million, which is fully invested. As of December 31, 2017, the Property Fund had made an aggregate distribution of ₹ 2,654.0 million which is 65.6% of the total capital contribution in terms of Indian Rupee. While the domestic scheme of the Property Fund has received consent from its investors to extend the tenure by an additional two years until March 4, 2019, the offshore scheme is in process of obtaining consent from its investors to extend the tenure by an additional two years until January 25, 2020.

Asset Management

Our Subsidiary JM Financial Asset Management Limited ("JMFAML") is the asset management company for our mutual fund JM Financial Mutual Fund ("JMFMF").

As of December 31, 2017, JMFMF offered 15 schemes that were categorized as long-term debt, short-term debt, balance, equity arbitrage and equity schemes to address investment requirements of both individual and institutional investors.

Investors have the ability to invest with JMFMF through 14 branches or 81 investor service centers across India. Investments can also be handled through our extensive network of empaneled distributors or through distributor web portals with access through the internet.

JM Financial Asset Management Limited has also tied up with the BSE and the NSE to offer online facilities of BSE Star and MFSS platforms of the respective exchanges, to investors.

The following table sets forth certain information on the financial performance and key performance indicators of our asset management business:

	As of March 31,			As of December 31,	
	2015	2016	2017	2016	2017
	(₹ million)				
Average AUM					
Equity	4,197.3	6,690.5	11,482.1	10,885.9	34,015.8
Balanced	6,951.7	37,607.8	22,768.0	23,382.5	20,178.0
Debt	21,442.0	16,305.2	14,279.4	14,726.0	12,156.5
Liquid	48,303.7	40,904.7	53,455.4	52,113.1	50,570.4
Arbitrage	32,633.5	47,344.1	31,951.1	31,830.3	26,040.9
Total	**113,528.2**	**148,852.3**	**133,936.0**	**132,937.8**	**142,961.6**

	Fiscal			Nine Months ended December 31,	
	2015	2016	2017	2016	2017
	(₹ million)				
Revenue:					
Revenue From Operations	372.5	831.9	738.0	546.8	746.0
Other Income	95.0	24.3	154.9	87.5	104.1
Total Income	**467.5**	**856.2**	**892.9**	**634.3**	**850.1**
Expense:					
Total Operating Expenditure	289.2	292.4	318.3	246.5	242.8
Finance Cost	0.2	0.4	0.4	0.3	0.2
Profit Before Tax	**178.1**	**563.4**	**574.2**	**387.5**	**607.1**
Tax	12.7	118.6	131.5	87.7	152.0
Profit After Tax	**165.4**	**444.8**	**442.7**	**299.8**	**455.1**

Ratios	Fiscal			Nine Months ended December 31,	
	2015	2016	2017	2016	2017
PAT/ Average AUM(i)	0.1%	0.3%	0.3%	0.3%	0.4%
Cost to Income	61.9%	34.2%	35.7%	38.9%	28.6%
Management Fees	350.1	775.7	738.0	546.8	746.0

(i) Calculated on an annualized basis

	Fiscal			Nine Months ended December 31, 2017
	2015	2016	2017	
ROA(i)	12.5%	26.8%	20.8%	26.4%
ROE(i)	13.3%	28.7%	22.2%	28.0%

(i) Calculated on an annualized basis

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million)			
Assets:				
Fixed Assets	300.2	338.6	335.4	322.5
Investments	1,005.3	1,269.5	1,751.2	1,749.4
Cash and Cash Equivalents	3.7	3.3	3.0	8.5
Other Assets	108.1	295.9	250.7	175.0
Total Assets	**1,417.3**	**1,907.3**	**2,340.3**	**2,255.4**
Liabilities:				
Share Capital	588.4	588.4	588.4	533.3
Reserves and Surplus	738.4	1,183.3	1,625.9	1,582.4
Shareholders' funds	**1,326.8**	**1,771.7**	**2,214.3**	**2,115.7**
Borrowings	1.4	1.3	1.3	1.0
Other Liabilities	89.1	134.3	124.7	138.7

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million)			
Total Liabilities	**1,417.3**	**1,907.3**	**2,340.3**	**2,255.4**

Revenue from our asset management business represented 3.3%, 5.1%, 3.8% and 3.7% of our total revenue in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respective. Total income from JMFAML increased at a CAGR of 38.2% from Fiscal 2015 to Fiscal 2017, and by 34.0% from the nine months ended December 31, 2016 to the nine months ended December 31, 2017. Profit before tax of our asset management business represented 3.4%, 8.1%, 5.9% and 6.7% of our profit before tax in Fiscal 2015, 2016, 2017 and in the nine months ended December 31, 2017, respectively. Profit after tax of JMFAML increased at a CAGR of 63.6% from Fiscal 2015 to Fiscal 2017, and by 51.8% from the nine months ended December 31, 2016 to the nine months ended December 31, 2017. The AUM of JMFAML has increased at a CAGR of 8.6% from Fiscal 2015 to Fiscal 2017.

Asset and Liability Management

Our business requires significant working capital and, accordingly, our liquidity management is a critical function.

We monitor our asset liability through an asset liability management committee at entity level. Our asset liability is monitored on a daily basis by the management team to track our inflows and outflows. Since we have a mixed lending portfolio comprising short-term and long-term loans, we make efforts to match the maturity of liabilities with the maturity of assets. For this purpose, we undertake entity level asset liability management function periodically. The group level asset liability management committee meets on a weekly basis to review liquidity reports and monitor our asset liability. We also focus on enterprise-wide risk management to ensure optimum returns and capital preservation.

The table below sets forth the maturity pattern of certain items of our assets and liabilities as of March 31, 2017:

Particulars	Up to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
(₹ million)									
JM Financial Credit Solutions Limited									
Liabilities:									
Borrowings from Banks	111.2	139.0	664.2	941.6	5,449.9	12,354.2	3,995.0	-	23,655.1
Market Borrowings	0.0	3,724.2	2,926.5	1,750.2	0.2	8,536.5	790.0	-	17,727.6
Assets:									
Advances	1,546.1	2,287.2	1,478.7	2,984.9	9,684.2	32,300.7	6,480.2	-	56,762.0
Investments	-	-	-	-	-	-	-	-	-
JM Financial Products Limited									
Liabilities:									
Borrowings from Banks	-	-	-	-	200.0	2,577.7	1,222.3	-	4,000.0
Market Borrowings	4,536.1	2,857.0	6,618.4	6,209.5	13,168.3	6,930.1	771.0	-	41,090.4
Advances	6,910.0	2,859.3	2,748.4	10,417.2	6,208.8	16,924.7	4,826.6	1,440.4	52,335.4
Deposits	-	-	-	-	3.8	-	80.0	0.1	83.9
Investments	-	-	-	57.1	-	1,230.0	1,930.0	1,142.7	4,359.8
JM Financial Capital Limited									
Liabilities:									
Borrowings from Banks	5.5	-	-	-	-	-	-	-	5.5
Market Borrowings	-	197.8	-	-	-	-	-	-	197.8
Advances	481.7	283.3	263.3	263.3	263.3	92.1	-	-	1,647.0
Investments	310.0	-	-	-	-	-	-	-	310.0

Capital Adequacy Ratio

The following table sets out the capital adequacy ratios of our Subsidiaries engaged in the lending business, as of the dates indicated:

JM Financial Credit Solutions Limited

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million, except ratios and percentages)			
Tier I Capital	9,349.3	11,283.5	14,003.2	16,319.5
Tier II Capital	46.2	122.9	198.9	257.0
Total Capital	**9,395.5**	**11,406.4**	**14,202.1**	**16,576.5**
Total Risk Weighted Assets	**18,487.2**	**42,093.4**	**57,063.3**	**65,889.4**
Capital Adequacy Ratio (as a Percentage of Total Risk Weighted Assets (%))				
Tier I Capital	50.6%	26.8%	24.5%	24.8%
Tier II Capital	0.2%	0.3%	0.3%	0.4%
Total Capital	**50.8%**	**27.1%**	**24.9%**	**25.2%**

JM Financial Products Limited

	As of March 31,			As of December 31, 2017
	2015	2016	2017	
	(₹ million, except ratios and percentages)			
Tier I Capital	9,949.9	11,904.1	12,990.9	13,853.6
Tier II Capital	262.7	262.7	262.7	284.9
Total Capital	**10,212.6**	**12,166.8**	**13,253.6**	**14,138.5**
Total Risk Weighted Assets	**37,469.9**	**39,790.7**	**62,942.8**	**79,197.8**
Capital Adequacy Ratio (as a Percentage of Total Risk Weighted Assets (%))				
Tier I Capital	26.6%	29.9%	20.6%	17.5%
Tier II Capital	0.7%	0.7%	0.4%	0.4%
Total Capital	**27.3%**	**30.6%**	**21.1%**	**17.9%**

JM Financial Capital Limited

	As of March 31, 2017	As of December 31, 2017
	(₹ million, except ratios and percentages)	
Tier I Capital	1,993.5	2,092.8
Tier II Capital	6.0	36.8
Total Capital	**1,999.5**	**2,129.6**
Total Risk Weighted Assets	**1,977.0**	**9,243.9**
Capital Adequacy Ratio (as a Percentage of Total Risk Weighted Assets (%))		
Tier I Capital	100.8%	22.6%
Tier II Capital	0.3%	0.4%
Total Capital	**101.1%**	**23.0%**

Risk Management

Risk management forms an integral part of our business operations and monitoring activities. We are exposed to various risks related to our lending business and operating environment. Our objective is to evaluate and monitor various risks that we are subject to and follow stringent policies and procedures to address these risks. Our Group Risk Committee assists the Board in addressing various risks and discharging duties relating to corporate accountability. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage the risks that are encountered during conduct of business activities in an effective manner. A documented, systematic assessment of processes and outcomes surrounding key risks including internal control is undertaken semi-annually. Reports cover risk identification, risk classification, assessment of impact, risk mitigation/remedial action and risk status. The Board reviews the effectiveness of risk management systems in place and ensures that they are effectively managed. Additionally, independent internal audit firms are appointed to review and report on the business processes and policies in all operating companies. Reports of internal auditors are reviewed and discussed by the Audit Committee of the respective operating companies. Further, observations made by external and regulatory agencies are also addressed and complied with.

Risk Management Architecture

The major risks we face in our businesses are credit risk, market risks, liquidity risk, operational risk, regulatory and compliance risk and business and continuity risk.

Credit Risk

We face the risk that our borrowers may fail to discharge their repayment obligations to us and thereby resulting in a financial loss. Any material unexpected credit losses or failure of borrowers to repay debt on time, may have an adverse effect on our business.

We undertake a credit approval and review exercise, extensive credit appraisal, ensure proper documentation and conduct periodic reviews to mitigate credit risk. Various norms are stipulated for customer identification and procedures are in place for evaluation of prospective credit proposals. Regular portfolio risk analysis is done on various financial and policy parameters to make required changes in the existing policy.

Market Risk

We face the risk that the value of our portfolio of investment in securities may fall due to adverse market movements or fluctuations in interest rates, foreign exchange rates, equity or commodity prices.

Our portfolios and collaterals/ securities are continuously monitored and we adopt derivative instruments as hedging mechanism to minimize the impact of market risk.

Liquidity Risk

We access public funds for our businesses. Our liquidity may be affected due to severe liquidity crunch in the market or due to market disruptions where we are unable to access public funds.

We believe we have a strong financial position and all our businesses are adequately capitalized, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain a part of our capital in liquid assets to manage any sudden liquidity requirements.

Operational Risk

Our businesses are dependent on people and processes. Shortcomings or failure in internal processes or systems may have material adverse impact on our financial position as well as affect our operations.

We have well-defined policies, operational processes and systems for our operations. Regular audits are done by independent internal auditors to monitor adherence of policies and processes. We also undertake regular systems audit by external audit firms.

Regulatory and Compliance Risk

We may be faced with risks resulting from changes in laws and regulations governing our business including on account of our inability to adequately address regulatory requirements or from differences in interpretation of regulations vis-à-vis that of regulators. This risk is further enhanced as we expand into newer geographies and compliance with multiple regulations and regulatory requirements of various jurisdictions may be challenging.

We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which takes care of compliance with applicable laws, rules, regulations and guidelines affecting our businesses. We also take external advice and appoint qualified professionals in respective functions across various offices.

Business and Continuity Risk

In the event of disruption in the conduct of business due to incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results. We have in place Business Continuity Plan ("BCP") to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same. The records with respect to critical and confidential data are preserved and are secured.

Credit Ratings

Our credit ratings as of December 31, 2017, are set forth below:

Entity	Instrument	Agency	Rating	Outlook
JM Financial Products Limited	Long term NCD issuances and bank lines	CRISIL	CRISIL AA	Stable
	Commercial Paper Program		CRISIL A1+	-
	Long term NCD issuances and bank lines	ICRA	[ICRA] AA	Stable
	Long term principal protected equity linked debenture program		PP – MLD [ICRA] AA	Stable
	Commercial Paper Program		[ICRA] A1+	-
	Commercial Paper Program	CARE	[CARE] A1+	-
	Long term NCD issuances		[CARE] AA	Stable
JM Financial Credit Solution Limited	Long term NCD issuances and bank lines	CRISIL	CRISIL AA	Stable
	Commercial Paper Program		CRISIL A1+	-
	Long term NCD issuances and bank lines	ICRA	[ICRA] AA	Stable
	Long term market linked debentures (principal protected)		[ICRA] AA	Stable
	Commercial Paper Program		[ICRA] A1+	-
	NCDs and bank lines	India Ratings and Research	IND AA	Stable
	Commercial Paper Program		IND A1+	-
JM Financial Asset Reconstruction Company Limited	Long term NCD issuances and bank lines	CRISIL	CRISIL AA-	Stable
	Commercial Paper Program		CRISIL A1+	-
	Long term NCD issuances and bank lines	ICRA	[ICRA] AA-	Stable
	Commercial Paper Program		[ICRA] A1+	-
	Long term principal protected equity linked debenture program		PP – MLD [ICRA] AA-	Stable
	Commercial Paper Program	CARE	[CARE] A1+	-
	Long term NCD issuances and bank lines		[CARE] AA-	Stable
JM Financial Services Limited	Long term bank lines	CRISIL	CRISIL AA	Stable
	Commercial Paper Program and Short term bank lines		CRISIL A1+	-
	Short term bank lines	ICRA	[ICRA] A1+	-
	Commercial Paper Program		[ICRA] A1+	-
	Commercial Paper Program	CARE	[CARE] A1+	-
JM Financial Institutional Securities Limited	Commercial Paper Program	CRISIL	CRISIL A1+	-
	Short term bank lines	ICRA	[ICRA] A1+	-
	Commercial Paper Program		[ICRA] A1+	-
	Commercial Paper Program	CARE	[CARE] A1+	-
JM Financial Capital Limited	Long term NCD issuances	CRISIL	CRISIL AA	Stable
	Commercial Paper Program and short term debt		CRISIL A1+	
	Long term NCD issuances	ICRA	[ICRA] AA	Stable
	Long term market linked debentures		[ICRA] AA	Stable
	Commercial Paper Program		[ICRA] A1+	
	Commercial Paper Program	CARE	[CARE] A1+	
JM Financial Limited	Commercial Paper Program	CRISIL	CRISIL A1+	
	Non Convertible Debenture Programme	ICRA	[ICRA] AA	Stable
	Commercial Paper Program		[ICRA] A1+	
	Short term bank lines		[ICRA] A1+	-
	Commercial Paper Program	CARE	[CARE] A1+	
JM Financial Properties and Holdings	Long term – Term loans	ICRA	[ICRA] AA	Stable
	Commercial Paper Program		[ICRA] A1+	
	Commercial Paper Program	CARE	[CARE] A1+	
CR Retail Malls (India) Private Limited	Long term bank lines	ICRA	[ICRA] A	Stable
	Commercial Paper Program		[ICRA] A1+	

Credit ratings for long-term debt issued by our key subsidiaries in the fund based business as of the periods indicated are set forth below:

	2011	**2013**	**2014**	**February 2015**	**June 2015 – July 2015**	**September 2015 – October 2015**	**March 2016 – April 2016**	**October 2016 – November 2016**	**September 2017 – November 2017**
JM Financial Products									
CRISIL	AA-/ Stable				AA-/ Positive	AA/Stable			
ICRA			AA/ Stable						
CARE									AA/Stable
JM Financial Credit Solutions									

	2011	2013	2014	February 2015	June 2015 – July 2015	September 2015 – October 2015	March 2016 – April 2016	October 2016 – November 2016	September 2017 – November 2017
India Ratings					AA/ Stable				
ICRA				AA-/ Stable		AA/Stable			
CRISIL							AA/Sta ble		
JM Financial Asset Reconstruction Company Limited									
CRISIL		A+/ Stable					A+/ Positive	AA-/ Stable	
ICRA			A+/ Stable				A+/ Positive	AA-/ Stable	
CARE									AA-/Stable

Marketing and Customer Support

While majority of our businesses depend on synergies with our other businesses to seek cross-selling opportunities, our customer origination initiatives involve our sales team and marketing campaigns. We also leverage our corporate relationships that we have established over four decades with some of the major corporate powerhouses in India, through referrals and other cross-selling initiatives.

We constantly strive to service our clients by understanding their requirements and aligning our capabilities to meet emerging market trends. We have implemented customer oriented practices including extended-hours of customer service as may be required.

Information Technology

Our technology infrastructure is critical to our businesses. We believe in leveraging technology to provide a strategic competitive advantage, to improve productivity and performance, to manage risk, to develop new businesses and to provide customers with a better experience. Over the years, we have constantly invested in building and upgrading our technological infrastructure. As of December 31, 2017, we had a technology team with 105 employees with the relevant expertise to provide contemporary and flexible technology solutions. We believe that we have leveraged technology effectively to enable growth, build risk management and provide enhanced customer experience. We seek to leverage technology solutions that drive the growth of our businesses.

Intellectual Property

As of December 31, 2017, we did not own any trademark or any other intellectual property.

Outsourcing

We outsource certain of our non-critical functions to third party vendors. These include data-entry services, document storage and facilities management services.

Awards

Year	Entity Name	Award description
2017	JM Financial Limited	**India's Best Company to Work For** - ranked 45 in India's Great Mid-Size Work Places
		CFBP Jamnalal Bajaj Awards - awarded Certificate of Merit for 2016 in the Large Service Enterprises category by the Council for Fair Business Practice (CFBP) Jamnalal Bajaj Awards
	JM Financial Services Limited	**Market Achievers Award** - recognized in the 'Highest IPO Bidding-Non-Institutional' category
		The Great Place To Work- recognized in India's best Large-Size companies to Work 'Investments' category
		BSE Award, 2017-recognized amongst the Top Performers in the Equity Broking Segment (Retail Trading)

Year	Entity Name	Award description
		BSE Award, 2017-recognized amongst the Top Performers in Primary Market Segment (Equity – IPO/FPO Bids - Members)
		BSE Award, 2017- recognized amongst the Top National Distributors in Mutual Fund Segment
		NSE Market Achievers' Award, 2017
	JM Financial Asset Management Ltd	**India's Best Company to Work For -** ranked 30 in India's Great Mid-Size Work Places 2017
2016	JM Financial Services Limited	**BSE Award, 2016**- recognized amongst the Top Performers in Primary Market Segment (IPO/FPO Bids members)
		BSE Award, 2016- recognized amongst the Top Performers in Sovereign Gold Bonds
		Asiamoney Private Banking Poll 2016- ranked No. 2 Best Private Banks – India - HNWI US$>25m category
		Asiamoney Private Banking Poll 2016- recognized amongst Top 5 Best Private Banks – India - HNWI US$5.01m-25m category
		Asiamoney Private Banking Poll 2016- recognized amongst Top 10 Best Private Banks – India - HNWI US$1m-5m category
		India's Best Company to Work For - Ranked 1st in the Investments Category Amongst 'India's Best Companies To Work For 2016'
		UTI & CNBC - awarded Best Performing National Financial Advisor Institutional
		NSE Certificate of Appreciation- recognized by National Stock Exchange, amongst the Top 10 performers in the Cash Segment for the year 2015-16
	JM Financial Institutional Securities Ltd	**Business World-PWC I-Banking Survey**- awarded QIP Dealmaker of the Year in the Business World-PWC I-banking Survey 2016
	JM Financial Asset Management Limited	**India's Best Company to Work For -**ranked amongst 'India's 100 Best Companies To Work For 2016
2015	JM Financial Service Limited	**India's Best Company to Work For -** ranked amongst "India's 100 Best Companies To Work For 2015" - Overall
		India's Best Company to Work For - ranked 1st in the Investments Industry Category in "India's Best Companies To Work For 2015"
		UTI & CNBC- awarded Best Performing National Financial Advisor – Institutional
	JM Financial Institutional Securities Limited	**The Asset Triple A Country Awards**-awarded 'Best Corporate and Institutional Bank –Domestic' and 'Best Equity House'
		SKOCH BSE Award For Aspiring India- awarded Highest Independent Honour in India
		BW Business World Magna Awards 2015 -awarded M&A Deal Maker of the Year
	JM Financial Asset Management Limited	**India's Best Company to Work For** -ranked amongst "India's 100 Best Companies To Work For 2015" – Overall
		The Great Place To Work -ranked 5th best in the Financial Services Industry Category in "India's Best Companies to Work For 2015"
	JM Financial Singapore Pte	**The Acquisition International 2015 M&A Awards-** awarded Dealmaker of the Year "Altran Acquisition of Foliage Inc"

Competition

The financial services industry is highly competitive and we expect competition to intensify in the future. Each of our key businesses competes on the basis of a number of key factors.

Competitors in our credit business include established Indian and foreign commercial banks, other NBFCs, housing finance companies and small finance banks, who principally operate in the local market. We may also face competition from unorganized small market participants who are prevalent in semi-urban and rural landscapes, local money lenders in rural areas, which are also focused on lending to underserved segments and micro, small and medium enterprises. In particular, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalizing related operational costs.

Our financial advisory, investment banking and equities brokerage business competes with other investment banks, financial and wealth advisors and brokers. In addition, our brokerage business faces competition from trading businesses conducted over the phone between clients and broker-dealers, as well as from banks and other financial institutions that are permitted to engage in broking, distribution and wealth advisory services.

Our asset reconstruction business is likely to face competition from existing asset reconstruction companies that are promoted by equally established corporate houses. JMFARCL's competitors may also include private equity funds, hedge funds and alternative investment funds that have specialized asset reconstruction oriented investments. We anticipate that JMFARCL will compete on the basis of the expertise in structuring resolution processes, acquisition costs for distressed assets coupled with the probability of recovering or reconstructing such debt.

Our asset management company faces competition from other asset management companies. Our alternative asset management business faces competition from other private equity funds.

Insurance

We maintain various insurance policies to cover the different risks involved in our business operations. We have a directors' and officers' indemnity insurance policy to secure protection from claims and certain liabilities that may be imposed on our directors and officers. We also have insurance policies covering, among others, fire and allied perils, burglary, electronic equipment, furniture/fixtures and comprehensive general liability insurance. We believe that our insurance coverage is appropriate and adequate for our operations.

Human Resources

We believe that talent is our most valuable asset and that our success lies in the quality of our people, their competencies and their commitment towards attaining the organizational goals. Building and developing our talent pool is our key priority and we strive to create work environment that encourages continuous development on both fronts, behavioral as well as technical.

The employees are encouraged to attend relevant workshops and knowledge sessions, which are coordinated by the human resources function. We also focus on technical training for our employees such as credit risk modelling, financial modelling and finance training for employees with a non-finance background. The human resources function is also responsible for building the human resources strategy of our Group. Our human resources team is primarily responsible for activities such as talent and performance management, employee engagements, learning and training initiatives, compensation and benefit programs and implementing workforce diversity.

As of December 31, 2017, we had 1,515 employees across our business verticals.

Corporate Social Responsibility

The Company has adopted a Corporate Social Responsibility ("CSR") policy and our CSR activities are administered by the CSR Committee. Our CSR initiatives are implemented through JM Financial Foundation.

Properties

We own our registered and corporate office located at 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 through our wholly owned Subsidiary JM Financial Properties Limited. As of December 31, 2017, we had a wide network of branches across India and presence in Mauritius, Singapore and United States of America, most of which are contracted on a leasehold basis.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its powers subject to the Memorandum of Association and Articles of Association of our Company and as per the requirements of the applicable laws. The composition of our Board is governed by the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The Articles of Association of our Company provide that the number of directors shall not be less than three and not more than fifteen. At present, our Company has eight Directors on its Board, comprising one Executive Director and seven Non-Executive Directors, including six Independent Directors inclusive of one woman director.

Pursuant to the provisions of the Companies Act, at least two-third of the total number of Directors, excluding Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. Additionally, in accordance with the Articles of Association of our Company, if the number of Directors retiring is not three or a multiple of three, then the nearest number to one-third are liable to retire by rotation. A retiring Director is eligible for reappointment. Further, as per the provisions of Companies Act, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. However, the reappointment of an Independent Directors for a second consecutive term shall, amongst other things, be on the basis of the performance evaluation report and approved by the Shareholders by way of a special resolution.

The following table sets forth details regarding the Board of Directors as of the date of this Preliminary Placement Document:

S.No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
1.	Mr. Nimesh Kampani **Address**: 123, Maker Tower 'B' Cuffe Parade Mumbai 400 005 Maharashtra, India **Occupation:** Investment Banker **DIN:** 00009071 **Term:** Liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 **Nationality:** Indian	71	Non-Executive Chairman
2.	Mr. E A Kshirsagar **Address**: 19, Tarangini Twin Towers Road, Prabhadevi Mumbai 400 025 Maharashtra, India **Occupation**: Company director **DIN**: 00121824 **Term**: Five years commencing from July 3, 2014 **Nationality**:Indian	76	Independent Director

S.No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
3.	Mr. Darius E Udwadia **Address**: Empress Court 142, Maharshi Karve Road Churchgate Mumbai 400 020 Maharashtra, India **Occupation**: Solicitor & Advocate **DIN**: 00009755 **Term**: Five years commencing from July 3, 2014 **Nationality**: Indian	78	Independent Director
4.	Mr. Paul Zuckerman **Address**: 105, Grosvenor Road London SW IV 3LG United Kingdom **Occupation**: Company director **DIN**: 00112255 **Term**: Five years commencing from July 3, 2014 **Nationality**: British	72	Independent Director
5.	Dr. Vijay Kelkar **Address**: A - 701 Blossom Boulevard Plot No. 421 South main Road Koregaon Park Pune 411 001 Maharashtra, India **Occupation**: Company director **DIN**: 00011991 **Term**: Five years commencing from July 3, 2014 **Nationality**: Indian	75	Independent Director

S.No.	Name, Address, Occupation, DIN, Term and Nationality	Age	Designation
6.	Mr. Keki Dadiseth **Address:** 8A, Maneck L. D. Ruparel Marg Malabar Hill Mumbai 400 006 Maharashtra, India **Occupation**: Company director **DIN:** 00052165 **Term**: Five years commencing from July 3, 2014 **Nationality:** Indian	72	Independent Director
7.	Ms. Jagi Panda **Address**: Plot No. 08 Bhoi Nagar, R. N. Singhdeo Marg Bhubaneswar 751 012 Odisha, India **Occupation**: Service **DIN**: 00304690 **Term**: Five years commencing from March 31, 2015 **Nationality**: Indian	51	Independent Director
8.	Mr. Vishal Kampani **Address:** 123, Maker Tower 'B' Cuffe Parade Mumbai 400 005 Maharashtra, India **Occupation:** Investment Banker **DIN:** 00009079 **Term:** Five years commencing from October 1, 2016 **Nationality:** Indian	41	Managing Director

Biographies of the Directors

Mr. Nimesh Kampani is the Non-Executive Chairman of our Company. He has been a director in our Company since June 29, 1987. He serves as a Director on the Board of Directors of several companies such as Apollo Tyres Limited, Britannia Industries Limited and Deepak Nitrite Limited.

Mr. E. A. Kshirsagar is an Independent Director of our Company. He has been a director in our Company since August 2, 2004. He serves as a Director on the Board of Directors of several companies such as Hawkins Cookers Limited, Batliboi Limited and Manipal Global Education Services Private Limited.

Mr. Darius E Udwadia is an Independent Director of our Company. He has been a director in our Company since September 7, 2006. He serves as a Director on the Board of Directors of several companies such as Bombay Burmah Trading Corporation Limited and Quantum Advisors Private Limited.

Mr. Paul Zuckerman is an Independent Director of our Company. He has been a director in our Company since July 25, 2008.

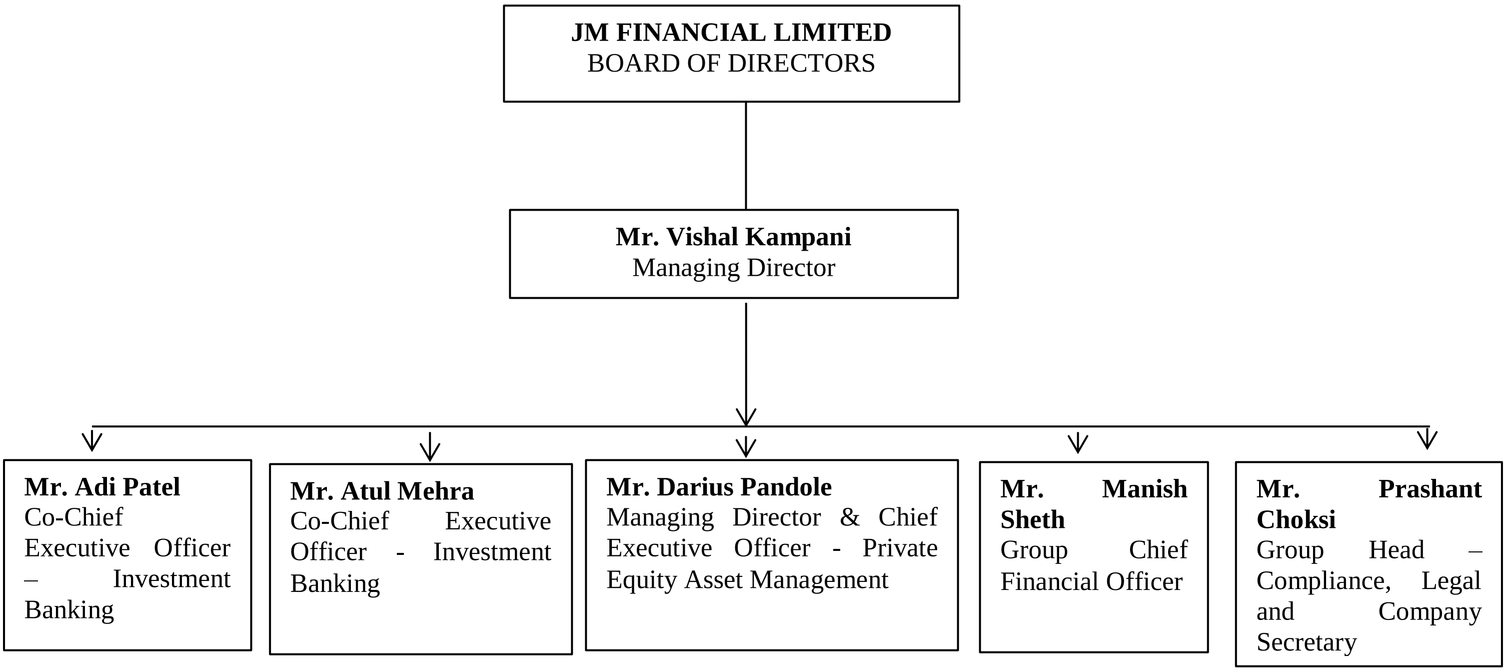
Dr. Vijay Kelkar is an Independent Director of our Company. He has been a director in our Company since July 28, 2010. He serves as a Director on the Board of Directors of several companies such as Lupin Limited, JSW Steel Limited and Go Airlines (India) Limited.

Mr. Keki Dadiseth is an Independent Director of our Company. He has been a director in our Company since July 31, 2013. He is on the Board of Directors of several companies such as Britannia Industries Limited, Siemens Limited, Piramal Enterprises Limited and Godrej Properties Limited.

Ms. Jagi Panda is an Independent Director of our Company. She has been a director in our Company since July 30, 2015. She is on the Board of Directors of several companies such as Ortel Communications Limited, Metro Skynet Limited and Odisha Television Limited.

Mr. Vishal Kampani is the Managing Director of our Company since October 1, 2016. He has been a director in our Company since August 2, 2016. He serves as a Director on the Board of Directors of several companies such as JM Financial Products Limited and JM Financial Credit Solutions Limited.

Organisational Chart of our Company



Relationship with other Directors

Except for Mr. Nimesh Kampani, Non-Executive Chairman of our Company, who is the father of our Managing Director, Mr. Vishal Kampani. None of the Directors of our Company are related to each other.

Borrowing powers of the Board

The Board of Directors is authorised to borrow money upon such terms and conditions as the Board may think fit and may exceed the aggregate of our paid up capital and free reserves, provided that the aggregate amount of its borrowings shall not exceed ₹50,000 million, at any time apart from the temporary loans obtained by our Company in the ordinary course of business, as per the resolution passed by our Board on July 24, 2017 and pursuant to a Shareholders' resolution dated September 23, 2017, passed through postal ballot, under Section 180(1)(c) of the Companies Act, 2013.

Interest of the Directors

All of the Directors may be deemed to be interested to the extent of fees and commission, if any payable to them for attending meetings of the Board and committees. Our Managing Director is interested to the extent of remuneration paid to him for services rendered by him.

The Directors may also be regarded as interested in our Company to the extent of the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the Directors are interested parties.

Certain of our Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trusts, in which they are interested as directors, members, partners or trustees.

Except as otherwise stated in this Preliminary Placement Document, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Preliminary Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on date of the Preliminary Placement Document, no Director has taken any loans from our Company.

For details in relation to the related party transactions entered by our Company during the last three Fiscal Years immediately preceding the date of this Preliminary Placement Document, please see the section "*Financial Information*" on page F-225.

Shareholding of Directors

The following table sets forth details regarding the shareholding of the Directors as of the date of this Preliminary Placement Document:

Name of the Director	Number of Equity Shares
Mr. Nimesh Kampani*	13,53,57,500*
Mr. E A Kshirsagar	Nil
Mr. Darius E Udwadia	Nil
Mr. Paul Zuckerman	Nil
Dr. Vijay Kelkar	Nil
Mr. Keki Dadiseth	Nil
Ms. Jagi Panda	Nil
Mr. Vishal Kampani	1,03,63,647

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

Remuneration of the Directors

Non - Executive Directors

The following table sets forth the remuneration (including sitting fees, commission and perquisites) paid by our Company to the Non-Executive Directors as of and for the nine month period ended December 31, 2017 and for the fiscals 2017, 2016 and 2015:

(In ₹ millions)

Name	For the nine month period ended December 31, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Mr. Nimesh Kampani	0.6	0.4#	Nil	Nil

Mr. E A Kshirsagar	0.8	3.0	3.1	3.0
Mr. Darius E Udwadia	0.6	2.7	2.5	2.6
Mr. Paul Zuckerman	0.8	2.4	2.7	2.5
Dr. Vijay Kelkar	0.8	2.6	2.8	2.7
Mr. Keki Dadiseth	0.6	2.4	2.5	2.4
Ms. Jagi Panda	0.6	2.3	2.3	Nil*
Mr. Vishal Kampani	Not Applicable	0.3##	0.2	Not Applicable

#Mr. Nimesh Kampani was an executive director up to September 30, 2016.
##Mr. Vishal Kampani was appointed as an additional director with effect from February 3, 2016 and he was a non-executive director up to September 30, 2016.
*Ms. Jagi Panda was appointed as an additional director with effect from March 31, 2015.

Our Company pays a sitting fee of ₹1,00,000 per meeting of the Board, ₹50,000 per meeting of the Audit Committee, ₹20,000 per meeting of the Nomination and Remuneration Committee, ₹20,000 per meeting of the Corporate Social Responsibility Committee, ₹10,000 per meeting of the Stakeholders' Relationship Committee and ₹5,000 per meeting of the Allotment Committee to our Non-Executive Directors and Independent Directors.

Executive Directors

Mr. Vishal Kampani, Managing Director

Mr. Vishal Kampani was appointed as a Managing Director of our Company pursuant to a resolution passed by the Shareholders of our Company on July 24, 2017, for a period of five years commencing from October 1, 2016. Accordingly, an employment agreement dated October 27, 2016 was entered into between our Company and Mr. Vishal Kampani. Set out hereunder are the details of the terms and conditions including remuneration of Mr. Vishal Kampani:

Terms and Conditions of Appointment	
Particulars	**Date/Remuneration/Details**
Period	With effect from October 1, 2016 for a period of five years i.e., up to September 30, 2021.
Basic salary[1]	₹10,00,000 per month (It will also include suitable increment based on the performance in the scale of ₹10,00,000 to ₹15,00,000 per month as may be decided by the Board or Nomination and Remuneration Committee of the Board.)
Performance Linked Discretionary Bonus[1]	As may be decided by the Board or Nomination and Remuneration Committee of the Board.
Perquisites[1] • Fully Furnished residential accommodation including its up-keep and maintenance of such accommodation • Gas, electricity, water and furnishing at residence, the cost of which shall be borne and paid by the Company • Upto two motor cars along with chauffeur for business and personal use • Annual and/or periodic membership fees of not more than two clubs on his behalf • Reimbursement of the actual medical expenses incurred in India and/or abroad by him, his spouse, dependent children and his parents • Group personal accident insurance, group term life insurance and group hospitalization insurance for him and his family in accordance with the rules for the time being in force • The benefit of the Company's Provident Fund Scheme in accordance with the rules of the Company for the time being in force	

• Gratuity as per the Company's rules • Encashment of un-availed leave at the end of his tenure as Managing Director as per the rules of the Company for the time being in force • Business class return air fare once in a year to any destination for him, his spouse and two dependent children	
Leave entitlement	Leave on full remuneration as per the rules of the Company of 25 days in every twelve months' service and sick leave as per the rules of the Company for the time being in force.
Telephones	Up to two telephone lines at his residence, expenses of which shall be borne and paid by the Company.

[1]Upto 5% of the consolidated net profits of the Company and its subsidiaries / associates during any financial year subject to the applicable provisions of the Companies Act.

Mr. Vishal Kampani is also the Managing Director of JM Financial Products Limited, a material subsidiary of the Company and draws remuneration from the said subsidiary. As per the terms of the Agreement entered into by the Company with Mr. Vishal Kampani, so long as he serves as Managing Director of the Company and of JM Financial Products Limited, the total amount of remuneration that may be paid to him by the Company and by JM Financial Products Limited shall not exceed the higher maximum limit admissible from the Company or JM Financial Products Limited, as the case may be in accordance with the applicable provisions of the Companies Act, 2013 and Schedule V thereto.

Senior Management

In addition to Mr. Nimesh Kampani and Mr. Vishal Kampani, our Senior Management as of the date of this Preliminary Placement Document, is as follows:

Mr. Adi Patel is the Managing Director & Co-Chief Executive Officer, Investment Banking of our Company. He joined our group in 1993. Over the years, he has developed strong relationships with leading Indian and global clients across various industry segments and advised them on numerous strategic mergers and acquisitions/restructuring transactions. He has executed landmark mergers and acquisitions/restructuring transactions for some of the leading business houses in India.

Mr. Anil Bhatia is the Managing Director & Chief Executive Officer, Asset Reconstruction business of our Company and was instrumental in setting up Asset Reconstruction business. He has over 30 years experience in Financial Markets.

Mr. Atul Mehra is the Managing Director & Co-Chief Executive Officer, Investment Banking of our Company. He began his career with the group in 1991 and has worked closely with various departments across the investment banking business and has been with our group for over 25 years. He has been involved in marquee domestic and cross border transactions.

Mr. Bhanu Katoch is the Managing Director & Chief Executive Officer, Mutual Fund business of our Company. He joined our Group in 2006. Prior to our Group, he was working at Lotus India Asset Management Company Private Limited. During his career, he worked with various organisations including Kothari Pioneer AMC, Birla Finance Distributors Limited, Alliance Capital Asset Management (India) Private Limited, Tata AIG Life Insurance Company and ABN AMRO Bank NV.

Mr. Darius Pandole is the Managing Director & Chief Executive Officer, Private Equity Asset Management. He joined our Group in 2016. He has previously worked with New Silk Route Advisors Private Limited where he worked as Partner from 2007.

Ms. Dipti Neelakantan is the Group Chief Operating Officer of our Company. She has been associated with our group since 1981 working in various capacities, locations and disciplines within our group. She has been actively engaged with various policy makers including SEBI, RBI, and GoI for development of regulatory framework and for continuous reforms in capital market. She is a committee member in Federation of Indian Chambers of Commerce and Industry and Confederation of Indian Industry.

Mr. Manish Prasad is the Managing Director & Chief Executive Officer, Institutional Equities business of our

Company. He joined our Group in 2014. Before joining our Group, he worked with JP Morgan as Head of Equities & Derivatives. Prior to this, he worked with various firms including DSP Merrill Lynch and Kratos Energy & Infrastructure Limited (formerly known as Dil Vikas Finance Limited).

Mr. Manish Sheth is the Group Chief Financial Officer of our Company. He joined the finance department of our Group in January, 2001. He specialises in the finance and strategic planning functions, shouldering almost the vital responsibility in managing the Company's finances. He is a member of the Institute of Chartered Accountants of India.

Mr. Prakash Chellam is the Managing Director & Chief Executive Officer, Singapore operations. He joined our Group in 2008. Prior to our Group, he worked with Infosys for around seven years.

Mr. Prashant Choksi is the Group Head, Compliance, Legal and Company Secretary of our Company. He joined our Group in 1993. He holds a Bachelor's degree in law from South Gujarat University and is a member of the Institute of Company Secretaries of India.

Mr. Rajeev Chitrabhanu is the Managing Director & Chief Executive Officer, Investment Advisory and Distribution business. He has extensive experience in domestic equity broking, financial products distribution and wealth management business. He joined our Group in April 1999 and transformed the syndication function into the equity capital markets group by working closely with the teams of corporate finance, research, institutional equity sales and retail sales. Prior to our Group, he headed the FII desk for a domestic brokerage firm.

Mr. Shashwat Belapurkar is the Managing Director & Chief Executive Officer, Fixed Income and Lending for Commercial Real Estate business of our Company. He joined our Group in 2009. Prior to that, he worked with the global markets group of Bank of America. He has wide experience in Indian fixed income industry.

Mr. Subodh Shinkar is the Managing Director & Chief Operating Officer, Investment Advisory and Distribution business of our Company. He plays a key role in managing investment advisory business including wealth management, non-institutional equity broking and distribution. He also oversees securities backed lending in the form of margin financing and initial public offering financing of our group. He started his career in investment banking with our group in 1992.

Mr. V P Shetty is the Non-Executive Chairman of JM Financial Asset Reconstruction Company Limited. He has had an illustrious career in banking space spanning almost four decades. During this period, he has served as Chairman & Managing Director - IDBI, UCO Bank, Canara Bank. He has expertise in Commercial Banking, Mergers & Acquisitions in Banking, Corporate Governance and Turnaround Management especially in the public sector.

Shareholding of Senior Management

The following table sets forth details regarding the shareholding of the Senior Management in our Company as of the date of this Preliminary Placement Document:

Name	Number of Equity Shares
Mr. Adi Patel	11,76,125
Mr. Anil Bhatia	40,799
Mr. Atul Mehra	9,07,305
Mr. Bhanu Katoch	3,57,690
Mr. Darius Pandole	Nil
Ms. Dipti Neelakantan	6,05,198
Mr. Manish Prasad	44,479
Mr. Manish Sheth	2,97,778
Mr. Nimesh Kampani*	13,53,57,500*
Mr. Prakash Chellam	Nil
Mr. Prashant Chosksi	2,88,044
Mr. Rajeev Chitrabhanu	13,79,757

Name	Number of Equity Shares
Mr. Shashwat Belapurkar	2,50,000
Mr. Subodh Shinkar	5,47,466
Mr. Vishal Kampani	1,03,63,647
Mr. V P Shetty	13,15,797

*Including 12,50,000 Equity Shares held by Nimesh Kampani HUF

Corporate governance

The Board of Directors presently consists of eight Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors has six Independent Directors. Our Company is in compliance with the corporate governance requirements prescribed under the SEBI Listing Regulations.

Committees of the Board of Directors

The Board of Directors have constituted committees, in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth the members of the aforesaid committees as of the date of this Preliminay Placement Document, 2018:

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

Policy on disclosures and internal procedure for prevention of insider trading

Our Company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by the directors and employees of our Company. The said Code requires pre-clearance for dealing in our Company's shares and prohibits the purchase or sale of our Company's shares by the directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities. Our 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.

Other confirmations

None of the Directors, Promoters or Key Managerial Personnel of our Company has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Our Company does not have any bonus or profit sharing plan with its Directors and Key Managerial Personnel.

None of the Directors or the companies with which they are or were associated as promoters, directors or persons in control, have been debarred from accessing the capital markets under any order or direction passed by the SEBI or any other governmental authority.

None of our Key Managerial Personnel has been paid any consideration of any nature by our Company, other than their remuneration. Except to the extent of their shareholding in our Company and options granted to them under JM ESOS, our Key Managerial Personnel do not have any financial or other material interest in the Issue.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscal Years immediately preceding the date of this Preliminary Placement Document, please see the section "*Financial Information*" on page F-225.

Employee Stock Option Schemes

For details with respect the employee stock option scheme of our Company, please see the section "*Capital Structure - Employee stock option scheme*" on page 87.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

1 The summary statement showing the holding of specified securities of our Company as of December 31, 2017 is herein below:

Sr. No.	**Category of shareholder (II)**	**Nos of shareholders (III)$**	**No of fully paid-up equity shares held (IV)**	**No of Partly paid-up equity shares held (V)**	**Total nos. shares held (VII) = (IV)+(V)+ (VI)**	**Shareholding as a % of total no. of shares(calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)**	**Number of Locked in shares (XII)**		**Number of shares pledged or otherwise encumbered (XIII)**		**Number of equity shares held in dematerialized form (XIV)@**
							No. (a)	**As a % of total shares held (b)**	**No. (a)**	**As a % of total shares held (b)**	
(A)	Promoter & Promoter Group*	11	519,121,905	0	519,121,905	65.09	0	0	0	0	519,121,905
(B)	Public	55,340	278,465,845	0	278,465,845	34.91	0	0	NA		274,933,578
(C)	Non Promoter- Non Public										
(C1)	Shares underlying DRs	0	0	0	0	**0**	0	0	0	0	0
(C2)	Shares held by Employee Trusts	0	0	0	0	**0**	0	0	0	0	0
	Total	**55,351**	**797,587,750**	**0**	**797,587,750**	**100.00**	**0**	**0**	**0**	**0**	**794,055,483**

2 The summary statement showing holding of specified securities of the Promoter and Promoter Group in our Company as of December 31, 2017, is herein below:

	Category & Name of the shareholders (I)	Nos of shareholder (III)$	No of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	Total nos. shares held (VII) = (IV)+(V) +(VI)	Shareholding as a % of total no. of shares(calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)@
							No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(1)	**Indian**										
(a)	**Individuals/H.U.F**	**6**	**192,172,397**	**0**	**19,217,2397**	**24.09**	**0**	**0**	**0**	**0**	**192,172,397**
1	Nimesh Kampani∞		134,107,500	**0**	134,107,500	16.81					134,107,500
2	Aruna Kampani		38,451,250	**0**	38,451,250	4.82					38,451,250
3	Amishi Kampani		8,000,000	**0**	8,000,000	1.00					8,000,000
4	Vishal Kampani		10,363,647	**0**	10,363,647	1.30					10,363,647
5	Nimesh Kampani		1,250,000	**0**	1,250,000	0.16					1,250,000
6.	Ashith Kampani		0	0	0	0					0
(b)	Cental/State Government(s)	0	0	0	0	0	0	0	0	0	0
(c)	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0	0
(d)	**Any Other (Specify)**										
	a) Bodies Corporate	**6**	**326,949,508**	**0**	**326,949,508**	**40.99**	**0**	**0**	**0**	**0**	**326,949,508**
1	J M Financial And Investment Consultancy Services Private Limited		203,406,600	0	203,406,600	25.50					203,406,600
2	J M Assets Management Private Limited		10,304,2908	0	103,042,908	12.92					103,042,908
3	JSB Securities Limited		6,505,000	0	6,505,000	0.81					6,505,000
4	SNK Investments Private Limited		11,660,000	0	11660000	1.46					11,660,000
5	Persepolis Iinvestment Company Private Limited		1,650,000	0	1,650,000	0.21					1,650,000
6	Kampani Consultants Limited		685,000	0	685,000	0.09					685,000
	Sub- Total (A)(1)	**12**	**519,121,905**	**0**	**519,121,905**	**65.09**	**0**	**0**	**0**	**0**	**519,121,905**
(2)	**Foreign**	0	0	0	0	0	0	0	0	0	0
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0

(b)	Government	0	0	0	0	0	0	0	**0**	**0**	0
(c)	Institutions	0	0	0	0	**0**	0	0	**0**	**0**	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0	0	**0**	**0**	0
(e)	Any Other (Specify)	0	0	0	0	0	0	0	**0**	**0**	0
	Sub- Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**11**	**519,121,905**	**0**	**519,121,905**	**65.09**	**0**	**0**	**0**	**0**	**519,121,905**

3 The summary statement showing holding of specified securities of public shareholders as of December 31, 2017, is herein below:

Sr. No.	**Category & Name of the shareholders (I)**	**Nos of shareholder (III)$**	**No of fully paid-up equity shares held (IV)**	**Partly paid-up equity shares held (V)**	**Total nos. shares held (VII) = (IV)+(V)+(VI)**	**Shareholding as a % of total no. of shares(calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)**	**Number of Locked in shares (XII)**		**Number of shares pledged or otherwise encumbered (XIII)**		**Number of equity shares held in dematerialized form (XIV)@**
							No. (a)	**As a % of total shares held (b)**	**No. (Not applicable) (a)**	**As a % of total shares held (Not applicable)(b)**	
(1)	**Institutions**										
(a)	Mutual Fund/UTI	21	24,685,131	0	24,685,131	3.09	0	0	NA		24,685,131
	IDFC Premier Equity Fund		*12,963,925*	*0*	*12,963,925*	*1.63*					*12,963,925*
(b)	Venture Capital Funds	0	0	0	0	0	0	0	NA		0
(c)	Alternate Investment Funds	1	6,492	0	6,492	0.00	0	0	NA		6,492
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	NA		0
(e)	Foreign Portfolio Investors	107	99,778,124	0	99,778,124	12.51	0	0	NA		9,9778,124
	Baron Emerging Markets Fund		*17,621,259*	*0*	*17,621,259*	*2.21*					*17,621,259*
	Valiant Mauritius Partners Offshore Limited		*15,845,303*	*0*	*15,845,303*	*1.99*					*15,845,303*
	TIMF Holdings		*14,288,022*	*0*	*14,288,022*	*1.79*					*14,288,022*
	Valiant Mauritius Partners Limited		*119,74043*	*0*	*11,974,043*	*1.50*					*11,974,043*
(f)	Financial Institutions/Banks	3	771,268	0	77,1268	0.10	0	0	NA		77,1268
(g)	Insurance Companies	0	0		0	0.00	0	0	NA		0
(h)	Provident Funds/Pension Funds	0	0	0	0	0	0	0	NA		0
(i)	Any Other (specify)	0	0	0	0	0	0	0	NA		0
	Sub- Total (B)(1)	**132**	**125,241,015**	**0**	**12,524,1015**	**15.70**	**0**	**0.00**	**NA**		**12,524,1015**
(2)	**Central Government/State Government(s)/President of India**	0	0	0	0	0	0	0	NA		0
	Sub- Total (B)(2)	0	0		0	0.00	0	**0.00**	NA		0

Sr. No.	Category & Name of the shareholders (I)	Nos of shareholder (III)$	No of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares(calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)@
							No. (a)	As a % of total shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable)(b)	
(3)	**Non- Institutions**								NA		
(a)	**Individuals -** i.Individual shareholders holding nominal share capital up to Rs.2 lakhs.	52911	52,791,248	0	52,791,248	6.62	0	0	NA		49,298,731
	ii.Individual shareholders holding nominal share capital in excess of Rs.2 lakhs.	49	42,256,936	0	42,256,936	5.30	0	0	NA		42,256,936
(b)	NBFCs registered with RBI	12	6,391,66	0	639,166	0.08	0	0	NA		63,9166
(c)	Employee Trust	-	-	0	-	-	0	0	-		-
(d)	Overseas Depositories (holding DRs)	0	0	0	0	0	0	0	NA		0
(e)	Any Other (Specify)	2236	57,537,480		57,537,480		0	0	NA		57,497,730
i)	Bodies Corporate	1033	22,208,147	0	22,208,147	2.78	0	0	NA		22,173,397
ii)	Clearing Member	289	716,656	0	716,656	0.09	0	0	NA		716,656
iii)	Individual NRI- Rep.- Non Rep.	904	14,988,460	0	14,988,460	1.88	0	0	NA		14,983,460
	Vikram Shankar Pandit		*11,646,939*		*11,646,939*	*1.46*	0	0	*NA*		*11,646,939*
iv)	Trust	9	*18,458,934*	0	18,458,934	*2.31*	0	0	NA		18,458,934
	Azim Premji Trust		*17,178,461*	*0*	*17,178,461*	*2.15*	0	0	*NA*		*17,178,461*
v)	IEPF	1	1,165,283	0	1,165,283	0	0	0	NA		1,165,283
vi)	Foreign Individuals	0	0	0	0	*0.00*	0	0	NA		0
	Sub- Total (B)(3)	**55208**	**153,224,830**	**0**	**153,224,830**	**19.21**	**0**	**0.00**	**NA**		**149,692,563**
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**55340**	**27,8465,845**	**0**	**2,784,658,45**	**34.91**	**0**	**0.00**	**NA**		**274,933,578**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Our Company and the Book Running Lead Managers are not liable for any amendment, modification or change to applicable law or regulations, which may occur after the date of this Preliminary Placement Document. Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them. Bidders will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribe to and acquire the Equity Shares. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Please see the sections "Selling Restrictions" and "Purchase and Transfer Restrictions" on pages 226 and 233, respectively.

Qualified Institutions Placement

The Issue is being made to Eligible QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, by way of a QIP and this Preliminary Placement Document and the Placement Document will not be registered as a prospectus with the RoC and the Equity Shares offered by way of the Issue will not be deemed to be offered to the public or any other class of investors, other than to Eligible QIBs.

Under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, a company may issue equity shares to Eligible QIBs provided that certain conditions are met by the company. Certain of these conditions are set out below:

a) the shareholders of our Company have passed a special resolution approving such QIP. Such special resolution must specify that the allotment of securities is proposed to be made pursuant to the QIP and the Relevant Date;

b) equity shares of the same class of our Company, which are proposed to be allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

c) the aggregate of the Issue and all previous qualified institutions placements made by our Company in the same financial year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of our Company as per the audited balance sheet of the previous financial year; and

d) our Company shall be in compliance with the minimum public shareholding requirements set out in the SCRR.

e) the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;

f) the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

g) prior to circulating the private placement offer letter, the issuer must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;

h) the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the Eligible QIB to whom the offer is made, and sent within 30 days of recording the names of such Eligible QIBs; and the payment to be made for subscription to the Equity Shares shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application.

At least 10.00% of the Equity Shares issued to Eligible QIBs must be allotted to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Prospective purchasers will be required to make certain certifications in order to participate in the Issue including that they are either (A) outside the U.S. and not a U.S. person and purchasing the Equity Shares in an offshore transaction (as defined in Regulation S) or (B) both a "qualified purchaser" as defined in the Investment Company Act and a "qualified institutional buyer" as defined in Rule 144A. For further information, see "*Representations by Investors*" on page 4.

Bidders are not allowed to withdraw their Bids after the Issue Closing Date

Allotments made to FVCI, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Issue Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of up to 5.00% on such floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations.

The "Relevant Date" referred to above means the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of our Company decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the Equity Shares of our Company are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Securities must be allotted within 12 months from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the Bidders. Our Company shall have completed allotments with respect to any offer or invitation made earlier by our Company or has been rescinded or abandoned any such invitation or offer made by it.

The securities issued pursuant to a QIP must be issued on the basis of a preliminary placement document and a placement document, each of which shall contain all material information, including the information specified in Schedule XVIII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4 as prescribed under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the websites of the concerned Stock Exchanges and of our Company, with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for a QIP shall not be less than:

a) two, where the issue size is less than or equal to ₹ 2,500 million; and
b) five, where the issue size is greater than ₹ 2,500 million.

No single Allottee shall be allotted more than 50.00% of the Issue size or a number of equity shares which would aggregate to less than ₹ 20,000 calculated on the basis of the face value of the equity shares. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee. For details of what constitutes "same group" or "common control", please see the section "*Issue Procedure—Application Process—Application Form*" on page 219.

Our Company has applied for and received the in-principle approvals of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. Our Company shall furnish a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013.

The Issue has been authorised and approved by the Board of Directors on December 18, 2017. The Shareholders have authorised and approved the Issue by way of a special resolution passed by way of postal ballot on January 29, 2018.

Securities allotted to an Eligible QIB pursuant to the Issue shall not be sold for a period of one year from the date of allotment except on the floor of a recognised stock exchange in India.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act who are also "qualified purchasers" as defined in the Investment Company Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Equity Shares, see "*Purchase and Transfer Restrictions*" on page 233.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

Our Company and the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and each Application Form will be specifically addressed to the relevant Eligible QIB. In terms of Section 42 of the Companies Act, 2013, our Company shall maintain complete records of the Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI as prescribed under applicable law.

The list of QIBs to whom this Preliminary Placement Document and Application Form is to delivered, shall be determined by our Company, in consultation with the Book Running Lead Managers. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000, calculated at the face value of the Equity Shares.

Eligible QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

Eligible QIBs will be, amongst other things, be required to indicate the following in the Application Form:

a) full official name of the Eligible QIB to whom Equity Shares are to be Allotted;

b) number of Equity Shares Bid for;

c) price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price", which shall be any price as may be determined by our Company in consultation with the Book Running Lead Managers at or above the Floor Price or the Floor Price, net of such discount, as approved in accordance with SEBI ICDR Regulations and decided by the Board;

d) details of the depository account to which the Equity Shares should be credited;

e) a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) an institutional investor in the United States that is a "qualified institutional buyer" as defined in Rule 144A and a "qualified purchaser" as defined under the Investment Company Act, and it has agreed to certain other representations set forth in the Application Form;

f) an undertaking that they will deliver an offshore transaction letter to the Issuer prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act;

g) it has agreed to the representations set forth in the Preliminary Placement Document and the Application Form; and

h) SEBI registration number, if applicable.

NOTE**:** *FPIs are required to indicate the SEBI FPI registration number in the Application Form. Each sub-account of an FPI other than a sub-account which is a foreign corporate or a foreign individual will be considered an individual QIB and separate Application Forms would be required from each such sub-account for submitting Bids. Bids by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Once a duly completed Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids by more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

Under the current regulations, the following restrictions are applicable for investments by Mutual Funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company; provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Upon receipt of the Application Forms, after the Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares and the number of Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Managers. Upon determination of the final terms of the Equity Shares, our Company shall report the Issue Price to the Stock Exchanges and the Book Running Lead Managers will send the serially numbered CANs along with the Placement Document to Eligible QIBs who have been Allocated the Equity Shares either in electronic form or by way of physical delivery. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. **Please note that the Allocation will be at the absolute discretion of our Company in consultation with the Book Running Lead Managers.**

Pursuant to receiving a CAN, each Eligible QIB shall be required to pay the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Escrow Account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Please see the section "*Issue Procedure - Bank Account for Payment of Application Money*" on page 214.

Upon receipt of the application monies from the Eligible QIBs, our Company shall Allot Equity Shares as per the details in the CAN sent to the Eligible QIBs.

After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to the Issue into the Depository Participant accounts of the respective Allottees in accordance with the details submitted by the Eligible QIBs in the Application Form.

Our Company will then apply for the final listing and trading permissions from the Stock Exchanges.

The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

Only eligible QIBs as defined in Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, and not otherwise excluded under Regulation 86 of the SEBI ICDR Regulations or other applicable regulations, can invest in the Issue.

Currently, under Regulation 2(1)(zd) and Chapter VIII of the SEBI ICDR Regulations, a QIB means:

1. a public financial institution as defined in Section 2(72) of the Companies Act, 2013;

2. a scheduled commercial bank;

3. a mutual fund registered with the SEBI;

4. Eligible FPIs;

5. a multilateral and bilateral development financial institution;

6. venture capital funds and AIFs registered with the SEBI;

7. a foreign venture capital investor registered with the SEBI;

8. a state industrial development corporation;

9. an insurance company registered with Insurance Regulatory and Development Authority of India;

10. a pension fund with minimum corpus of ₹ 250 million;

11. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;

12. an insurance fund set up and managed by the army, navy or air force of the Union of India;

13. insurance funds set up and managed by the Department of Posts, India;

14. a provident fund with minimum corpus of ₹ 250 million; and

15. systematically important non banking financial companies having networth of more than ₹ 5,000 million as per such companies' last audited financial statements.

Eligible FPIs are permitted to participate in the Issue through the Portfolio Investment Scheme and the Foreign Portfolio Investment Scheme, respectively, subject to compliance with all applicable laws and such that the shareholding of the FPIs does not exceed specified limits as prescribed under applicable laws in this regard.

As of January 26, 2018, the aggregate FPI holding is 12.69% of our total paid-up capital.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of the post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Regulations, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the shareholders. Pursuant to resolutions passed by our Board and Shareholders on October 6, 2005, and November 4, 2005, respectively, the total shareholding of FPIs in our Company cannot exceed 40% of the paid-up Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the Promoters. Eligible QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoters;
b) veto rights; or
c) a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under

applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not directly or indirectly result in triggering an open offer under the Takeover Regulations. Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Eligible QIBs are advised to consult their advisors in this regard.

Note: *Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchase and Transfer Restrictions" on pages 1, 4, 226 and 233, respectively:*

1. it is a Eligible QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and is not excluded under Regulation 86 of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in the Issue;

2. it is not a promoter (as defined under SEBI ICDR Regulations) and is not a person related to the promoter of our Company, either directly or indirectly and its Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter of our Company;

3. it has no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoter of our Company;

4. it acknowledges that it has no right to withdraw its Bid after the Issue Closing Date;

5. if Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. it is eligible to Bid and hold Equity Shares so Allotted and its holding, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. its Bid(s) would not directly or indirectly result in triggering an open offer under the Takeover Regulations;

8. to the best of its knowledge and belief together with other Eligible QIBs in the Issue that belongs to the same group or are under same control, the Allotment to it shall not exceed 50.00% of the Issue. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956;

   (b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

9. it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with

the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

10. the Eligible QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "Holding"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is a Shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

11. The Eligible QIB confirms that:

    a. If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate;

    b. If it is outside the United States, it is subscribing to the Equity Shares in an offshore transaction in reliance on Regulation S under the Securities Act, and is not our affiliate or a person acting on behalf of such an affiliate.

12. it has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Placement Document, will be deemed to have made, the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchase and Transfer Restrictions*" on pages 1, 4, 226 and 233.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE ELIGIBLE SUB ACCOUNTS OF AN FPI WOULD BE CONSIDERED AS AN INDEPENDENT ELIGIBLE QIB.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER CLOSURE OF THE ISSUE, THE ELIGIBLE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE PLACEMENT, WILL HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed to be a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by our Company in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Eligible QIB and the number of Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address:

Name of the Book Running Lead Managers	Address	Contact Person	E-mail	Phone (Telephone and Fax)
IDFC Bank Limited	Naman Chambers C-32, G-Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051	Akshay Bhandari	jmfl.qip@idfcbank.com	**Tel**: +91 22 7132 5500 **Fax**: +91 22 6622 2501
Credit Suisse Securities (India) Private Limited	9th Floor, Ceejay House Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018	Abhay Agarwal	list.jmfinancialqip@credit-suisse.com	**Tel**: +91 22 6777 3885 **Fax**: +91 22 6777 3820

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

Eligible QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to one of the Book Running Lead Managers and such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. Our Company may offer a discount of not more than 5.00% to the Floor Price in terms of Regulation 85(1) of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-

ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable Designated Date, being the date of credit of the Equity Shares to the respective Eligible QIB's account.

Eligible QIBs who have been Allotted Equity Shares pursuant to the Issue would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened the Escrow Account titled "JMFL – QIP 2018 Escrow Account" (the "**Escrow Account**") with the Escrow Banks in terms of the Escrow Agreement. Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if, our Company has not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the Eligible QIBs, our Company and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at its sole and absolute discretion subject to such Eligible QIBs having received the Application Forms.

Payment Instructions

The payment of application money shall be made by the Eligible QIBs in the name of the Escrow Account as per the payment instructions provided in the CAN.

Payments are to be made only through electronic fund transfer.

***Note**: Payments other than through electronic transfer funds including through cheque are liable to be rejected at the sole discretion of the Book Running Lead Managers.*

Closing Date and Allotment of Equity Shares

Our Company will endeavour to complete the allotment of Equity Shares by the Issue Closing Date for those Eligible QIBs who have paid the subscription money as stipulated in their respective CANs. The Equity Shares will not be Allotted unless the Eligible QIBs pay the Issue Price to the Escrow Account as stated above.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Alloted only in dematerialised form to the Allottees and shall be credited to the Depository Participant Account of the Eligible QIB. Allottees will have the option to-rematerialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at its sole discretion, reserves the right to cancel / withdraw the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs.

In relation to Eligible QIBs who have been Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Banks shall release the monies lying to the credit of the Escrow Account to our Company after Allotment of Equity Shares to Eligible QIBs and receipt of the required the listing and trading approvals from the Stock Exchanges. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. If an Eligible QIB is Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in the Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into an agreement with our Company ("**Placement Agreement**") dated January 30, 2018 pursuant to which the Book Running Lead Managers have agreed to manage the Issue and act as a placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares to be issued pursuant to the Issue on a reasonable efforts basis, to Eligible QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the Companies Act, 2013.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Managers, and is subject to termination in accordance with the terms contained therein.

This Preliminary Placement Document has not been, and the Placement Document will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than to Eligible QIBs. Our Company shall make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchange. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Relationship with the Book Running Lead Managers

In connection with the Issue, the Book Running Lead Managers or their affiliates may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and subscription or sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. Please see the section "***Offshore Derivative Instruments***". From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, group companies, affiliates and the Shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their respective affiliates and associates.

Lock-up

Our Company undertakes that it will not for a period of 60 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of

Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. The foregoing restriction shall not apply to (i) an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Company; and (ii) an issuance of Equity Shares by our Company pursuant to any acquisition, merger or amalgamation undertaken by our Company with the prior written consent of the Book Running Lead Managers (such consent shall not be unreasonably withheld). Our Company confirms that as on the date of this Placement Agreement, it has not entered into discussions, agreements, schemes of mergers or amalgamations or any other similar arrangements.

Our Company acknowledges that each Promoter has undertaken that it will not for a period of 60 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

General

No action has been taken or will be taken by our Company or the Book Running Lead Managers that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Preliminary Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each subscriber of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors*", "*Representations by Investors*" and "*Purchase and Transfer Restrictions*".

India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares offered in the Issue may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs only and is not an offer to the public. This Preliminary Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than those to whom the offer is made. The Issue will be made in compliance with the SEBI ICDR Regulations.

This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC. The offering of Equity Shares pursuant to this Preliminary Placement Document and the Placement Document by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public at large about the Issue is prohibited.

Australia

This Preliminary Placement Document is not a disclosure document within the meaning of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Equity Shares and Investments Commission.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Investors under this Preliminary Placement Document represent and warrant that they are "sophisticated investors" or "professional investors" and not "retail clients" within the meaning of those terms in the Corporations Act.

No financial product advice is provided in this Preliminary Placement Document and nothing in this Preliminary Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Preliminary Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Canada

The Equity Shares offered in the Issue may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or sub section 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Placement Document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33105 Underwriting Conflicts (NI 33-105), the Book Running Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Issue.

Cayman Islands

This Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is or was implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the Equity Shares offered in the Issue may not be offered or sold to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive (defined below) and the 2010 Amending Directive (defined below), except that the Equity Shares, with effect from and including the Relevant Implementation Date, may be offered to the public in that Relevant Member State at any time:

(a) to persons or entities that are "qualified investors" as defined in the Prospectus Directive or, if that Relevant Member State has implemented the 2010 Amending Directive, as defined in the 2010 Amending Directive;

(b) to (i) fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive); or (ii) if that Relevant Member State has implemented the 2010 Amending Directive, fewer than 150 natural or legal persons (other than "qualified investors" as defined in the 2010 Amending Directive), in each case subject to obtaining the prior consent of the Book Running Lead Managers; and

(c) in any circumstances falling within Article 3(2) of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive, provided that no such offering of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Directive as amended (to the extent implemented in that Relevant Member State) by Article 1(3) of the 2010 Amending Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 Amending Directive" means Directive 2010/73/EU and includes any relevant implementing measure in each Member State.

Neither our Company nor the Book Running Lead Managers have authorised, nor do they authorise, the making

of any offer of Equity Shares through any financial intermediary on their behalf, other than offers made by our Company or the Book Running Lead Managers and their respective affiliates of the Book Running Lead Managers.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or

- in other circumstances which do not result in this Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorisation by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the issue of the Equity Share in Japan (the "**Solicitations**") has been filed or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). Therefore, the Solicitations in Japan may be made to no more than 49 persons during the six-month period prior to the contemplated date of allotment of the Equity Shares in the Issue.

Any person acquiring Equity Shares in the Issue: (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, other than in "a lump sum" to a single person; and (b) shall deliver a notification indicating (a) and (b) herein to the transferee of the Equity Shares.

Capitalised terms used above and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL

Kuwait

The Issue has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has our Company received authorisation or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the Issue, including the receipt of applications and/or the allotment of Equity Shares may be rendered within Kuwait by our Company or persons representing our Company, including the Book Running

Lead Managers and their respective affiliates.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Managers and is a private concern between the sender and the recipient.

Oman

The Equity Shares offered under this Preliminary Placement Document have not and will not be listed on any stock exchange in the Sultanate of Oman.

Qatar (excluding the Qatar Finance Centre)

This Placement Document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar; (b) neither our Company nor the Book Running Lead Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares offered in the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither our Company nor the Book Running Lead Managers are, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing the Equity Shares. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

South Africa

The Issue does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for the Equity Shares offered in the Issue to the public as defined in the Companies Act, No. 71 of 2008 (as amended). This Preliminary Placement Document has not been and will not be registered as a prospectus under the Companies Act, No. 71 of 2008 (as amended). Accordingly, the Equity Shares may not be offered, sold or delivered to a person in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions to the securities laws relating to offers to the public set out in Section 96 of the Companies Act, No. 71 of 2008 (as amended). The exemptions include offers made to the following persons: (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); and (viii) offers made to a single addressee acting as principal where the contemplated acquisition cost of the Equity Shares is equal to or greater than R1,000,000.

Switzerland

This Preliminary Placement Document may only be freely circulated and the Equity Shares offered in the Issue may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Preliminary Placement Document and offering, distributing or selling the Equity Shares to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes ("**CISA**") and its implementing Ordinance ("**CISO**") may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Preliminary Placement Document to and offering, distributing, selling or on-selling the Equity Shares of the Company to any other persons or entities.

This Preliminary Placement Document does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Equity Shares offered in the Issue will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this Preliminary Placement Document does not necessarily comply with the information standards set out in the relevant listing rules. This Placement Document has not been and will not be approved by the Swiss Financial Market Supervisory Authority ("**FINMA**") under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This Preliminary Placement Document does not constitute investment advice.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Equity Shares offered in the Issue have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates ("**U.A.E.**") other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this Placement Document does not constitute a public offer of securities in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. Our Company and the Equity Shares have not been approved or licensed by or registered with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the U.A.E. This Preliminary Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority. This Preliminary Placement Document is being issued to a limited number of selected institutional and sophisticated investors, is not for general circulation in the U.A.E. and may not be provided to any person other than the original recipient or reproduced or used for any other purpose. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser. This Preliminary Placement Document is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

Dubai International Financial Centre

This Preliminary Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Preliminary Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Preliminary Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom (in addition to the European Economic Area selling restrictions above)

The Equity Shares offered in the Issue cannot be promoted in the United Kingdom to the general public. The contents of this Preliminary Placement Document have not been approved by an authorised person within the meaning of Financial Services and Markets Act 2000, as amended (the "**FSMA**"). The Book Running Lead Managers (a) may only communicate or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (ii) fall within any of the categories of persons described in article 49(2)(a) to (d) of the Financial Promotion Order or otherwise in circumstances in which Section 21(1) of the FSMA does not apply to our Company; and (b) have complied and will comply with all applicable provisions of the FSMA with respect to anything done by each of them in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares offered in the Issue, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company could be an "investment company" as defined in the U.S. Investment Company Act and has not been and will not be registered under the U.S. Investment Company Act. Accordingly, the Equity Shares offered in the Issue are being offered and sold only (a) to persons in the United States and to U.S. persons who are both U.S. QIBs and Qualified Purchasers pursuant to Section 4(a)(2) of the U.S. Securities Act and Section 3(c)(7) of the U.S. Investment Company Act and (b) to persons outside the United States who are non-U.S. persons in reliance on Regulation S.

In order to ensure that certain provisions of Title I of ERISA and Section 4975 of the U.S. Internal Revenue Code do not apply to our Company, each purchaser of the Equity Shares in the Issue will be required to represent to our Company in its application form for the Equity Shares whether it is or is not a U.S. Benefit Plan Investor.

The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in "*Purchase and Transfer Restrictions*" on page 233 and each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*Purchase and Transfer Restrictions*".

PURCHASE AND TRANSFER RESTRICTIONS

Due to the following restrictions, Bidders are advised to consult legal counsel prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares.

Subscibers are not permitted to sell the Equity Shares Allotted pursuant to the Issue, for a period of one year from the date of Allotment, except on the BSE or the NSE. Allotments made to Eligible FPIs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Persons in the United States and U.S. Persons

Each purchaser of the Equity Shares in the United States or who is a U.S. person is deemed to have represented, agreed and acknowledged as follows:

1. You confirm that:

    - you are a "qualified institutional buyer" (as defined in Rule 144A under the U.S. Securities Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act);

    - you are not a broker-dealer which owns and invests on a discretionary basis less than US$25 million in securities of unaffiliated companies;

    - you are not a participant-directed employee plan, such as a plan (including a 401(k) plan) described in subsection (a)(1)(i)(D), (E) or (F) of Rule 144A;

    - you were not formed for the purpose of investing in the Company; and

    - you are not an affiliate of the Company or a person acting on behalf of an affiliate of the Company.

2. You are an institution that, in the normal course of business, invests in or purchases securities similar to the Equity Shares and not with a view to distribution, and you, and any accounts for which the you are acting, (a) are a sophisticated investor that has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Equity Shares, and (b) are able to bear the economic risk, and sustain a complete loss, of such investment in the Equity Shares. If you are acquiring the Equity Shares as a fiduciary or agent for one or more investor accounts,

    - each such account is both a "qualified institutional buyer" and a "qualified purchaser";

    - you have sole investment discretion with respect to each account; and

    - you have full power and authority to make the representations, warranties, agreements, undertakings and acknowledgements contained herein on behalf of each such account.

3. You will base your investment decision on a copy of the Preliminary Placement Document and the Placement Document. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to the Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the Equity Shares, other than (in the case of the Company and its affiliates only) the information contained in the Preliminary Placement Document

and the Placement Document. You acknowledge that you have not relied on and will not rely on any investigation by, or on any information contained in any research reports prepared by, the Book Running Lead Managers or any of their respective affiliates.

4. You understand that the Company expects that, for U.S. federal income tax purposes, it will be considered a "passive foreign investment company" for the current year and that there will be certain consequences under U.S. tax laws resulting from an investment in the Equity Shares, and you will make such investigation and consult such tax and other advisors with respect thereto as you deem appropriate. You will satisfy yourself concerning, without limitation, the effects of U.S. federal, state and local income tax laws and foreign tax laws on your investment in the Equity Shares.

5. Any Equity Shares you acquire will be for your own account (or for the account of an investor who is both a "qualified institutional buyer" and "qualified purchaser" as to which you exercise sole investment discretion and have authority to make the statements contained in this document) for investment purposes, and not with a view to the resale or distribution within the meaning of the U.S. federal securities laws, subject to the understanding that the disposition of its property shall at all times be and remain within its control.

6. You understand that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States and that the Company has not been and will not be registered as an investment company under the Investment Company Act in reliance on sections 3(c)(7) thereof and that you will not be entitled to the benefits of the Investment Company Act. You understand that the Company has elected to impose the transfer and offering restrictions with respect to persons in the United States and U.S. persons described herein so that the Company will have no obligation to register as an investment company under the Investment Company Act. You understand that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them.

7. You acknowledge and agree that you are not purchasing the Equity Shares as a result of any general solicitation or general advertising (as defined in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

8. You understand that the Equity Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, and you agree that such securities may not be deposited into any unrestricted depository facility established or maintained by any depository bank.

9. You agree that if you decide to offer, sell, pledge or otherwise transfer any of the Equity Shares, you agree that you will only offer, sell, pledge or otherwise transfer such Equity Shares outside the United States to a purchaser not known by you to be a U.S. person in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India.

10. You agree that if you decide to offer, sell, pledge or otherwise transfer any of the Equity Shares in accordance with the restrictions set forth herein, except for a non-prearranged transaction executed on the BSE, the NSE or any other recognized stock exchange where the Equity Shares are listed, you shall obtain from the transferee a representation letter in substantially the same form as the representations in "-Non-U.S. Persons Outside the United States" below.

11. You agree that, prior to any sale of the Equity Shares, you shall notify the purchaser of such Equity Shares or the executing broker, as applicable, (a) of any transfer restrictions that are applicable to the Equity Shares being sold, (b) that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and (c) that the Company has not been and will not be registered as an investment company under the Investment Company Act.

12. None of you, any of your affiliates nor any person acting on behalf of you or any of your affiliates, has made or shall make any directed selling efforts (as defined in Regulation S under the Securities Act), or any general solicitation or general advertising (as defined in Regulation D under the Securities Act), with respect to the Equity Shares.

13. You shall notify the executing broker and any other agent involved in any resale of the Equity Shares of the forgoing restrictions applicable to the Equity Shares and instruct such broker or agent to abide by such restrictions.

14. You understand and acknowledge that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the Equity Shares.

15. You agree to indemnify and hold the Company and the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

16. You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, the Book Running Lead Managers and their respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein. You agree that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, you shall promptly notify the Company and the Book Running Lead Managers in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognized by our Company.

Non-U.S. Persons Outside the United States

Each purchaser of the Equity Shares who is a non-US person outside the United States is deemed to have represented, agreed and acknowledged as follows:

1. You are not a U.S. person (as defined in Regulation S under the Securities Act (except for these purposes, U.S. persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)).

2. (A) You were outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to you and you were outside the United States (within the meaning of Regulation S) when your buy order for the Equity Shares was originated and (B) if you are a broker-dealer outside the United States acting on behalf of your customers, each of your customers has confirmed to you that such customer was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to such customer and such customer was outside the United States (within the meaning of Regulation S) when such customer's buy order for the Equity Shares was originated.

3. You are not an affiliate of the Company or a person acting on behalf of an affiliate of the Company.

4. You are not purchasing the Equity Shares as a result of any directed selling efforts (as defined in Regulation S under the Securities Act), or any general solicitation or general advertising (as defined in Regulation D under the Securities Act).

5. You will base your investment decision on a copy of the Preliminary Placement Document and the Placement Document. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to the Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the Equity Shares, other than (in the case of the Company and its affiliates only) the information contained in the Preliminary Placement Document and the Placement Document. You acknowledge that you have not relied on and will not rely on any

investigation by, or on any information contained in any research reports prepared by, the Book Running Lead Managers or any of their respective affiliates.

6. You acknowledge (or if acting for the account of another person, such person has confirmed that you acknowledge) that, the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that the Company has not registered as an investment company under the Investment Company Act in reliance on section 3(c)(7) thereof and that it will not be entitled to the benefits of the Investment Company Act. You understand that the Company has elected to impose the transfer and offering restrictions as described herein so that the Company will have no obligation to register as an investment company under the Investment Company Act. You understand that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them.

7. You agree that if you decide to offer, sell, pledge or otherwise transfer any of the Equity Shares, you agree that you will only offer, sell, pledge or otherwise transfer such Equity Shares outside the United States to a purchaser not known by you to be a U.S. person in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India.

8. You agree that if you decide to offer, sell, pledge or otherwise transfer any of the Equity Shares in accordance with the restrictions set forth herein, except for a non-prearranged transaction executed on the BSE, the NSE or any other recognized stock exchange where the Equity Shares are listed, you shall obtain from the transferee a representation letter in substantially the same form as the representations in "-Non-U.S. Persons Outside the United States" specified herein.

9. None of you, any of your affiliates nor any person acting on behalf of you or any of your affiliates, has made or shall make any directed selling efforts (as defined in Regulation S under the Securities Act), or any general solicitation or general advertising (as defined in Regulation D under the Securities Act), with respect to the Equity Shares.

10. You agree that, prior to any sale of the Equity Shares, you shall notify the purchaser of such Equity Shares or the executing broker, as applicable, (a) of any transfer restrictions that are applicable to the Equity Shares being sold, (b) that the Equity Shares have not been and will not be registered under the Securities Act and (c) that the Company has not been and will not be registered as an investment company under the Investment Company Act.

11. You shall notify the executing broker and any other agent involved in any resale of the Equity Shares of the forgoing restrictions applicable to the Equity Shares and instruct such broker or agent to abide by such restrictions.

12. You understand and acknowledge that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the Equity Shares.

13. You agree to indemnify and hold the Company and the Book Running Lead Managers and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

14. You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, the Book Running Lead Managers and their respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein. You agree that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, you shall promptly notify the Company and the Book Running Lead Managers in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges, and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("**SCR** (**SECC**) **Rules**"), which regulates, amongst other things, the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to, amongst other things, suspend trading of, or withdraw admission to dealings in, a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to our company receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule decisions by the governing body of the stock exchanges and withdraw recognition of a recognised stock exchange.

Minimum level of public shareholding

All listed companies are required to ensure a minimum public shareholding of 25%. Further, in the event that the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Our Company is in compliance with this minimum public shareholding requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the Companies Act, 2013 and the SEBI Listing Regulations:

Public limited companies are required under the Companies Act and the SEBI Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory open offer obligations for listed Indian companies are governed by the Takeover Regulations which provide specific regulations in relation to substantial acquisitions of shares and control. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of our company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The SEBI Insider Trading Regulations, 2015 have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information.

The SEBI Insider Trading Regulations, 2015 also provide disclosure obligations for promoters, employees and directors, with respect to their shareholding in a company, and the changes therein. The definition of "insider" includes any person who is a connected person or in possession of, or having access to, unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Bidders are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹ 1,958,200,000 divided into 1,520,200,000 Equity Shares of ₹ 1 each and 43,800,000 preference shares of ₹ 10 each. For further details please see the section "*Capital Structure*" on page 86.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act and remaining undistributed or out of both or out of money provided by the central government or a state government for the payment of dividend by the company in pursuance of a guarantee given by that Government.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the Company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the Company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the Company after such withdrawal shall not fall below 15% of the Company's paid up share capital as per the most recent audited financial statement of the company.

Our Board may retain any dividends on which our Company may have a lien and may apply the same towards the satisfaction of the debts or liabilities in respect of which the lien exists. Our Board may deduct from any dividend payable to any member all sums of money, if any, payable by him to the Company on account of calls or otherwise in relation to the Equity Shares of the Company. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid but if any Equity Share is issued on terms providing that it shall rank for dividends as from a particular date, such Equity Share shall rank for dividend accordingly. Our Board may deduct from any dividend payable to any member all sums of money, if any, payable by him to the Company on account of calls or otherwise in relation to the Equity Shares of the Company. No member shall be entitled to receive payment of interest and dividend in respect of his Equity Shares while any money may be due or owing from him to our Company and our Board may deduct from the interest or dividend to any member all such sums of money so due from him to our Company. A transfer of Equity Shares shall not pass the right to any dividend declared therein before the registration of the transfer unless the registered holder of the Equity Shares authorises the Company to pay the dividend to the transferee.

According to the Articles of Association, dividends may be paid to the members according to their respective rights but the amount of dividends shall not exceed the amount recommended by our Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, our Board of the Directors may pay interim dividends as in the judgement of our Board of Directors, the position of our Company justifies, subject to the requirements of the Companies Act.

Unclaimed and unpaid dividend shall not be forfeited by our Company. Subject to applicable provisions of the Companies Act, if our Company has declared a dividend but which has not been paid or claimed or dividend warrant or such other instrument has not been posted within 30 days from the date of declaration to any member entitled to the payment of the dividend, our Company shall within seven days from the date of the expiry of the aforesaid 30 days period transfer the total amount of dividend which remains unpaid or unclaimed to a Special Account to be opened in that behalf in any scheduled Bank called Unpaid Dividend Account.

Capitalisation of Profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus(e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the shareholders, upon a recommendation by the Board, resolve to capitalise whole or any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and distribute amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions and that all or any part of such capitalized fund shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, for the purposes of the Article, be applied in the paying of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

The Articles of Association authorise us to increase our authorised capital by issuing new shares consisting of equity and/or preference shares, as our Company may determine in a general meeting.

The Articles of Association provide that our Company, subject to compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force in the general meeting, from time to time, may consolidate, divide or sub-divide its share capital.

Our Articles of Association permit our Company, pursuant to an ordinary resolution in a general meeting, to sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled. The cancellation of shares shall not be deemed to be a reduction of the share capital.

General Meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings. No proxy shall be entitled to vote on a show of hands unless such proxy is present on behalf of a company or corporation. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the Equity Share in respect of which the vote is given provided no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office of our Company before the general meeting. Provided that the chairman of any general meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked. A person can act as proxy on behalf of the members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

The Articles of Association of our Company provide that if our Company shall be wound up, the liquidator may with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributions in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributors, as the liquidator, with the like sanction shall think fit.

Buy Back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

TAXATION

Statement of Possible Tax Benefits available to the Company and its Shareholders under the applicable laws in India

The Board of Directors
JM Financial Limited
Mumbai

1. We hereby confirm that the enclosed statement, prepared by JM Financial Limited ("**the Company**"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ("**the Act**") as amended by the Finance Act, 2017, i.e., applicable for the financial year 2017-18 relevant to the assessment year 2018-19, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

   Section 115JB of the Act has been amended vide the Finance Act, 2017 providing a framework to compute book profit, which constitutes the tax base for Minimum Alternate Tax ('MAT') levy, for companies converging to Ind-AS. These amendments, which provide for various adjustments to the book profits on account of transitional impact as well as year-on-year impact of Ind-AS, have not been included in the enclosed statement. Accordingly, we have not expressed our opinion on the impact of Ind-AS, which may be applicable to the Company from financial year 2018-19 onwards.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:
   (i) the Company or its shareholders will continue to obtain these benefits in future;
   (ii) the conditions prescribed for availing the benefits have been / would be met with; and
   (iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For Arun Arora & Co.
Chartered Accountants

Arun Arora
Proprietor
Membership No. 012018
Mumbai
January 30, 2018

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as "the Act")

1. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Income-tax Act, 1961 ("**the Act**"):

1.1 **Benefits on distributed income**

1.1.1 **Section 10(34) of the Act - Any income by way of dividends referred to in section 115-O**

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(34) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax ("**MAT**") provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1962 ("**the Rules**").

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares, where such shares are purchased within a period of three months prior to the record date and sold/ transferred within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend income.

1.1.2 **Section 10(35) of the Act - Income from specified units**

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein);

(a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;

(b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

(c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

The provisions restricting tax deductibility of expenditure in respect of exempt income as per section 14A of the Act read with Rule 8D of the Rules are applicable.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of units, where such units are purchased within a period of three months prior to the record date and sold/ transferred within nine months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend income.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored tor the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

1.1.3 **Section 10(34A) of the Act - Income from buy back of shares**

Income arising to the Company from shares held by it on account of buy-back of such shares (not being listed on a recognized stock exchange) by the underlying investee company as referred to in section

115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess) on distributed income being difference between consideration and the amount received by the company for issue of shares determined in the manner as may be prescribed.

1.1.4 **Section 10(38) of the Act - Income on transfer of long-term listed equity share or mutual fund unit**

Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long-term if they are held for more than 12 months. However, such long-term capital gains will not be exempt if the transaction of acquisition, of such equity share is entered on or after 1st day of October 2004 and such transaction is not chargeable to STT, unless covered by the notification no. 43/2017 dated June 5, 2017, issued by the Central Government in this regard.

The said exemption will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

1.2 **Benefits while computing Profits and Gains of Business or Profession**

1.2.1 **Section 36(1)(vii) of the Act - Allowance of bad debts written off**

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of account is allowable as a deduction for computing the income under the head 'Profits and gains of business or profession'.

1.2.2 **Section 35 of the Act - Expenditure on scientific research**

Any sum paid by the Company to an approved research association which has its object to undertake scientific research or to an approved university, college or other institution to be used for scientific research, would be eligible for weighted deduction of 150% of the sum so paid under section 35(1)(ii) of the Act while computing the taxable Income. The said deduction shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

Any sum paid by the Company to a notified company having its main object to conduct scientific research and development and fulfilling conditions as may be prescribed, shall be eligible for deduction under section 35(1)(iia) of the Act, while computing the taxable income.

Any sum paid by the Company, to an approved and notified research association having its object to undertake research in social science or statistical research or to an approved and notified university, college or other institution for use in research on social science or statistical research, and fulfilling conditions as may be prescribed, shall be eligible for deduction under section 35(1)(iii) of the Act, while computing the taxable income.

Section 35(2AA) of the Act provides that the Company shall be eligible for a weighted deduction of 150% of any sum paid to a specified National Laboratory or a University or an Indian Institute of Technology or a specified person approved by the prescribed authority with a specific direction that such sum shall be used for approved scientific research programme, while computing its taxable income. The said deduction shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

1.2.3 **Section 35CCC of the Act - Expenditure on agricultural extension project**

Section 35CCC of the Act provides that any expenditure incurred by a company on agricultural extension project notified by the Central Board of Direct Taxes shall be eligible for a weighted deduction of 150% of such expenditure while computing taxable income in accordance with the guidelines as may be prescribed. The deduction shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

1.2.4 **Section 35CCD of the Act - Expenditure on skill development project**

Section 35CCD of the Act provides that any expenditure (other than cost of land or building) incurred by a company on any skill development project notified by the Central Board of Direct Taxes shall be eligible for a weighted deduction of 150% of such expenditure while computing taxable income in accordance with the guidelines as may be prescribed. The deduction under Section 35CCD of the Act shall be equal to 100% of the amount so paid from FY 2020-21 onwards.

1.2.5 **<u>Section 35D of the Act - Amortisation of preliminary expenses</u>**

The Company will be entitled for deduction of specified preliminary expenditure (i.e., preparation of feasibility/ project reports, conducting market survey, legal charges, etc.) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

1.2.6 **<u>Section 35DDA of the Act - Expenditure under Voluntary Retirement Scheme ('VRS')</u>**

The Company will be eligible for deduction of any expenditure incurred on voluntary retirement of its employees subject to the satisfaction of prescribed conditions under section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

1.2.7 **<u>Section 80JJAA - Deduction or additional employee cost</u>**

Incentive deduction amounting to 30% of additional employee cost incurred in a year is allowable for a period of 3 consecutive years including the year in which such employment is provided, subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing total income of the Company.

1.2.8 **<u>Other Deductions</u>**

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations, subject to specified limits, to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.
A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash is allowable under section 80GGB of the Act while computing total income of the Company.

1.2.9 **<u>Carry forward and set-off of Business loss and unabsorbed depreciation</u>**

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income. Balance business loss, if any, can be carried forward and set-off against business profits for subsequent eight years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

1.3 **<u>Capital gains</u>**

As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short-term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.
Similarly, shares of a company (other than those listed on a recognised stock exchange) and immovable property being land or building or both will be considered short-term capital assets, if the period of holding of such shares, land or building or both is twenty four (24) months or less.

If the period of holding of the abovementioned assets is more than 12 months or 24 months respectively, it will be considered a long-term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months instead of 12 months.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long-term capital gains, section 48 provides for substitution of cost of acquisition / improvement with indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 54EC of the Act, capital gains upto Rs.50 lakhs, arising from the transfer of a long-term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in long-term specified asset being bonds issued by National Highway Authority of India ("NHAI") or Rural Electrification Corporation Limited ("REC") or other specified bonds as may be prescribed. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of long-term capital assets would be exempt from tax if such capital gain is invested within six months from the date of such transfer in long-term specified assets in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs.50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long-term specified assets bears to the whole of the capital gain. Long-term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as may be notified by the Central Government in this behalf. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

Gains arising on transfer of short-term capital assets are chargeable in the hands of the Company at the rate of 30% (plus applicable surcharge and cess). However, as per section 111A of the Act, short-term capital gains from sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).
Gains arising on the transfer of long-term asset are chargeable to tax in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long-term capital gains resulting on transfer of listed securities or units or zero coupon bond shall be restricted at the rate of 10% (plus applicable surcharge and cess) without indexation benefit.

As per section 70 read with section 74 of the Act, short-term capital loss arising during a year is allowed to be set-off against short-term capital gains as well as long-term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 read with section 74 of the Act, long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, shall be carried forward and set-off against long-term capital gains arising during subsequent eight assessment years.

As per Section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

1.4 **Section 115-O of the Act - Tax on distributed profits of domestic companies**

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and cess) on distribution of profits. As per sub-section (1A) to section 115-

O, the domestic company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year ("FY") against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary company and the subsidiary company has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.

Section 115-O, with effect from 1 October 2014, provides that the amount of dividend declared by the domestic company would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits.

1.5 **Section 115JAA of the Act - Credit of MAT paid**

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 18.5% (plus applicable surcharge and cess) of the book profits.
MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set-off up to fifteen subsequent years.

2. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

2.1 **For resident shareholders:**

2.1.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

However, as per section 115BBDA, in case of a specified assessee as mentioned therein who is resident in India and receives dividend income from domestic Indian company or companies in excess of Rs.10 lakh, the excess shall be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).
Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the income exempt under section 10(34) will not be tax deductible expenditure. In case the Tax Authorities are not satisfied by the disallowance considered by the assessee, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within a period of three months prior to the record date and sold/ transferred within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend income.

2.1.2 Income arising on transfer of shares of the Company, if held as Investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT. These assets turn long-term if they are held for more than 12 months.

However, such long-term capital gains will not be exempt if the transaction of acquisition of such equity share is entered on or after 1st day of October 2004 and such transaction is not chargeable to STT, unless covered by the notification no. 43/2017 dated June 5, 2017 issued by the Central Government in this regard. The Central Government has, inter-alia, notified investments made by Qualified Institutional Buyers in listed equity shares for the said purpose.

The shareholders being companies will not be able to claim the above exemption while computing the book profits and income tax payable under section 115JB of the Act.

2.1.3 The long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments, not covered under point 2.1.2 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition / improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

2.1.4 In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

2.1.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

2.1.6 In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2.1.2 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified asset being bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro-rata basis. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

2.1.7 Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of the shares of the Company not covered under point 2.1.2 above shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in long-term specified asset in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs.50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long-term specified assets bears to the whole of the capital gain. Long-term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as may be notified by the Central Government in this behalf. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

2.1.8 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2.1.2 above held by an individual or HUF shall be exempt from capital gains tax if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro-rata basis.

2.1.9 Short-term capital loss computed for a given year is allowed to be set-off against short-term / long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for the given year is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per Section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short-term capital loss, which is not set-off under the provisions of Section 70 of the Act is allowed to be carried forward for subsequent eight assessment years for being set-off against subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be set-off only against the long-term capital gains of subsequent eight assessment years.

2.1.10 Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains of Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/losses arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

2.2 **<u>For non-resident shareholders</u>**

2.2.1 Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure. In case the Tax Authorities are not satisfied by the disallowance considered by the assessee, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within a period of three months prior to the record date and sold/ transferred within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend income.

2.2.2 Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These shares turn long-term if they are held for more than 12 months.

However, such long-term capital gains will not be exempt if the transaction of acquisition, of such equity share is entered on or after 1st day of October, 2004 and such transaction is not chargeable to STT, unless covered by the notification no. 43/2017 dated June 5, 2017 issued by the Central Government in this regard, The Central Government has, inter-alia, notified investments made by non-residents (in accordance with the extant foreign direct investment guidelines) and Qualified Institutional Buyers in listed equity shares for the said purpose.

2.2.3 In accordance with, and subject to section 48 of the Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point 2.2.2 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised to the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter.

2.2.4 The long-term capital gains arising to the shareholders of the Company from the transfer of equity shares of the Company held as investments, not covered under point 2.2.2 above shall be taxable as follows:

- Where the equity shares of the Company are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% (plus applicable surcharge and cess) on the amount of capital gains computed as per point 2.2.3 above;

- Where the equity shares of the Company are acquired in Indian Rupees(not convertible foreign exchange), the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to section 48 or at the rate of 10% (plus applicable surcharge and cess) on the amount of capital gains computed before indexing the cost of acquisition/ improvement, whichever is lower.

2.2.5 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

2.2.6 In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2.2.2 above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified asset being bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro-rata basis. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

2.2.7 Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on transfer of the shares of the Company not covered under point 2.2.2 above shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in long-term specified asset in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs.50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long-term specified asset bears to the whole of the capital gain. Long-term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as may be notified by the Central Government in this behalf. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

2.2.8 In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2.2.2 above held by an individual or HUF shall be exempt from capital gains if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro-rata basis.

2.2.9 Short-term capital loss computed for a given year is allowed to be set-off against short-term / long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for the given year is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per Section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short-term capital loss which is not set-off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set-off against subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be set-off only against the long-term capital gains of subsequent eight assessment years.

2.2.10 Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains of Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

2.2.11 Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

2.2.12 Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which inter-alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point 2.2.2 above.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange and not covered under point 2.2.2 above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro-rata basis.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter, inter-alia, entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

f) MAT provisions under Section 115JB of the Act are not applicable to a foreign company if -

- such company is a resident of a country or a specified territory with which India has an AADT and such company does not have a permanent establishment in India in accordance with the provisions of such AADT; or

- such company is a resident of a country with which India does not have an AADT and such company is not required to seek registration under the Indian corporate laws.

g) In respect of foreign companies which are not exempt from MAT provisions as per point 2.2.12(f) above, following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long-term or short-term) arising on transactions in securities:

- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

2.3 **<u>For shareholders who are Foreign Institutional Investors (FIIs):</u>**

2.3.1 Dividend Income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.
Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure. In case the Tax Authorities are not satisfied by the disallowance considered by the Company, the quantum of disallowance shall be computed in

accordance with the provisions of section 14A read with Rule 8D of the Rules.

2.3.2 As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within a period of three months prior to the record date and sold/ transferred within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend income.

2.3.3 Transfer of any shares/ securities (other than those held as stock in trade as referred to point 2.3.2 above) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

2.3.4 Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long-term if they are held for more than 12 months.

However, such long-term capital gains will not be exempt if the transaction of acquisition of such equity share is entered on or after 1st day of October 2004 and such transaction is not chargeable to STT, unless covered by the notification no. 43/2017 dated June 5, 2017 issued by the Central Government in this regard. The Central Government has, inter-alia, notified investments made by non-residents (in accordance with the extant foreign direct investment guidelines) and Qualified Institutional Buyers in listed equity shares for the said purpose.

2.3.5 Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 2.3.4 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess).

2.3.6 Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

2.3.7 Under section 115AD(1)(b)(ii) of the Act, income by way of short-term capital gains arising from the transfer of shares held in the Company not covered under point 2.3.6 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

2.3.8 Under the provisions of section 90(2) of the Act, an FII will be governed by the provisions of the AADT between India and the country of residence of the FII and the provisions of the Act apply to the extent they are more beneficial to the assessee.

2.3.9 Short-term capital loss computed for a given year is allowed to be set-off against short-term / long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for the given year is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per Section 71 of the Act short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.
As per Section 74 of the Act, the balance short-term capital loss, which is not set-off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set-off against subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be set-off only against the long-term capital gains of subsequent eight assessment years.

2.3.10 As per section 196D no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares, payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

2.3.11 MAT provisions under Section 115JB of the Act are not applicable to a foreign company if -

- such company is a resident of a country or a specified territory with which India has an AADT and such company does not have a permanent establishment in India in accordance with the provisions of such AADT; or

- such company is a resident of a country with which India does not have an AADT and such company is not required to seek registration under the Indian corporate laws;

2.3.12 In respect of foreign companies which are not exempt from MAT provisions as per point 2.3.11 above, following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long-term or short-term) arising on transactions in securities.
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5% Consequently, corresponding expenses shall also be excluded while computing MAT.

2.4 **<u>For shareholders who are Mutual Funds:</u>**

2.4.1 Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

2.4.2 As per section 196 of the Act, no tax is to be deducted from any income payable to Mutual Fund specified under section 10(23D) of the Act.

2.5 **<u>For Venture Capital Companies/ Funds:</u>**

2.5.1 Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category of Category I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations), 2012 under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

2.5.2 As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company / Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

2.6 **<u>For Alternative Investment Funds:</u>**

2.6.1 Under Section 10(23FBA) of the Act, any income of an “investment fund” other than the income chargeable under the head “Profits and gains of business or profession”, would be exempt from income tax.

“Investment fund” means a fund setup in India as a trust or a company or a limited liability partnership or a body corporate and which has been granted a certificate of registration as a Category I or a Category II Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012, made under the SEBI Act, 1992.

2.6.2 As per Section 115UB of the Act, any income derived by a person from his investment in an “investment fund” would be taxable in the same manner as if it were the income accruing or arising to, or received by, such person had the investments made by the investment fund been made directly by him.

2.6.3 As per notification issued under section 197A(1F) of the Act, no tax is to be deducted from any income of the nature specified in section 10(23FBA) payable to a Category I or a Category II Alternative Investment Fund as regulated under SEBI (Alternative Investment Funds Regulations), 2012 under the SEBI Act, 1992.

II. <u>TAX DEDUCTION AT SOURCE</u>

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents [other than long-term capital gains exempt under section 10(38) of the Act] may be subject to withholding of tax at the rate under the domestic tax laws or under the Agreement for Avoidance of Double Tax (AADT), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable AADT and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. However, section 206AA of the Act shall not apply to a non-resident and a foreign company, in respect of any other payment, subject to such conditions as may be prescribed.

Notes:

1. Summarized below are the provisions relevant for determination of residential status of a tax payer:

   a) As per the provisions of the Act, an Individual is considered to be a resident in India during any financial year ("FY") if he or she is present in India for:

      i. a period or periods aggregating to 182 days or more in that FY: or

      ii. for a period or periods aggregating to 365 days or more within the four preceding FY's and a period or periods aggregating to 60 days or more in that FY and.

   b) In case of an Indian citizen or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any FY, the limit of 60 days under point(ii) above, shall be read as 182 days.

   c) A Company is resident in India if it is an Indian Company or its place of effective management, in that year, is in India.

   d) A Hindu Undivided Family ('HUF'), firm (including Limited Liability Partnership) or other association of persons is resident in India, except when the control and management of its affairs is situated wholly outside India during the relevant FY.

   e) A person who is not a resident in India would be regarded as 'Non-Resident' subject to qualifying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

2. As per the Finance Act, 2017, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 15% if the total income exceeds Rs.1 crore. Further, surcharge is to be levied on such assessees at the rate of 10% if the total income exceeds Rs.50 lakhs but not exceeding Rs.1 crore.

   In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs.1 crore but not exceeding Rs.10 crore. Where the total income exceeds Rs.10 crore, surcharge shall be levied at the rate of 12%.

   In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs.1 crore but not exceeding Rs.10 crore. Where the total income exceeds Rs.10 crore, surcharge shall be levied at the rate of 5%.

   In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.

3. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1 % respectively is payable by all categories of taxpayers.

4. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.

5. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable AADT, if any, between India and the country in which the non-resident has fiscal domicile.

7. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

9. This statement of possible direct tax benefits enumerated above is as per the Act as amended till the Finance Act, 2017. The above statement of possible Direct-tax benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

10. The information provided above sets out the possible tax benefits available to the company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may· have a different interpretation impacting the benefits, which an investor can avail.

11. This statement does not cover applicability of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.

12. The above statement covers only certain relevant Direct Tax Law benefits and does not cover any Indirect Tax Law benefits or benefits under any other law.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Preliminary Placement Document; U.S. Treasury regulations in effect as of the date of this Preliminary Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "US India Treaty"). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the Company's voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a beneficial owner of Equity Shares that is not a U.S. Holder. If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds

Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the PFIC rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, the Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) the Company is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) the Company is eligible for the benefits of the US India Treaty. The Company expects to be eligible for the benefits of the US India Treaty. However, the Company believes it was a PFIC for the taxable year ending March 31, 2017 and may be a PFIC for the current year and future years. Accordingly, the preferential dividend rate with respect to dividends paid to certain non-corporate U.S. Holders discussed below may not apply. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by the Company in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute "passive category income". A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which the Company is liable and must pay with respect to distributions on the Equity Shares. *The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.*

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability.

A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% Medicare surtax is determined in a different manner than the regular U.S. income tax. *Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.*

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. *U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.*

Passive Foreign Investment Company

In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. The Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, the Company believes it was a PFIC for its taxable year ending March 31, 2017, and may be a PFIC for the current year and future years. Interest income is generally passive income and a large portion of our Company's income is from interest. Similarly, loans held as assets are generally passive assets. A special rule allows banks to treat their banking business income as non-passive, and assets giving rise to banking business income as active assets. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. Our Company does not believe that it currently meets these requirements and therefore, our Company's interest income will likely be treated as passive income, and the Company's loan assets will likely be treated as passive assets. However, the determination of whether the Company is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that the Company will or will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of the Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Furthermore, the Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. *Prospective purchasers are urged to consult their tax advisors regarding the Company's possible status as a PFIC.*

If the Company is a PFIC for any taxable year during which you hold Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which the Company became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If the Company is a PFIC for any year during which you hold Equity Shares, the Company generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether the Company in fact continues to meet the income or asset test described above.

In addition, if the Company is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat the Company as a qualified electing fund ("**QEF**") for U.S. federal income tax purposes. To make a QEF election, the Company must provide U.S. Holders with information compiled according to U.S. federal income tax principles. The Company does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in the Company's subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if the Company is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the

Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by the Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which the Company is a PFIC, may be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

LEGAL PROCEEDINGS

Our Company and its Subsidiaries are, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, criminal proceedings, civil proceedings, tax, regulatory and other disputes.

As on the date of this Preliminary Placement Document, except as disclosed hereunder, there is no litigation against our Company or its Subsidiaries, which could have a material adverse effect on our Company and its Subsidiaries.

It is clarified that (1) our Company has not considered it's policy on materiality (adopted in terms of the SEBI Listing Regulations) while determining any litigation against our Company or its Subsidiaries, which could have a material adverse effect on our Company and its Subsidiaries; and (2) pre-litigation notices received by our Company, Subsidiaries or Directors shall not be considered as litigation until such time that our Company, Subsidiaries or Directors, as the case may be, is impleaded as a defendant or respondent in litigation proceedings before any judicial fora.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

I. Litigation against our Company

Tax proceedings

1. The Income-Tax department ("**IT Department**") passed an assessment order against our Company for treating sale of equity shares of JM Morgan Stanley Securities Private Limited ("**JMMS Securities**") in Fiscal 2008 as capital gains. Our Company had also claimed a long term capital loss of ₹ 549.0 million and short term capital loss of ₹ 4,654.4 million from the sale of equity shares of JM Financial Products Private Limited ("**JMFPPL**"). The IT Department, by way of its assessment order dated March 14, 2014, treated our gain from the sale of equity shares of JMMS Securities as business income and also disallowed our claim for set-off of the capital loss from the sale of shares of JMFPPL, and raised demands aggregating to ₹ 3,471.9 million. Pursuant to an appeal filed by our Company, the Commissioner of Income-Tax (Appeals) ("**CIT(A)**") held that the gain from the sale of equity shares of JMMS Securities is to be treated as capital gain and disallowed the set-off of capital loss from sale of equity shares of JMFPPL. Our Company has appealed against the order of the CIT(A) for disallowance of claim of set-off of loss from sale of equity shares of JMFPPL before the Income Tax Appellate Tribunal ("**ITAT**"). Simultaneously, the IT Department has also appealed against the CIT(A)'s order for treating the gain from the sale of equity shares of JMMS Securities as capital gain before the ITAT. These matters are currently pending.

II. Litigation against our Subsidiaries

*A) JM Financial Services Limited ("**JMFSL**")*

Civil proceedings:

1. MGM Forgings Private Limited and others ("**Plaintiffs**") filed a commercial suit on August 16, 2016 before the High Court of Judicature at Bombay ("**Plaint**") against JMFSL and others. The Plaint was filed in relation to funds invested by the Plaintiffs in National Spot Exchange Limited ("**NSEL**"), which was subsequently embroiled in a scam that resulted in non-payment of dues owed to the Plaintiffs. The Plaintiffs have sought recovery of (i) losses of funds amounting to ₹ 208.6 million, with interest thereon at 16% per annum from the date of the suit till payment in proportion to the losses suffered by the Plaintiffs; (ii) funds amounting to ₹ 3.5 million, with interest thereon at 18% per annum from the date of the suit till payment or realization towards brokerage and cost and freight charges; and (iii) a sum aggregating to ₹ 10.0 million as damages for stress and mental agony caused to the Plaintiffs. JMFSL has filed its reply on the same and the matter is currently pending.

Tax proceedings:

1. The IT Department raised demands for Fiscal 2012 and Fiscal 2014 in relation to cash future arbitrage activities entered into by JMFSL during Fiscal 2012 and Fiscal 2014 by treating the loss incurred on the cash segment as a speculation loss and disallowed it. The issue on cash future arbitrage initially arose in

Fiscal 2009. The alleged speculation loss for Fiscal 2012 is ₹ 1,346.6 million and for Fiscal 2014 is ₹672.0 million. JMFSL has filed appeals for Fiscal 2012 and Fiscal 2014 before CIT(A) in relation to these disallowances made by the IT Department, which are currently pending. On a similar ground for Fiscal 2009 and Fiscal 2011, JMFSL has received favorable orders of the CIT (A). For Fiscal 2009, the Income tax department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals), which was dismissed by the ITAT in JMFSL's favour. The IT Department has appealed against the order of the tribunal for Fiscal 2009 before the High Court of Judicature at Bombay and the same is pending before the High Court.

Separately, the IT Department raised demand for disallowances of expenditure of ₹11.7 million against JMFSL under section 14A of the IT Act for Fiscal 2012. On a similar ground, for Fiscal 2011 the additional disallowance under section 14A has been deleted in appeal by the CIT(A). For Fiscal 2012, JMFSL has appealed against the order of the IT Department before the CIT(A), and the same is currently pending for disposal.

The IT Department also disallowed the lease rentals paid by JMFSL for finance lease on the basis that it is capital expenditure and lease rentals can be allowed as expense only in case of operating lease. The IT Department also did not allow the alternative claim for finance charges and depreciation. The disallowance for Fiscal 2012 is ₹ 2.8 million and for Fiscal 2014 is ₹ 2.0 million. The IT department has raised demand in this respect. JMFSL has appealed against the orders of the IT before CIT(A), which are currently pending.

Criminal proceedings:

1. Mr. Kamlesh Jain ("**Complainant**") filed a complaint on January 22, 2009 ("**Complaint**") at Ashok Nagar Police Station, Jaipur, alleging unauthorized trade by JMFSL in his account held by him for funds amounting to ₹ 0.1 million. The investigating authority filed a Final Report dated January 31, 2009 stating that the matter is of a civil nature. The Complainant filed a protest petition and the same was dismissed by an order dated July 28, 2016 passed by Magistrate Court, Jaipur. The Complainant has now preferred a revision petition dated August 31, 2016 for setting aside the said order dated July 28, 2016 before the Session Court, Jaipur. JMFSL has prepared the reply to the petition, refuting the allegations made by the Complainant. The matter is currently pending.

2. Mr. Pillamarri Venkata Krishna Sastri ("**Complainant**") filed a complaint on November 2, 2012 ("**Complaint**") at Narayagunda Police Station against JMFSL, alleging that JMFSL, with Mr. Siva Nageshwar Rao and Mr. Sriram Subramanyam, cheated him of funds amounting to ₹ 2.5 million. JMFSL has preferred a criminal petition in the High Court of Judicature at Hyderabad, seeking a stay on the proceedings under the aforementioned FIR filed by the Complainant. The matter is currently pending.

3. Mr. Anil Kumar Sharma ("**Complainant**") filed an FIR against JMFSL, its senior management and directors on January 11, 2013, ("**Complaint**") at Gandhi Nagar Police Station, Jaipur. The Complainant alleged that JMFSL officers and senior management cheated and dishonestly induced him to invest in certain shares and as result of which he has lodged the said Complaint for funds amounting to ₹ 1.5 million. JMFSL has filed replies to the Complaint on various dates and accordingly investigation authority had filed final report stating that the Complaint is of civil nature, refuting the allegations made by the Complainant. The matter is currently pending.

4. Mr. Ajay Mehta and Asset Developers, a partnership firm ("**Complainants**") have filed a police complaint on February 23, 2015 against JMFSL, its officials, directors and others ("**Accused**") with the Delhi Economic Offences Wing ("**Delhi EOW**") in relation to an investment made by the Complainants through JM Financial Commtrade Limited ("**JMFCL**"), a subsidiary of our Company, in National Spot Exchange Limited ("**NSEL**") for an aggregate amount of ₹ 33.4 million. The Complainants have alleged misappropriation of funds, misrepresentation and inducement against the Accused. Subsequently, Delhi EOW filed an FIR on June 27, 2015 against the Accused. Since the investment was made through JMFCL, JMFCL has made written submissions to Delhi EOW. The matter is currently pending.

*B) JM Financial Asset Management Limited ("**JMFAML**")*

Criminal proceedings:

1. Dr. Shankar Samal ("**Complainant**") sent a legal notice on October 8, 2014 ("**Complaint**") to JMFAML and others for misappropriation of funds amounting to ₹ 2.4 million. The Complainant invested in 'JM Agri & Infra Fund Growth Plan' offered by JM Financial Mutual Fund through JMFAML. The Complainant has

accused JMFAML and others of misappropriating funds and of criminal breach of trust under the Indian Penal Code, 1860. JMFAML has filed replies to Sub-Inspector of Police, Cubbon Park police station, Bangalore on June 28, 2016, July 4, 2016 and July 13, 2016 in response to their letter dated June 16, 2016 refuting the allegations made by the Complainant. The matter is currently pending.

2. Mr. Mahesh Agarwal ("**Complainant**") filed an FIR on August 4, 2011 against Mr. Umesh Somai, a distributor of JM Financial Mutual Fund and others alleging that he was wrongly induced into investing funds amounting to ₹ 0.1 million in December, 2007 ("**Complaint**") before Jalupura Police Station, Jaipur. The Complainant invested in 'JM Agri & Infra Fund Growth' offered by JM Financial Mutual Fund through JMFAML allegedly under the belief that he was investing in fixed income securities whereas he was investing in an equity based scheme. JMFAML has filed replies to the Complaint on November 25, 2011 and February 9, 2012, refuting the allegations made by the Complainant. The matter is currently pending.

3. Mr. Channe Gowda C ("**Complainant**") filed a complaint on August 26, 2011 ("**Complaint**") before the Court of Judicial Magistrate of First Class at Madhugiri against the Manager, ING Vysya Bank Limited, Kodigenahalli, managing director and chief executive officer of JMFAML and others for offences punishable under Sections 418 and 420 read with Section 34 of the Indian Penal Code. The Complainant has alleged that he was wrongly induced into investing funds amounting to ₹ 0.5 million in the units of JM Agri & Infra Fund in 2008. JMFAML had filed a criminal petition in the High Court of Karnataka at Bengaluru (the "**High Court**") seeking quashing of the proceedings under the Complaint on November 27, 2013. The High Court passed an interim order in favour of JMFAML, however, subsequently, disposed off the petition reserving the liberty to JMFAML to approach the revisional court. JMFAML approached the revisional court for stay. The revisional court dismissed the application filed and confirmed the issuance of summons. Subsequently, JMFAML has filed a criminal petition before the High Court against the order passed by the IV Additional District and Sessions Judge at Madhugiri who had confirmed the issuance of summons. The High Court has granted an interim stay order, staying all further proceedings on the file of the additional civil judge and Judicial Magistrate First Class, Madhugiri, subject to deposit of ₹ 0.5 million before the jurisdictional court within a period of two weeks from the date of the order. JMFAML has deposited the said sum before the jurisdictional court at Madhugiri. The matter is currently pending.

4. Dr. S. Geetha ("**Complainant**") sent a legal notice on October 8, 2014 ("**Complaint**") to JMFAML and others for misappropriation of funds amounting to ₹ 0.2 million. The Complainant invested in 'JM Agri-Infra Fund Growth Plan' offered by JM Financial Mutual Fund through JMFAML. The Complainant has accused JMFAML and others of misappropriating funds and of criminal breach of trust under the Indian Penal Code, 1860. JMFAML has filed replies to Sub-Inspector of Police, Cubbon Park police station, Bangalore on June 28, 2016, July 4, 2016 and July 13, 2016 before the Sub-Inspector of Police, Cubbon Park police station, Bangalore in response to their letter dated June 16, 2016, refuting the allegations made by the Complainant. The matter is currently pending.

III. Cases against our Directors

Nil

IV. Litigation, inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and / or its Subsidiaries in the last three years

Nil

V. Prosecutions filed against, fines imposed on, or compounding of offences by our Company and / or its Subsidiaries under the Companies Act in the last three years

Nil

VI. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

Nil

VII. Defaults by our Company in respect of dues payable including therein the amount involved, duration of default and present status of repayment of statutory dues, debentures (including interest thereon), deposits (including interest thereon) and loans (including interest thereon)

As of the date of this Preliminary Placement Document, there are no outstanding defaults in undisputed statutory payments, repayment of debentures and interest thereon, repayment of deposits and interest thereon, and repayment of loan from any bank or financial institution and interest thereon.

VIII. Litigation or legal action pending or taken against the Promoter(s) by any Ministry, Department of the Government or any statutory authority in the last three years

Nil

STATUTORY AUDITORS

Our Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI. The Unaudited Special Purpose Interim Condensed Consolidated Financial Information and the Unaudited Special Purpose Interim Condensed Standalone Financial Information included in this Preliminary Placement Document have been reviewed by Deloitte Haskins & Sells LLP, Chartered Accountants.

The Audited Consolidated Financial Statements and the Audited Standalone Financial Statements included in this Preliminary Placement Document have been audited, by our *erstwhile* statutory auditors, M/s. Khimji Kunverji & Co, Chartered Accountants. M/s Khimji Kunverji & Co, Chartered Accountants are independent auditors as per the requirements of Companies Act, 2013 and in accordance with guidelines issued by ICAI.

GENERAL INFORMATION

- Our Company was incorporated as a private limited company under the name of J.M. Share and Stock Brokers Private Limited on January 30, 1986 under the Companies Act, 1956. Subsequently, the Company became a deemed public limited company upon its promoter, J. M. Financial & Investment Consultancy Services Private Limited becoming a deemed public limited company on June 15, 1988, by virtue of the Companies (Amendment) Act, 1988 read with the Companies Act, 1956. On September 15, 2004, the name of our Company was changed to JM Financial Limited.

- Our Registered Office and Corporate Office is located at 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400025. Our CIN is L67120MH1986PLC038784.

- Our Equity Shares are listed on BSE and NSE since July 26, 1991 and October 10, 2006, respectively.

- The Issue was authorised and approved by our Board of Directors on December 18, 2017. The Shareholders have authorised and approved the Issue by way of a resolution passed by way of postal ballot on January 29, 2018.

- Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE each dated January 30, 2018.

- Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office.

- Except as disclosed below, there has been no material change in our financial position since December 31, 2017, the date of the latest financial results prepared in accordance with Indian GAAP included in this Preliminary Placement Document:

  a. The National Company Law Tribunal, Mumbai Bench, pursuant to order dated December 14, 2017, sanctioned the scheme of amalgamation (the "**Scheme**") between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited, the Scheme has been filed with the RoC and the same has become effective from January 18, 2018. Consequent upon the Scheme becoming effective, our Company ceases to be a Core Investment Company and has become a SEBI registered Category I merchant banker and investment manager to our private equity fund subject to completion of necessary regulatory formalities.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR.

- The Floor Price is ₹ 161.44 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations, as certified by Statutory Auditors. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations. The Floor Price, net of discount of [●]% is ₹ [●].

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- Details of our Compliance Officer:

  Name: Mr.Prashant Choksi
  Designation: Group Head-Compliance, Legal & Company Secretary
  Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025
  Telephone: +91 22 6630 3030
  Facsimile: +91 22 6630 3223
  E-mail: prashant.choksi@jmfl.com

FINANCIAL INFORMATION

Independent Auditor's Report

TO THE MEMBERS OF JM FINANCIAL LMITED

Report on Financial Statements

1. We have audited the accompanying financial statements of JM FINANCIAL LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility of the Financial Statements

2. The management and the Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by section 143(3) of the Act, we further report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014

e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act

f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

(ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year under report there were no such foreseeable losses. The Company did not have any derivative contracts as at the date of Balance Sheet;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place : Mumbai
Date : May 29, 2015

Shivji K Vikamsey
Partner (F - 2242)

Independent Auditor's Report (contd.)

ANNEXURE REFERRED TO IN PARAGRAPH 7 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF JM FINANCIAL LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2015

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;

ii. The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 of the said Order is not applicable to the Company;

iii. The Company has granted Inter corporate deposit, to company covered in the register maintained under section 189 of the Act

a) According to the information and the explanation given to us receipt of the principal amount and interest are regular;

b) According to the information and the explanation given to us, there has been no overdue amount.

iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.

v) The Company has not accepted any deposits from the public as covered under provisions of section 73 to 76 of the Act and rules made thereunder, hence clause 3(v) of the Order is not applicable to the Company.

vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act.

vii) a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, value added tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;

b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no outstanding dues of Income Tax, Wealth Tax, Service Tax, and Cess which have not been deposited on account of any disputes except as mentioned below:

Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Outstanding Amount involved (₹ in lakh)
Income tax Act, 1961	Tax demands	FY 2011-12	Commissioner of Income tax (Appeals)	882.53
Income tax Act, 1961	Tax demands	FY 2010-11	Commissioner of Income tax (Appeals)	747.31
Income tax Act, 1961	Tax demands	FY 2001-02	Commissioner of Income tax (Appeals)	36.18
Income tax Act, 1961	Tax demands	FY 1997-98	Commissioner of Income tax (Appeals)	18.09
Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
Income tax Act, 1961	Tax demands (TDS)	FY 2010-11	Commissioner of Income tax (Appeals)	0.21
Income tax Act, 1961	Tax demands (TDS)	FY 2011-12	Commissioner of Income tax (Appeals)	0.15

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

viii. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

ix. Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of any dues to a financial institution or bank.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.

xi. In our opinion, and according to the information and explanations given to us, the Company has not raised any term loans during the year.

xii. During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place : Mumbai
Date : May 29, 2015

Shivji K Vikamsey
Partner (F - 2242)

Standalone Balance Sheet

as at March 31, 2015

(₹ in Lakh)

	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,837.24	7,553.43
Reserves & surplus	2.2	1,56,481.21	1,54,319.34
Monies received against Warrants	2.3 A	-	1,109.37
		1,64,318.45	**1,62,982.14**
Share application money pending allotment	2.3 B	-	1.16
Non-current liabilities			
Long term borrowing	2.4	21.85	30.47
Deferred tax liabilities (net)	2.5	11,003.28	11,013.85
Other long term liabilities	2.6	100.00	100.00
Long term provisions	2.7	20.51	24.23
		11,145.64	**11,168.55**
Current liabilities			
Short term borrowing	2.8	12,187.87	-
Trade payables	2.9	103.38	58.26
Other current liabilities	2.10	746.77	692.90
Short term provisions	2.11	6,364.89	4,183.84
		19,402.91	**4,935.00**
TOTAL		**1,94,867.00**	**1,79,086.85**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.12 A	189.24	154.31
Intangible assets	2.12 B	15.98	-
Non-current investments	2.13	1,66,161.30	1,31,342.22
Long term loans and advances	2.14	16,219.85	16,106.26
Other non-current assets	2.15	362.15	314.93
		1,82,948.52	**1,47,917.72**
Current assets			
Cash and bank balances	2.16	3,321.84	21,713.34
Short term loans and advances	2.17	7,578.62	8,862.35
Other current assets	2.18	1,018.02	593.44
		11,918.48	**31,169.13**
TOTAL		**1,94,867.00**	**1,79,086.85**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place : Mumbai
Date : May 29, 2015

Standalone Statement of Profit and Loss

for the year ended March 31, 2015

(₹ in Lakh)

	Note	For the year ended 31.03.2015	For the year ended 31.03.2014
Income:			
Revenue from operations	2.19	2,955.78	2,094.50
Other income	2.20	7,498.00	6,621.14
Total Revenue		**10,453.78**	**8,715.64**
Expenses:			
Employee benefits expense	2.21	868.07	731.95
Finance costs	2.22	758.54	8.93
Depreciation and amortisation expense	2.12	40.10	40.85
Other expenses	2.23	736.82	457.12
Total Expenses		**2,403.53**	**1,238.85**
Profit before tax		**8,050.25**	**7,476.79**
Tax Expense:			
Current tax		250.00	375.00
Deferred tax		(10.40)	(3.31)
		239.60	**371.69**
Profit for the year		**7,810.65**	**7,105.10**
Earnings per equity share (EPS)	2.28		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.02	0.94
Diluted EPS (in ₹)		1.00	0.92
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place : Mumbai
Date : May 29, 2015

Significant Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC), being a Non-Banking Financial Company (NBFC) as applicable.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

1.3 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on accrual basis.
- Fees income is recognised on accrual basis in accordance with agreements/arrangements.
- In respect of lease assets, where lease rentals are overdue for more than 12 months, the income is recognised only when lease rentals are actually received (as per income recognition norms of "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the Reserve Bank of India (the RBI).
- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

1.4 Provision for Non Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the RBI.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Act or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments, at lower of cost or market value, determined on the basis of the quoted prices of individual investment in case of quoted investments and as per the management's estimate of fair value in case of non-quoted investments. Current investments are carried at lower of cost or fair value.

1.8 Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Company's liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.9 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

Notes to Financial Statements

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.10 Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.11 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.12 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.13 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. NOTES TO FINANCIAL STATEMENTS

2.1 Share Capital

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	**10,000.00**	**10,000.00**
Issued and Subscribed Capital:		
78,37,23,677 (75,53,43,497) equity shares of ₹ 1/- each		
Paid up Capital:		
78,37,23,677 (75,53,43,497) equity shares of ₹ 1/- each fully paid-up	7,837.24	7,553.43
TOTAL	**7,837.24**	**7,553.43**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	75,53,43,497	7,553.43	75,16,14,662	7,516.15
Shares allotted upon exercise of right by warrantholders	2,32,93,878	232.94	-	-
Shares allotted upon exercise of stock options	50,86,302	50.87	37,28,835	37.28
Shares outstanding at the end of the year	78,37,23,677	7,837.24	75,53,43,497	7,553.43

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholders	As at 31.03.2015		As at 31.03.2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.95%	20,34,06,600	26.93%
Nimesh Kampani*	13,53,57,500	17.27%	13,53,57,500	17.92%
J. M. Assets Management Private Limited	10,22,68,408	13.05%	10,22,68,408	13.54%
Morgan Stanley Asia (Singapore) Pte	5,73,08,920	7.31%	2,50,86,030	3.32%
Aruna Nimesh Kampani	3,84,51,250	4.91%	3,84,51,250	5.09%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

Particulars	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid up bonus shares	-	-	-	-	-

Notes (contd.)

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Capital reserve	0.44	0.44
Securities premium		
Opening balance	27,586.59	26,742.18
Add: Addition on shares allotted upon exercise of right by warrantholders	4,204.54	-
Add: Addition on shares allotted upon exercise of stock options by Employees	1,107.68	844.41
Closing balance	**32,898.81**	**27,586.59**
General reserve		
Opening balance	18,250.00	17,500.00
Add: Transferred during the year	-	750.00
Closing balance	**18,250.00**	**18,250.00**
Statutory reserve		
(under section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	-	-
Add: Transferred during the year	1,563.00	-
Closing balance	**1,563.00**	**-**
Share options outstanding		
Opening balance	2,208.13	2,595.70
Add: Additions on account of options granted during the year	1,074.22	614.31
Less: Transferred to securities premium upon exercise of stock options	(1,107.68)	(844.41)
Less: Reduction on account of options lapsed during the year	(72.91)	(157.47)
Closing balance	**2,101.76**	**2,208.13**
Surplus in statement of profit and loss		
Opening balance	1,06,274.18	1,07,590.23
Less: Depreciation of earlier years adjusted (Refer note 2.12[c])	(0.35)	-
Add: Profit for the year	7,810.65	7,105.10
Amount available for appropriation	**1,14,084.48**	**1,14,695.33**
Less: Appropriations		
Interim dividend	4,308.59	3,399.08
Proposed final dividend	6,306.11	4,161.13
Dividend on equity shares allotted after the adoption of previous years' accounts	9.93	2.49
Dividend distribution tax	229.65	108.45
Transferred to general reserve	-	750.00
Transferred to statutory reserve	1,563.00	-
	12,417.28	**8,421.15**
Closing balance	**1,01,667.20**	**1,06,274.18**
TOTAL	**1,56,481.21**	**1,54,319.34**

2.3 (A) MONIES RECEIVED AGAINST WARRANTS

During the year, the Company received an aggregate amount of ₹ 3,328.11 lakh as consideration towards the issue and allotment of 2,32,93,878 equity shares of the face value of ₹ 1/- each (being balance 75% of the issue price of ₹ 19.05 per equity share). The said consideration has been received upon the exercise of right by the Warrant holders to convert 2,32,93,878 Warrants held by them into equity shares and the said amount has been fully utilised for the general corporate purpose.

(B) SHARE APPLICATION MONEY PENDING ALLOTMENT

	As at 31.03.2015		As at 31.03.2014	
	Number of equity shares	Amount (₹ in Lakh)	Number of equity shares	Amount (₹ in Lakh)
Equity Share of ₹1/- each	-	-	1,15,618	1.16
TOTAL	**-**	**-**	**1,15,618**	**1.16**

Note a:

Share application money pending allotment is in respect of exercise of stock options under the Employee Stock Option Scheme (Previous year ₹ 1,15,618 in respect of 1,15,618 equity shares)

2.4 LONG TERM BORROWING

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Secured Loans		
Long term maturities of finance lease obligations (secured by way of hypothecation of vehicles. The lease is repayable on a monthly basis ranging between 36 and 48 months) (refer note 2.29[a])	21.85	30.47
TOTAL	**21.85**	**30.47**

2.5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Deferred tax liabilities:		
On investments	11,018.61	11,018.61
On depreciation	5.05	5.62
	11,023.66	**11,024.23**
Deferred tax assets:		
On expenditure	20.38	10.38
	20.38	**10.38**
TOTAL	**11,003.28**	**11,013.85**

2.6 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Property deposits	100.00	100.00
TOTAL	**100.00**	**100.00**

Notes (contd.)

2.7 LONG TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
For employee benefits – gratuity [refer note 2.30 A (a)]	20.51	24.23
TOTAL	**20.51**	**24.23**

2.8 SHORT TERM BORROWING

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Unsecured Loans		
Commercial papers	12,500.00	-
Less: Unamortised discount on commercial papers	(312.13)	-
TOTAL	**12,187.87**	**-**

2.9 TRADE PAYABLES

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Micro, small and medium enterprises (refer note 2.27)	-	-
Other than micro, small & medium enterprises	103.38	58.26
TOTAL	**103.38**	**58.26**

2.10 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles) (refer note 2.29[a])	16.09	16.99
Unclaimed dividend	154.99	123.17
Employee benefits payable	471.37	454.10
Statutory dues	20.32	24.64
Other short term liabilities	84.00	74.00
TOTAL	**746.77**	**692.90**

2.11 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
For employee benefits:		
Gratuity [refer note 2.30 A (a)]	21.18	11.47
Compensated absences [refer note 2.30 A (b)]	18.85	11.24
For standard assets (refer note 2.39)	18.75	-
For proposed dividend	6,306.11	4,161.13
TOTAL	**6,364.89**	**4,183.84**

2.12 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)				Depreciation / Amortisation					Net block	
	As at 31.03.2014	Additions for the year	Deductions for the year	As at 31.03.2015	As at 31.03.2014	Transition adjustment (Refer note [c] below)	Additions for the year	Deductions for the year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
(A) TANGIBLE ASSETS											
Owned assets:											
Office premises	108.50	-	-	108.50	38.51	-	1.83	-	40.34	68.16	69.99
Furniture and fixtures	24.62	25.28	-	49.90	15.56	-	5.69	-	21.25	28.65	9.06
Office equipments	5.55	3.45	0.05	8.95	3.00	-	1.29	0.05	4.24	4.71	2.55
Computers	5.54	1.25	0.10	6.69	2.41	0.52	2.26	0.10	5.09	1.60	3.13
Leasehold improvements	52.85	35.74	-	88.59	27.17	-	9.09	-	36.26	52.33	25.68
Motor vehicle	46.43	-	-	46.43	46.43	-	-	-	46.43	-	-
Leased assets:											
Motor vehicles (refer note [a] below)	89.32	8.66	18.10	79.88	45.42	-	18.77	18.10	46.09	33.79	43.90
TOTAL (A)	**332.81**	**74.38**	**18.25**	**388.94**	**178.50**	**0.52**	**38.93**	**18.25**	**199.70**	**189.24**	**154.31**
(B) INTANGIBLE ASSETS											
Software	-	17.15	-	17.15	-	-	1.17	-	1.17	15.98	-
TOTAL (B)	**-**	**17.15**	**-**	**17.15**	**-**	**-**	**1.17**	**-**	**1.17**	**15.98**	**-**
TOTAL (A+B)	**332.81**	**91.53**	**18.25**	**406.09**	**178.50**	**0.52**	**40.10**	**18.25**	**200.87**	**205.22**	**154.31**
Previous year	277.89	55.88	0.96	332.81	138.61	-	40.85	0.96	178.50	154.31	

Note:

[a] Vendor has a lien over the assets taken on lease.

[b] Pursuant to the Companies Act, 2013 ('the Act'), becoming effective from 1st April, 2014, the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act. As a result, the charge for depreciation is higher by ₹ 1.16 Lakh for the year ended March 31, 2015.

[c] Based on transitional provision in Note7(b) of Schedule II to the Act, an amount of ₹ 0.35 Lakh (net of deferred tax of ₹0.17 lakh) has been adjusted against the retained earnings.

Notes (contd.)

2.13 NON-CURRENT INVESTMENTS

(₹ in Lakh)

		As at 31.03.2015		As at 31.03.2014	
		Quantity	Amount	Quantity	Amount
I	**TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)**				
	Unquoted				
(a)	**Investment in equity shares of ₹ 10/- each**				
	In subsidiaries:				
1	JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2	JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3	JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
4	JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
5	JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
6	JM Financial Credit Solutions Limited	12,50,000	35,440.00	50,000	1,000.00
7	JM Financial Insurance Broking Private Limited	60,000	1.00	60,000	1.00
8	Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
	In associate companies:				
9	JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	13,174.08	10,29,00,000	10,290.00
10	JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
(b)	**Investment in preference shares of ₹ 10/- each**				
	In a subsidiary:				
11	JM Financial Properties and Holdings Limited	-	-	9,50,50,000	9,505.00
	(10% Participating non-cumulative redeemable preference shares) [refer note i]				
	Quoted				
	Investment in Debentures				
	In an associate company:				
12	JM Financial Asset Reconstruction Company Private Limited	700	7,000.00	-	-
	(13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each) (refer note ii)				
			1,66,159.81		**1,31,340.73**
II	**OTHER INVESTMENTS**				
	Investments in Mutual Funds				
13	JM Equity Fund (refer note iii & iv)	16,072	1.49	16,072	1.49
	TOTAL		**1,66,161.30**		**1,31,342.22**

Notes:

i. Redeemable at the option of the issuer at any time but not later than October 24, 2022 being 10 years from the date of allotment.

ii Redeemable at the option of the issuer at any time but not earlier than September 22, 2017 being 3 years from the date of allotment .

iii. Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

iv. Net asset value of the mutual fund units as on March 31, 2015 is ₹ 3.69 Lakh (previous year ₹ 2.56 Lakh).

2.14 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Capital advances	36.90	48.73
Security Deposits*	254.50	430.08
Advance tax (net of provisions)	15,928.45	15,627.45
TOTAL	**16,219.85**	**16,106.26**

* Includes ₹ 63.38 Lakh (Previous year ₹150 Lakh) receivable from a related party.

2.15 OTHER NON-CURRENT ASSETS

(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Receivable from subsidiaries	362.15	314.93
TOTAL	**362.15**	**314.93**

2.16 CASH AND BANK BALANCES

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Cash and cash equivalents:		
Cash on hand	0.19	0.18
Balances with banks:		
In current accounts	66.79	55.36
In deposit accounts (less than 3 months' maturity)	3,100.00	21,535.00
	3,166.98	**21,590.54**
Other bank balances	154.86	122.80
TOTAL	**3,321.84**	**21,713.34**
Earmarked balances with banks for unclaimed dividend included in other bank balances	154.86	122.80

2.17 SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Staff loans	30.00	65.16
Advances recoverable in cash or in kind or for value to be received	36.94	36.89
Inter corporate deposit to a wholly owned subsidiary	7,500.00	8,750.00
Prepaid expenses	11.68	10.30
TOTAL	**7,578.62**	**8,862.35**

Notes (contd.)

2.18 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due	479.47	163.63
Receivable from subsidiaries	538.55	429.81
TOTAL	**1,018.02**	**593.44**

2.19 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest income	2,805.78	2,094.50
Group support service fees	150.00	-
TOTAL	**2,955.78**	**2,094.50**

2.20 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Dividend from subsidiaries on non-current investments	7,331.09	6,534.18
Dividend on current investments	108.64	-
Lease rent	23.58	23.58
Miscellaneous income	34.69	63.38
TOTAL	**7,498.00**	**6,621.14**

2.21 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries, bonus and allowances	834.29	710.54
Contribution to provident and other funds	25.46	18.96
Gratuity	5.99	0.95
Staff welfare	2.33	1.50
TOTAL	**868.07**	**731.95**

2.22 FINANCE COSTS

(₹ in Lakh)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Finance charges on leased assets	6.83	8.92
Interest on borrowings	751.71	0.01
TOTAL	**758.54**	**8.93**

2.23 OTHER EXPENSES

(₹ in Lakh)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Space and other related costs (refer note 2.29 [b])	194.34	142.58
Legal and professional fees	59.75	34.37
Membership and subscription	6.46	6.09
Rates and taxes	34.05	21.10
Communication expenses	34.04	18.48
Repairs and maintenance	2.38	1.27
Travelling and conveyance expenses	33.82	10.60
Electricity expenses	10.98	4.97
Printing and stationery expenses	27.94	19.90
Advertisement and other related expenses	6.10	3.53
Donation	71.00	45.65
Insurance expenses	17.57	15.69
Auditors' remuneration (refer note 2.31)	19.40	17.36
Motor car expenses	21.99	17.48
Provision for standard assets	18.75	-
Directors' sitting fees	51.28	9.35
Directors' commission	84.00	74.00
Miscellaneous expenses	42.97	14.70
TOTAL	**736.82**	**457.12**

2.24 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 1,272.05 Lakh (previous year ₹ 37,964.57 Lakh).

The Income Tax Authorities had ongoing dispute with the Company relating to them treating the long term capital gain on sale of equity shares on termination of joint venture with Morgan Stanley as taxable under the head "Business Income" and not under the head "Capital Gains". The reduction in the contingent liability is due to the Company receiving a favourable ruling from the Commissioner of Income Tax (appeals) in respect of the said matter.

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 65.42 Lakh (previous year ₹ 70.42 Lakh).

2.25 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the year, the Nomination and Remuneration Committee of the Board has granted stock options under Series 7, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee granted 44,85,267 Options (previous year 36,45,774 Options) at an exercise price of ₹ 1/- per option to the Employees.

Notes (contd.)

The details of options are as under:

	For the year ended 31.03.2015	For the year ended 31.03.2014
Outstanding at the beginning of the year	2,51,78,013	2,70,52,907
Add: Granted during the year	44,85,267	36,45,774
Less: Exercised and allotted during the year	50,86,302	37,28,835
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	5,27,356	17,91,833
Outstanding at the end of the year	2,40,49,622	2,51,78,013
Exercisable at the end of the year	1,46,47,989	1,36,35,863

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted in Series 7 and 6 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 54.95% to 57.40% (previous year 54.64% to 58.06%), dividend yield of 3.63% (previous year 2.16%), expected term of options in the range of 5 years to 6 years (previous year 4 years to 5 years), and a risk-free interest rate of 8.96% to 9.04% (previous year 7.53% to 7.60%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	14,95,089	12,15,258	April 1, 2015	May 6, 2014	20.17	15.64
33.33%	14,95,089	12,15,258	April 1, 2016	May 6, 2015	19.83	15.49
33.33%	14,95,089	12,15,258	April 1, 2017	May 6, 2016	19.49	15.35
	44,85,267	**36,45,774**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 237.29 Lakh previous year (₹ 106.67 Lakh) Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been reduced (Previous year increased) after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net profit (₹ in lakh)	7,810.65	7,105.10	7,573.36	7,211.77
Basic earnings per share (in ₹)	1.02	0.94	0.99	0.96
Diluted earnings per share (in ₹)	1.00	0.92	0.97	0.94

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7
Grant date	**15/04/2008**	**29/10/2009**	**21/04/2010**	**21/04/2011**	**16/04/2012**	**06/05/2013**	**01/04/2014**
Options granted	1,11,37,500	15,00,000	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267
Options exercised till March 31, 2015	Nil	Nil	Nil	59,13,958	37,89,114	8,57,227	N.A.
Options forfeited/ cancelled till March 31, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2015	2,62,500	15,00,000	10,00,000	7,35,096	6,86,673	3,43,024	1,83,996
Outstanding at end of year	1,08,75,000	Nil	27,50,000	8,50,946	28,26,882	24,45,523	43,01,271
Exercisable at end of year	1,08,75,000	Nil	18,33,334	8,50,946	8,29,162	2,59,547	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹ 54.80	₹ 54.80	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula (refer note [ii] below)	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on October 29, 2009	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014.

Notes:

[i] In respect of stock options granted at ₹ 1/-, the difference between the market price and the exercise price on the date of the grant of the stock options, is being paid by the respective subsidiary companies.

[ii] Nomination and Remuneration Committee formed on May 06, 2014 in lieu of Compensation Committee.

Notes (contd.)

2.26 Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

(₹ in Lakh)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
JM Financial Institutional Securities Limited	503.94	745.76
JM Financial Services Limited	157.50	204.71
JM Financial Products Limited	127.75	125.11
JM Financial Credit Solutions Limited	24.96	-
JM Financial Asset Management Limited	20.04	11.01
JM Financial Investment Managers Limited	11.17	26.51
TOTAL	**845.36**	**1,113.10**

2.27 Under the head "Trade Payables" outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act 2006 is being disclosed as "Nil", as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.28 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax (₹ in Lakh)	A	7,810.65	7,105.10
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	76,56,73,104	75,44,54,509
Basic earnings per share (in ₹)	A/B	1.02	0.94
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	76,56,73,104	75,44,54,509
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	1,23,10,440	1,46,23,320
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	77,79,83,544	76,90,77,829
Diluted earnings per share (in ₹)	A/D	1.00	0.92

2.29 LEASE TRANSACTION

a. Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹in Lakh)

Particulars	Total minimum lease payment outstanding as at March 31, 2015	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2015	Total minimum lease payment outstanding as at March 31, 2014	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2014
Not later than 1 year	21.03	4.94	16.09	23.22	6.23	16.99
Later than 1 year but not later than 5 years	24.27	2.42	21.85	36.32	5.85	30.47
Later than 5 years	-	-	-	-	-	-
TOTAL	**45.30**	**7.36**	**37.94**	**59.54**	**12.08**	**47.46**

b. Operating lease

i) The Company had taken two premises under operating lease for the period of 36 months and 60 months respectively. The same is non-cancellable for an initial period of 24 months and 60 months respectively. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total Minimum Lease Payments outstanding as at 31st March, 2015	Total Minimum Lease Payments outstanding as at 31st March, 2014
Not later than one year	215.05	-
Later than one year but not later than five years	616.18	-
Later than five years	-	-
TOTAL	**831.23**	**-**

Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 163.32 Lakh (Previous year ₹ Nil)

ii) The Company had taken premises on cancellable operating lease for a period of not more than 24 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 31.02 Lakh (Previous year ₹ 142.58 Lakh).

Notes (contd.)

2.30 EMPLOYEE BENEFITS

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2015	For the year ended March 31, 2014
Present value of the defined benefit obligation at the year end	41.69	35.70
Fair value of plan assets	-	-
Net liability	**41.69**	**35.70**
Net liability is bifurcated as follows:		
Current	21.18	11.47
Non-Current	20.51	24.23

(₹ in Lakh)

Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service cost	1.70	0.70
Interest on defined benefit obligations	2.88	2.41
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	1.41	(2.16)
Past service cost	-	-
Net gratuity cost	**5.99**	**0.95**

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2015	For the year ended March 31, 2014
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening defined benefit obligation	35.70	34.75
Current service cost	1.70	0.70
Interest cost	2.88	2.41
Actuarial (gain)/loss	1.41	(2.16)
Past service cost	-	-
Liability assumed on acquisition/(settledon divestiture) (on transfer of employees)	-	-
Benefits paid	-	-
Closing defined benefit obligation	**41.69**	**35.70**

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Closing fair value of the plan assets	**-**	**-**

(₹ in Lakh)

Investment details of plan assets	For the year ended March 31, 2015	For the year ended March 31, 2014
Investment	-	-

(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	As at March 31, 2015	As at March 31, 2014
Discount rate	8.00%	9.10%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

- The estimates of future salary increases takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b) Compensated absences

As per the Company's policy, a provision of ₹18.85 Lakh (previous year ₹11.24 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 25.46 Lakh (previous year ₹18.96 Lakh).

2.31 AUDITORS' REMUNERATION

(₹ in Lakh)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Audit fees	12.21	10.50
Certification	2.18	2.18
Limited review	4.78	4.50
Reimbursement of Expenses	0.23	0.18
TOTAL	**19.40**	**17.36**

Notes (contd.)

2.32 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Directors Commission and travelling expenditure	35.84	11.97
TOTAL	**35.84**	**11.97**

2.33 The Company has been granted registration as a Core Investment Company (CIC) by the Reserve Bank of India on April 11, 2014. The Company has been classified as a Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI). The Company is not in the business of asset financing.

2.34 Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC.No.125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms (as applicable to Core Investment Company) is given below:

(i) Capital risk adequacy ratio (CRAR):

Particulars	As at 31.03.2015	As at 31.03.2014
CRAR (%)	92.38	NA
CRAR - Tier I capital (%)	92.38	NA
CRAR - Tier II capital (%)	0.00	NA

(ii) Exposures:

A. Exposure to Real Estate Sector

(₹ in Lakh)

	Category	As at 31.03.2015	As at 31.03.2014
a)	**Direct Exposure**		
(i)	**Residential Mortgages-**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 Lakh shown separately)	Nil	Nil
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**		
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
b)	**Indirect Exposure**		
	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

B. **Exposures to Capital Market**

(₹ in Lakh)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,66,159.81	1,31,340.73
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**1,66,159.81**	**1,31,340.73**

(iii) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹in Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	1.25	7,399.94	1.28	3.94	4,797.55	21.85	-	-	12,225.81
Assets:									
Advances	-	7,500.50	42.55	12.55	23.53	15,928.45	254.00	36.90	23,798.48
Investments	-	-	-	-	-	-	7,000.00	-	7,000.00

Notes (contd.)

2.35 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007) as applicable to Core Investment Companies:

	Particulars	Amount outstanding (₹ in Lakh)	Amount overdue (₹ in Lakh)
	Liabilities side		
(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	(i) Secured	-	-
	(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
(b)	Deferred Credits	-	-
(c)	Term Loans	-	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	12,187.87	-
(f)	Other Loans (Please Specify)		
	Dues under finance lease	37.94	-

	Assets side	Amount outstanding (₹ in Lakh)
(2)	**Break up of Loans and Advances including bills receivables (other than those included in (4) below):**	
(a)	Secured	-
(b)	Unsecured	7,500.00

(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:

	Particulars	Amount outstanding (₹ in Lakh)
(i)	Lease assets including lease rentals under sundry debtors:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
(iii)	Other loans counting towards AFC activities:	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

(4)	Break – up of Investments:	Amount outstanding (₹ in Lakh)
	Current Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (Please Specify)	-
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (Please Specify)	-
	Long Term Investments:	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	7,000.00
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (Please Specify)	-
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	1,59,159.81
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	1.49
	(iv) Government Securities	-
	(v) Others (Please Specify)	-

(₹in Lakh)

(5) Borrower group – wise classification of assets financed as in (2) and (3) above:

		Amount (net of provisions)		
	Category	**Secured**	**Unsecured**	**Total**
1)	Related Parties			
	(a) Subsidiaries	-	7,500.00	7,500.00
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2)	Other than related parties	-	-	-
		-	**7,500.00**	**7,500.00**
	Less: Provision for non-performing assets	**-**	**-**	**-**
		-	**7,500.00**	**7,500.00**

Notes (contd.)

(₹ in Lakh)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

	Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
1)	Related Parties		
	(a) Subsidiaries	1,45,983.23	1,45,983.23
	(b) Companies in the same group	20,176.58	20,176.58
	(c) Other related parties	-	-
2)	Other than related parties	1.49	1.49
		1,66,161.30	**1,66,161.30**

All investments are long-term investments. In case of unquoted investments, the Market Value/Break up Value or Fair Value or NAV is stated at cost except where there is diminution in value other than temporary, for which provision/write-off is made.

(₹ in Lakh)

(7) Other Information:

	Particulars	Amount
(i)	Gross Non – Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	-
(ii)	Net Non – Performing Assets	
	(a) Related Parties	-
	(b) Other than related parties	-
(iii)	Assets acquired in satisfaction of debt	-

2.36 There are no restructured advances as on March 31, 2015, Hence disclosure of information as required in terms of sub-Para 9 of Paragraph 20B of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended vide Notification No. DNBS(PD).No.272/CGM(NSV)-2014 dated January 23, 2014) is not warranted.

2.37 CONCENTRATION OF ADVANCES AND EXPOSURES:

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Total Advances to twenty largest borrowers	7,500.00	N.A.
Percentage of Advances to twenty largest borrowers to total Advances of the NBFC	100%	N.A.

(₹ in Lakh)

	As at 31.03.2015	As at 31.03.2014
Total Exposure to twenty largest borrowers / customers	7,500.00	N.A.
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the NBFC on borrowers / customers	100%	N.A.

2.38 CORE INVESTMENT COMPANY ("CIC") COMPLIANCE RATIOS:

Sr No.	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	Investments & Loans to group companies as a proportion of Net Assets (%)	98.89%	N.A.
(ii)	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	90.63%	N.A.
(iii)	Capital Adequacy Ratio(%) [Adjusted NetWorth/Risk Weighted Assets]	92.38%	N.A.
(iv)	Leverage Ratio (Times) [Outside Liabilities /Adjusted Net worth]	0.19	N.A.

2.39 To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a notification No. DNBS 22 / CGM (US) dated January 17, 2011, requiring all NBFCs to make a general provision at 0.25 per cent of outstanding standard assets. The Company has created provision for standard assets, and is in compliance with the aforesaid RBI Notification.

2.40 The Company has spent ₹ 16 Lakh (previous year ₹ Nil) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Lakh)

a)	Gross amount required to be spent by the Company during the year.	15.60
b)	Amount spent during the year on:	
	In cash	16.00
	Yet to be paid in cash	-
	Total	**16.00**
(i)	Construction/acquisition of any asset	-
(ii)	On purposes other than (i) above	16.00

2.41 a) As the Company is a Core Investment Company, its 'investments and lending activities' is considered as the only segment in the contextof AS 17 on "Segment Reporting".

b) The Company does not have any reportable geographical segment.

2.42 Disclosure in respect of related parties is attached as Annexure 'I'

2.43 Statement of cash flow is attached as Annexure 'II'

2.44 Figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to correspond with those of the current year's classification /disclosure.

Notes (contd.)

ANNEXURE 'I' TO NOTE 2.42 OF NOTES TO THE FINANCIAL STATEMENTS

DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO AS 18 ON 'RELATED PARTY DISCLOSURE'

A. LIST OF RELATED PARTIES

I) Parties where control exists:

a) Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities)
(formerly JM Financial Institutional Securities Private Limited)

JM Financial Investment Managers Limited (Investment Managers)

JM Financial Services Limited (Financial Services)

JM Financial Commtrade Limited (Commtrade)

JM Financial Insurance Broking Private Limited (Insurance Broking)

JM Financial Products Limited (Products)

JM Financial Properties and Holdings Limited (Properties)

JM Financial Asset Management Limited (AMC)
(formerly JM Financial Asset Management Private Limited)

JM Financial Overseas Holdings Private Limited (Overseas)

JM Financial Singapore Pte Ltd (Singapore)

PT JM Financial Securities Indonesia (Indonesia)

JM Financial Securities Inc. (USA)

Infinite India Investment Management Limited (Infinite)
(formerly Infinite India Investment Management Private Limited)

CR Retail Malls (India) Limited (CRRM)

JM Financial Credit Solutions Limited (Credit Solutions)
(formerly FICS Consultancy Services Limited)

b) Partnership Firm

Astute Investments (Astute)

II Other parties with whom the Company has entered into transactions during the year:

a) Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)

JM Financial Trustee Company Private Limited (Trustee)

b) Key management personnel

Mr. Nimesh Kampani (NNK)

c) Relative of key management personnel

Ms. Aruna N Kampani (ARNK)

Mr. Vishal Kampani (VNK)

Ms. Amishi Kampani (AMNK)

d) Enterprise over which Key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)

J. M. Assets Management Private Limited (J.M.Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

Kampani Properties and Holdings Limited (KPHL)

B. RELATED PARTY RELATIONSHIPS HAVE BEEN IDENTIFIED BY THE MANAGEMENT AND RELIED UPON BY THE AUDITORS.

Annexure 'I' to note 2.42 of notes to the financial statements (Contd.)

Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Investments made in												
(refer note 2.13 of non -current investments)	34,440.00	-	9,836.00	-	-	-	-	-	-	-	44,276.00	-
Investments redeemed												
(refer note 2.13 of non - current investments)	-	16,704.00	-	-	-	-	-	-	-	-	-	16,704.00
Investments sold/ Transferred to												
Products	9,505.00	-	-	-	-	-	-	-	-	-	9,505.00	-
Investments Purchased/ Transferred from												
Financial Services	-	1.00	-	-	-	-	-	-	-	-	-	1.00
JMFICS	-	-	-	-	-	-	-	-	-	1,000.00	-	1,000.00
ICD placed (Net)												
Credit Solutions	-	-	-	-	-	-	-	-	-	8,750.00	-	8,750.00
ARC	-	-	21,500.00	-	-	-	-	-	-	-	21,500.00	-
Products	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00	-
Properties	7,500.00	-	-	-	-	-	-	-	-	-	7,500.00	-
ICD repaid by												
Credit Solutions	8,750.00	-	-	-	-	-	-	-	-	-	8,750.00	-
ARC	-	-	21,500.00	-	-	-	-	-	-	-	21,500.00	-
Products	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00	-
Loan given												
Astute	20,000.00	-	-	-	-	-	-	-	-	-	20,000.00	-
Loan repaid												
Astute	20,000.00	-	-	-	-	-	-	-	-	-	20,000.00	-
Dividend received from												
Institutional Securities	3,340.94	1,633.68	-	-	-	-	-	-	-	-	3,340.94	1,633.68
Products	1,470.15	4,900.50	-	-	-	-	-	-	-	-	1,470.15	4,900.50
Investment Managers	2,520.00	-	-	-	-	-	-	-	-	-	2,520.00	-

Note:- (i) * Subsidiaries include a partnership firm namely Astute Investments

Notes (contd.)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	2,237.47	1,932.36	2,237.47	1,932.36
J.M.Assets	-	-	-	-	-	-	-	-	1,124.95	944.05	1,124.95	944.05
JSB	-	-	-	-	-	-	-	-	71.56	61.80	71.56	61.80
KCL	-	-	-	-	-	-	-	-	7.54	6.51	7.54	6.51
SNK	-	-	-	-	-	-	-	-	128.26	110.77	128.26	110.77
NNK	-	-	-	-	1,488.93	1,285.90	-	-	-	-	1,488.93	1,285.90
ARNK	-	-	-	-	-	-	422.96	365.29	-	-	422.96	365.29
VNK	-	-	-	-	-	-	107.86	93.15	-	-	107.86	93.15
AMNK	-	-	-	-	-	-	88.00	76.00	-	-	88.00	76.00
Trustee	-	-	-	27.50	-	-	-	-	-	-	-	27.50
PICPL	-	-	-	-	-	-	-	-	18.15	15.68	18.15	15.68
Group support fees received from												
Credit Solutions	60.00	-	-	-	-	-	-	-	-	-	60.00	-
Properties	90.00	-	-	-	-	-	-	-	-	-	90.00	-
Rent received from												
Financial Services	23.58	23.58	-	-	-	-	-	-	-	-	23.58	23.58
Interest received from												
Credit Solutions	454.19	8.63	-	-	-	-	-	-	-	289.54	454.19	298.17
ARC	-	-	1,194.66	-	-	-	-	-	-	-	1,194.66	-
Astute	376.47	-	-	-	-	-	-	-	-	-	376.47	-
Products	1.37	-	-	-	-	-	-	-	-	-	1.37	-
Properties	179.06	-	-	-	-	-	-	-	-	-	179.06	-
Rent paid to												
KPHL	-	-	-	-	-	-	-	-	3.80	4.56	3.80	4.56
Properties	90.53	90.53	-	-	-	-	-	-	-	-	90.53	90.53
Demat Charges Paid to												
Financial Services	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01

Note:- (i) * Subsidiaries include a partnership firm namely Astute Investments

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Remuneration paid to												
NNK	-	-	-	-	381.24	361.87#	-	-	-	-	381.24	361.87
Expenses reimbursed to												
Institutional Securities	-	1.35	-	-	-	-	-	-	-	-	-	1.35
Properties	18.83	14.10	-	-	-	-	-	-	-	-	18.83	14.10
JMFICS	-	-	-	-	-	-	-	-	3.31	8.30	3.31	8.30
Property deposits paid												
Properties	63.38	-	-	-	-	-	-	-	-	-	63.38	-
Property deposits repaid by												
KPHL	-	-	-	-	-	-	-	-	150.00	-	150.00	-
Outstanding Balances												
Investments in	1,45,983.23	1,21,048.23	20,176.58	10,292.50	-	-	-	-	-	-	1,66,159.81	1,31,340.73
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
Property deposits paid to												
KPHL	-	-	-	-	-	-	-	-	-	150.00	-	150.00
Properties	63.38	-	-	-	-	-	-	-	-	-	63.38	-
ICD Outstanding												
Credit Solutions	-	8,750.00	-	-	-	-	-	-	-	-	-	8,750.00
Properties	7,500.00	-	-	-	-	-	-	-	-	-	7,500.00	-
Amount Payable to												
NNK	-	-	-	-	195.00	245.00	-	-	-	-	195.00	245.00
Financial Services	0.02	0.01	-	-	-	-	-	-	-	-	0.02	0.01

Notes:- (i) * Subsidiaries include a partnership firm namely Astute Investments.

(ii) # The value of perquisites has been calculated on the basis of Income Tax Act, 1961. Accordingly, the previous year figure has also been revised.

Notes (contd.)

ANNEXURE 'II' TO NOTE 2.43 OF NOTES TO THE FINANCIAL STATEMENTS
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakh)

		For the year ended 31.03.2015	For the year ended 31.03.2014
A	**Cash flow from operating activities**		
	Net Profit before tax	**8,050.25**	**7,476.79**
	Adjustment for :		
	Depreciation	40.10	40.85
	Provision for/(reversal of) gratuity	5.99	0.95
	Provision for/(reversal of) compensated absences	7.61	0.68
	Provision for/(reversal of) standard assets	18.75	-
	Dividend income	(7,439.73)	(6,534.18)
	Interest expense	758.54	8.93
	Operating profit before working capital changes	**1,441.51**	**994.02**
	Adjustment for :		
	(Increase)/decrease in short term loans and advances	1,283.73	(8,797.47)
	(Increase)/decrease in long term loans and advances	187.41	53.06
	(Increase)/decrease in other current assets	(424.58)	664.87
	(Increase)/decrease in other non current assets	(153.59)	(319.77)
	Increase/(decrease) in trade payables	45.12	2.98
	Increase/(decrease) in other current liabilities	53.87	360.25
	Increase/(decrease) in long term borrowings	(8.62)	26.27
	Cash generated from/(used in) operations	**2,424.85**	**(7,015.79)**
	Direct taxes paid	(551.00)	(1,528.09)
	Net cash from/(used in) operating activities	**1,873.85**	**(8,543.88)**
B	**Cash flow from investings activities**		
	Purchase of non-current investments	(44,324.08)	(1,001.00)
	Sale of non-current investments	9,505.00	16,704.00
	Purchase of fixed assets	(91.53)	(55.88)
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(32.06)	1,868.90
	Dividend income	7,439.73	6,534.18
	Net cash (used in)/from investing activities	**(27,502.94)**	**24,050.20**

(₹ in Lakh)

		For the year ended 31.03.2015	For the year ended 31.03.2014
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) upon exercise of options	1,157.39	881.69
	Borrowing through Commercial Paper (net)	12,187.87	-
	Monies received against warrants	3,328.11	1,109.37
	Share application money pending allotment	-	1.16
	Interest paid	(758.54)	(8.93)
	Dividend paid (including dividend distribution tax)	(8,709.30)	(7,280.74)
	Net cash from/(used) in financing activities	**7,205.53**	**(5,297.45)**
	Net increase/(decrease) in cash and cash equivalents	**(18,423.56)**	**10,208.87**
	Cash & cash equivalents - opening	21,590.54	11,381.67
	Cash & cash equivalents – closing	3,166.98	21,590.54
Notes:			
i	The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii	Cash and bank balances as per note 2.16	3,321.84	21,713.34
	Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 –"Cash Flow Statement")	154.86	122.80
	Cash & cash equivalents as shown in Cash Flow Statement	**3,166.98**	**21,590.54**
iii	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place : Mumbai
Date : May 29, 2015

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2015

Part "A": Subsidiaries

(₹ / US$ / SGD / IDR in Lakh)

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities[a]	Investments[b]	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend[c]	% of shareholding
JM Financial Institutional Securities Limited	₹	2,800.00	24,937.47	36,942.86	9,205.39	9,668.02	19,823.56	6,844.75	1,809.68	5,035.07	4,044.02	100.00%
JM Financial Investment Managers Limited	₹	180.00	11,772.32	14,168.11	2,215.79	7,540.55	2,216.30	1,265.21	342.87	922.34	649.93	100.00%
Infinite India Investment Management Limited	₹	160.00	819.13	1,134.41	155.28	603.14	527.49	228.24	46.32	181.92	-	100.00%
JM Financial Insurance Broking Private Limited	₹	6.00	(4.79)	1.40	0.19	1.25	0.57	0.13	0.02	0.11	-	100.00%
JM Financial Properties and Holdings Limited	₹	9,805.00	275.50	22,727.73	12,647.23	-	2,176.13	358.76	184.76	174.00	-	100.00%
CR Retail Malls (India) Limited	₹	2,625.00	671.27	9,521.52	6,225.25	785.19	1,287.10	14.22	0.50	13.72	-	100.00%
JM Financial Products Limited	₹	54,450.00	55,355.81	4,54,899.02	3,45,093.21	346.31	70,248.12	27,721.36	8,892.32	18,829.04	6,553.47	90.00%
JM Financial Services Limited	₹	5,000.00	21,712.24	83,784.98	57,072.74	83.72	27,524.84	4,650.53	1,566.02	3,084.51	-	90.90%
JM Financial Commtrade Limited	₹	2,350.00	(1,665.70)	1,488.25	803.95	-	309.13	142.83	9.24	133.59	-	90.90%
JM Financial Asset Management Limited	₹	5,884.17	7,384.38	14,173.00	904.45	10,052.83	4,675.43	1,781.29	126.50	1,654.79	-	53.47%
JM Financial Credit Solutions Limited	₹	249.95	93,597.80	1,85,569.40	91,721.65	-	10,373.03	7,022.20	2,142.36	4,879.84	-	50.01%
JM Financial Overseas Holdings Private Limited	₹*	6,027.29	7,585.12	13,629.50	17.09	7,559.37	1,900.70	1,821.81	28.61	1,793.20	-	100.00%
	US$	120.00	97.48	217.76	0.28	120.77	31.85	29.79	0.46	29.33	-	
JM Financial Singapore Pte. Ltd.	₹*	3,074.86	(2,125.57)	1,098.35	149.06	-	850.70	(671.02)	54.30	(725.32)	-	100.00%
	SGD	64.00	(43.14)	24.14	3.28	-	17.90	(14.21)	1.14	(15.35)	-	
JM Financial Securities, INC	₹*	0.05	367.35	373.63	6.23	-	-	(52.77)	-	(52.77)	-	100.00%
	US$	0.00	5.87	5.97	0.10	-	-	(0.86)	-	(0.86)	-	
PT JM Financial Securities Indonesia [d]	₹*	-	-	-	-	-	420.29	393.09	72.74	320.35	-	99.00%
	IDR	-	-	-	-	-	84,029.61	78,590.18	14,548.85	64,041.33	-	

* Exchange rate as on March 31, 2015: 1 US Dollar (US$) = ₹ 62.59, 1 SGD = ₹ 45.50 and 1 IDR = ₹ 0.0048

Notes

a. Total liabilities exclude share capital and reserves.

b. Investments exclude investment in subsidiaries under consolidation.

c. Dividend proposed includes dividend distribution tax.

d. "PT JM Financial Securities, Indonesia", is in the process of being wound up.

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2015

Part "B": Associates

(₹ in Lakh)

Particulars	JM Financial Asset Reconstruction Company Private Limited	JM Financial Trustee Company Private Limited
Latest audited Balance Sheet Date	March 31, 2015	March 31, 2015
Shares of Associate held by the company on the year end		
Nos.	12,06,25,000	25,000
Amount of Investment in Associates	13,174.08	2.50
Extend of Holding%	50.00%	25.00%
Description of how there is significant influence	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board	Ownership of not more than 50 % of the voting Power and no control over the Board
Net worth attributable to shareholding as per latest audited Balance Sheet	20,826.85	489.48
Profit for the year	3,620.46	319.95
(i) Considered in Consolidation	1,795.81	79.99
(ii) Not Considered in Consolidation	1,824.65	239.96

Note:

1) During the year JM Financial Limited has subscribed to additional shares in the right issue offering of JM Financial Asset Reconstruction Company Private Limited, which resulted in increase of its shareholding from 49% to 50%.

2) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN - 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Independent Auditor's Report

TO THE MEMBERS OF JM FINANCIAL LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of JM Financial Limited ("the Holding Company") and its Subsidiaries, its associates, and partnership firm, (collectively hereinafter referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or the "CFS").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Management and the Board of Directors are responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective managements and the Board of Directors of the companies/entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the CFS by the management and the directors of the Holding company as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these CFS based on our audit. While conducting the audit, we have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

   We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's management and the Board of Directors, as well as evaluating the overall presentation of the CFS.

4. We believe that the audit evidence obtained by us and the audit evidences obtained by other auditors as stated in their report, referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2015, and its consolidated profit/loss and its consolidated cash flows for the year ended on that date.

Other Matter

6. We did not audit the financial statements/financial information of 12 subsidiaries, 1 associate and 1 partnership firm whose financial statements/financial information reflect total assets of ₹ 7,88,525.54 lakh as at March 31, 2015, total revenues of ₹ 1,37,625.25 lakh and Net Cash outflow of ₹ 3,444.62 lakh for the year ended on that date as considered in the CFS. These financial statements/financial information have been audited

by other auditors whose reports have been furnished to us by the management of the Holding company. Our opinion on the CFS, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and a partnership firm and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associate and partnership firm, is based solely on reports of those respective auditors. Our opinion is not qualified in respect of this matter.

Our opinion on the CFS, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on work done and the reports of the other auditors and the financial statements / financial information certified by the Management of the Holding Company.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of JM Financial Limited ("Holding company"), its subsidiaries and associate companies incorporated in India (hereinafter referred to as the "Covered Entities"), to whom the order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the CFS;

   (b) In our opinion, proper books of account as required by law relating to preparation of the CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the CFS;

   (d) In our opinion, the CFS comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the management and Board of Directors of the Holding Company and the reports of the auditors of Covered Entities who are appointed under Section 139 of the Act, none of the directors of the Holding Company and Covered Entities is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the Holding Company and report of the auditors of the Covered Entities:

      (i) The CFS disclose the impact of pending litigations on the consolidated financial position of the Covered Entities – Refer Note 2.29 (iii) to the Consolidated Financial Statements;

      (ii) The Holding Company and Covered Entities did not have any material foreseeable losses on long-term contracts including derivative contracts;

      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and Covered Entities.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place : Mumbai
Date : May 29, 2015

Shivji K Vikamsey
Partner (F-2242)

Independent Auditor's Report (contd.)

ANNEXURE REFERRED TO IN PARAGRAPH 7 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE

With respect to JM Financial Limited ('Holding Company'), its subsidiaries and associates incorporated in India and to whom the provisions of the Order apply ('Covered Entities'), as per the information and explanations furnished and based on the report of the auditors of the Covered Entities, we report as under:

(i) (a) The Holding Company and the Covered Entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets have been physically verified by the management of the Holding Company and the Covered Entities at reasonable intervals. According to the information and explanations given to us, and as reported by the auditors of the Covered Entities no material discrepancies were noticed on such verification.

(ii) The Holding Company and the Covered Entities do not hold any inventory during the year, hence this clause is not applicable.

(iii) (a) According to the information and the explanations given to us and as per the report of the auditors of the Covered Entities, unsecured loans have been granted by the Holding company and also by some of the Covered Entities viz JM Financial Institutional Securities Limited, JM Financials Products Limited, JM Financial Asset Management Limited, to the companies covered under Section 189 of the Companies Act, 2013;

(b) According to the information and the explanations given to us and as per the reports of the auditors of the Covered Entities, receipt of repayment of the principal amount and interest are regular and there are no overdue amount in excess of Rs. 1 lakh.

(iv) In our opinion and according to the information and explanations given to us and as reported by the auditors of Covered Entities, there are adequate internal control systems commensurate with the size of the Holding Company and the Covered Entities and the nature of their businesses, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit and as reported by the auditors of the Covered Entities, no major weakness or continuing failure to correct any major weakness in the internal control system was observed in respect of these areas.

(v) According to the information and explanations given to us and as reported by the auditors of Covered Entities, the Holding Company and the Covered Entities have not accepted any deposits from the public within the meaning of Section 73 to Section 76 of the Act and the rules framed thereunder.

(vi) As informed to us and as per the reports of the auditors of Covered Entities, the Central Government has not prescribed the maintenance of the cost records under sub section (1) of section 148 of the Act in respect of the Holding Company and the Covered Entities.

(vii) (a) The Holding Company and Covered Entities are generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, Cess and other material statutory dues as applicable except in case of JM Financial Products Limited where Income tax Dues of ₹ 39.86 lakh were outstanding as on March 31, 2015, for more than 6 months from the date they became payable;

(b) According to the records of the Holding Company and as reported by auditors of certain Covered Entities, the details of outstanding dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and Cess on account of any dispute, are as under-

Name of the Company	Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Amount involved (₹ in lakh)
JM Financial Limited	Income tax Act, 1961	Tax demands	FY 2011-12	Commissioner of Income tax (Appeals)	882.53
	Income tax Act, 1961	Tax demands	FY 2010-11	Commissioner of Income tax (Appeals)	747.31
	Income tax Act, 1961	Tax demands	FY 2001-02	Commissioner of Income tax (Appeals)	36.18
	Income tax Act, 1961	Tax demands	FY 1997-98	Commissioner of Income tax (Appeals)	18.09
	Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
	Income tax Act, 1961	Tax demands (TDS)	FY 2010-11	Commissioner of Income tax (Appeals)	0.21
	Income tax Act, 1961	Tax demands (TDS)	FY 2011-12	Commissioner of Income tax (Appeals)	0.15
JM Financial Products Limited	Income tax Act, 1961	Tax demands	FY 2009-10 to FY 2011-12	Commissioner of Income tax (Appeals)	467.97

Name of the Company	Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Amount involved (₹ in lakh)
JM Financial Asset Management Limited	Income tax Act, 1961	Tax demands	FY 2010-11	Deputy Commissioner	6.25
JM Financial Services Limited	Income tax Act, 1961	Tax demands	FY 2011-12	Commissioner of Income tax (Appeals)	5,697.56
	Income tax Act, 1961	Tax demands	FY 2010-11	Commissioner of Income tax (Appeals)	3,062.86
	Finance Act, 1994	Service tax	FY 2002-03 to FY 2008-09	Central Excise & Service Tax Appellate Tribunal	30.34
JM Financial Institutional Securities Limited	Income tax act, 1961	Income tax	FY 2008-09	Income tax Appellate Tribunal	280.59
	Income tax act, 1961	Income tax	FY 2009-10	Commissioner of Income tax (Appeals)	69.95
	Income tax act, 1961	Income tax	FY 2009-10	Income tax Appellate Tribunal	58.02
	Finance Act, 1994	Service tax	FY 2002-03 to FY 2011-12	Commissioner of Central Excise	30.98
	Income tax act, 1961	Income tax	FY 2011-12	Commissioner of Income tax (Appeals)	11.24
JM Financial Investment Managers Limited	Income tax act, 1961	Income tax	FY 2011-12	Commissioner of Income tax (Appeals)	51.80
	Income tax act, 1961	Income tax	FY 2009-10	Deputy Commissioner of Income tax (DCIT)	35.99
	Income tax act, 1961	Income tax (TDS)	FY 2009-10	Income tax officer (ITO)	0.75
	Income tax act, 1961	Income tax (TDS)	FY 2010-11	Income tax officer (ITO)	0.73
	Income tax act, 1961	Income tax (TDS)	FY 2011-12	Commissioner of Income tax (Appeals)	0.11

(c) According to the information and explanations given to us and as reported by the auditor of Covered Entities, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder has been transferred to such fund within prescribed time.

(viii) According to the information and explanations given to us and as reported by the auditors of Covered Entities, the Holding Company and the Covered Entities have no accumulated losses at the end of the financial year and have not incurred any cash losses in the current as well as in the immediately preceding financial year except in case of JM Financial Commtrade Limited and JM Financial Asset Management Limited which have accumulated losses more than 50% of their respective net-worth as at the end of the financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management and as reported by the auditors of Covered Entities, the Holding Company and Covered Entities have not defaulted in their repayment of dues to financial institutions, banks or debenture holders.

(x) According to the information and explanations given to us and based on the reports of auditors of Covered Entities, the Holding Company and Covered Entities have not given any guarantee for loan taken by others from a bank or financial institution during the year.

(xi) Based on the information and explanations given by the management and the reports of auditors of Covered Entities, term loans obtained by the Holding Company and certain Covered Entities if any, were applied for the purpose for which loans were obtained.

(xii) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Holding Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management. Further, based on report of auditors of Covered Entities, we report that no material fraud on or by the Covered Entities has been noticed or reported during the year.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place : Mumbai
Date : May 29, 2015

Shivji K Vikamsey
Partner (F-2242)

Consolidated Balance Sheet

as at March 31, 2015

(₹ in Crore)

	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	78.37	75.53
Reserves & surplus	2.2	2,367.33	2,103.26
Monies received against Warrants	2.3	-	11.09
Capital reserve on consolidation		97.27	7.25
Minority interest		654.60	164.97
		3,197.57	**2,362.10**
Share application money pending allotment	2.4	-	0.01
Non-current liabilities			
Long term borrowings	2.5	261.37	414.66
Deferred tax liabilities (net)	2.6	87.31	90.55
Other long term liabilities	2.7	2.70	2.70
Long term provisions	2.8	55.16	47.32
		406.54	**555.23**
Current liabilities			
Short term borrowings	2.9	4,151.43	2,234.29
Trade payables	2.10	208.40	262.41
Current maturities of long term borrowings	2.11	308.60	338.38
Other current liabilities	2.12	137.53	115.33
Short term provisions	2.13	94.79	62.30
		4,900.75	**3,012.71**
TOTAL		**8,504.86**	**5,930.05**
ASSETS			
Non-current assets			
Fixed assets	2.14		
Tangible assets	2.14A	333.37	117.81
Intangible assets	2.14B	6.72	4.76
Capital work in progress	2.14C	1.69	0.68
Goodwill on consolidation		105.26	105.26
Non-current investments	2.15	482.00	410.98
Long term loans and advances	2.16	3,070.99	1,585.12
		4,000.03	**2,224.61**
Current assets			
Current investments	2.17	157.68	83.84
Debt securities held as stock in trade	2.18	359.01	534.21
Trade receivables	2.19	226.68	194.74
Cash and bank balances	2.20	832.87	974.18
Short term loans and advances	2.21	2,908.82	1,903.80
Other current assets	2.22	19.77	14.67
		4,504.83	**3,705.44**
TOTAL		**8,504.86**	**5,930.05**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place : Mumbai
Date : May 29, 2015

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

(₹ in Crore)

	Note	For the year ended 31.03.2015	For the year ended 31.03.2014
Income:			
Revenue from operations	2.23	1,196.23	828.95
Other operating income	2.24	206.81	177.72
Total Revenue		**1,403.04**	**1,006.67**
Expenses:			
Employee benefits expense	2.25	235.24	203.16
Finance costs	2.26	420.20	307.83
Depreciation and amortisation expense	2.14	18.05	15.24
Other expenses	2.27	212.64	200.28
Total Expenses		**886.13**	**726.51**
Profit before tax		**516.91**	**280.16**
Tax expense:			
Current tax		158.96	83.19
Deferred tax		(2.78)	(4.83)
Tax adjustment of earlier years (net)		0.21	1.62
		156.39	**79.98**
Profit for the year		**360.52**	**200.18**
Add: Share in profit of associates		18.76	24.50
		379.28	**224.68**
Profit for the year attributable to :			
Minority interest		48.76	15.15
Owners of parent (Net consolidated profit for the year)		**330.52**	**209.53**
Earnings per equity share (EPS)	2.32		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		4.32	2.78
Diluted EPS (in ₹)		4.25	2.72
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. F-2242

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

Place : Mumbai
Date : May 29, 2015

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Significant Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) comprises the financial statements of JM Financial Limited ("Company") and its subsidiary and associate companies (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, to the extent applicable and the prevalent accounting practices in India.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in associate companies which have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of members of the Company. Similarly, the amount attributable to the share of minority interest in net assets of consolidated subsidiaries is identified and presented in the CFS, as part of members' fund.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognised in the CFS as goodwill/capital reserve on consolidation.

1.4 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions & advisory assignments and arrangers' fees for mobilising funds is recognised when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

Management fee is recognized at specific rates agreed for the relevant schemes applied on the daily net assets of each scheme under the asset management segment.

Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognised when the services are determined to be completed.

Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Companies Act, 2013 or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Leasehold building	60 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Software	5 years
Servers and Networks	6 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Group capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management's estimate. Current investments are carried at lower of cost or fair value.

1.8 Securities held as a result of underwriting/stock-in-trade

The securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

Significant Accounting Policies

1.9 Employee benefits

Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short-term employee benefits

Short-term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.10 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.11 Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – "Financial Instruments: Recognition & Measurement" to the extent it is not inconsistent with the 'Accounting Standards' notified by the Companies (Accounting Standards) Rules 2006, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for trading'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

1.13 Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.14 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.15 Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ₹ in the following manner:

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference are transferred to currency translation reserve.

1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

Notes to Financial Statements

2. NOTES TO FINANCIAL STATEMENTS

2.1 Share Capital

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹1/- each	**100.00**	**100.00**
Issued and Subscribed Capital:		
78,37,23,677 (75,53,43,497) equity shares of ₹1/- each		
Paid up Capital:		
78,37,23,677 (75,53,43,497) equity shares of ₹1/- each fully paid-up	78.37	75.53
TOTAL	**78.37**	**75.53**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount (₹ Crore)	Number	Amount (₹ Crore)
Shares outstanding at the beginning of the year	75,53,43,497	75.53	75,16,14,662	75.16
Shares allotted upon exercise of right by warrantholders	2,32,93,878	2.33	-	-
Shares allotted upon exercise of stock options	50,86,302	0.51	37,28,835	0.37
Shares outstanding at the end of the year	78,37,23,677	78.37	75,53,43,497	75.53

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.95%	20,34,06,600	26.93%
Nimesh Kampani*	13,53,57,500	17.27%	13,53,57,500	17.92%
J. M. Assets Management Private Limited	10,22,68,408	13.05%	10,22,68,408	13.54%
Morgan Stanley Asia (Singapore) Pte	5,73,08,920	7.31%	2,50,86,030	3.32%
Aruna Nimesh Kampani	3,84,51,250	4.91%	3,84,51,250	5.09%

* includes 1,250,000 equity shares (Previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

Particulars	31.03.2015 No. of shares	31.03.2014 No. of shares	31.03.2013 No. of shares	31.03.2012 No. of shares	31.03.2011 No. of shares
Fully paid up bonus shares	-	-	-	-	-

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Securities premium		
Opening balance	275.87	267.43
Add: Addition on shares issued upon exercise of right by warrantholders	42.05	-
Add: Addition on shares issued upon exercise of Stock Options by Employees	11.08	8.44
Less: Premium utilised for share issue expenses (net of deferred tax ₹ 0.30 Crore)	(0.29)	(-)
Closing balance	**328.71**	**275.87**
Capital reserve	#	#
Capital redemption reserve		
Opening balance	15.72	11.08
Add: Transferred during the year	-	4.64
Closing balance	**15.72**	**15.72**
General reserve		
Opening balance	205.25	193.85
Add: Transferred during the year	-	11.40
Closing balance	**205.25**	**205.25**
Statutory reserve(under section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	126.53	99.43
Add: Transferred during the year	63.39	27.10
Closing balance	**189.92**	**126.53**
Currency translation reserve		
Opening balance	8.56	6.07
Add: Transferred during the year	10.08	2.49
Closing balance	**18.64**	**8.56**
Share Options Outstanding		
Opening balance	22.08	25.96
Add: Additions on account of options granted during the year	10.74	6.14
Less: Transferred to securities premium upon exercise of Stock Options	(11.08)	(8.44)
Less: Reduction on account of options lapsed during the year	(0.72)	(1.58)
Closing balance	**21.02**	**22.08**
Less : Deferred employee compensation	(9.01)	(7.45)
	12.01	**14.63**
Surplus in statement of profit and loss:		
Opening balance	1,456.70	1,379.51
Less: Depreciation of earlier years adjusted (refer note 2.14 (d))	(0.28)	-
Add: Net consolidated profit for the year	330.52	209.53
Amount available for appropriation	**1,786.94**	**1,589.04**
Less: Appropriations		
Interim dividend	43.09	33.99
Proposed final dividend	63.06	41.61
Dividend on equity shares allotted after the adoption of previous years' accounts	0.10	0.02
Dividend distribution tax		
by the Company	2.30	1.08
by the subsidiaries	17.92	12.50
Transferred to general reserve	-	11.40
Transferred to statutory reserve	63.39	27.10
Transferred to capital redemption reserve	-	4.64
	189.86	**132.34**
Closing balance	**1,597.08**	**1,456.70**
TOTAL	**2,367.33**	**2,103.26**

# Denotes amount below ₹50,000/-

Notes (contd.)

2.3 MONIES RECEIVED AGAINST WARRANTS

During the year, the Company received an aggregate amount of ₹ 33.28 Crore as consideration against the issue and allotment of 2,32,93,878 equity shares of the face value of ₹ 1/- each (being balance 75% of the issue price of ₹19.05 per equity share). The said consideration has been received upon the exercise of right by the Warrantholders to convert 2,32,93,878 Warrants held by them into equity shares and the said consideration has been fully utilised for the general corporate purpose.

2.4 SHARE APPLICATION MONEY PENDING ALLOTMENT

	As at 31.03.2015		As at 31.03.2014	
	Number of equity shares	Amount (₹ Crore)	Number of equity shares	Amount (₹ Crore)
Equity Share of ₹ 1/- each	-	-	1,15,618	0.01
TOTAL	**-**	**-**	**1,15,618**	**0.01**

Note a :

Share application money pending allotment is in respect of exercise of stock options under the Employee Stock Option Scheme (previous year ₹ 1,15,618 in respect of 1,15,618 equity shares)

2.5 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Secured Loans		
Term loan from banks [refer note 2.5(i)]	99.49	115.62
Non-convertible debentures [refer note 2.5(ii)]	160.50	302.00
Less : Unamortised discount on non convertible debentures	-	(4.61)
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.38	1.65
TOTAL	**261.37**	**414.66**

Notes :

(i) Term loan from banks

Term Loans are secured by way of floating first pari passu charge by way of hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
10.75%	65.00	-	-	-
12.05 % / 12.00%	-	79.17	66.67	70.83
12.35% / 12.45%	34.49	36.45	3.67	3.55
TOTAL	**99.49**	**115.62**	**70.34**	**74.38**

(ii) Maturity profile and rate of interest of Non-convertible debentures

Maturity profile and rate of interest/discounted rate of interest of Non-Convertible Debentures (NCD) face value of ₹ 1,000,000/- each:

(₹ in Crore)

Particulars	Non-Current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
9.55% NCD redeemable in year 2016-17	5.50	-	-	-
9.90% NCD redeemable in year 2016-17	50.00	-	-	-
11.38% NCD redeemable in year 2016-17	100.00	100.00	-	-
10.40% NCD redeemable in year 2016-17	5.00	5.00	-	-
11.00% NCD redeemable in year 2015-16*	-	35.00	35.00	-
10.85% NCD redeemable in year 2015-16*	-	8.00	8.00	-
11.40% NCD redeemable in year 2015-16	-	100.00	100.00	-
10.85% NCD redeemable in year 2015-16	-	23.00	23.00	-
10.75% NCD redeemable in year 2015-16	-	16.00	16.00	-
10.10% NCD redeemable in year 2015-16	-	5.00	-	-
10.60% NCD redeemable in year 2015-16	-	10.00	10.00	-
10.10% NCD redeemable in year 2015-16*	-	-	49.00	-
11.00% NCD redeemable in year 2014-15	-	-	-	165.00
10.50% NCD redeemable in year 2014-15	-	-	-	6.00
10.65% NCD redeemable in year 2014-15	-	-	-	30.00
10.40% NCD redeemable in year 2014-15	-	-	-	38.00
TOTAL	**160.50**	**302.00**	**241.00**	**239.00**

*issued at discount.

₹ 338.50 Crore (Previous year ₹ 389.00 Crore) are secured by way of first charge on freehold land and hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

₹ 63.00 Crore (Previous year ₹ 152.00 Crore) are to be secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

(iii) Maturity profile and rate of interest of Inter Corporate Deposits:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
9.15%	-	-	-	25.00
TOTAL	**-**	**-**	**-**	**25.00**

2.6 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Deferred tax liabilities:		
On investments	110.19	110.19
On depreciation	1.37	0.22
	111.56	**110.41**
Deferred tax assets:		
On expenditure	22.44	17.66
On depreciation	1.81	2.20
	24.25	**19.86**
TOTAL	**87.31**	**90.55**

Notes (contd.)

2.7 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Property deposit	2.70	2.70
TOTAL	**2.70**	**2.70**

2.8 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
For employee benefits - gratuity	10.68	8.84
For clawback obligation	13.59	10.53
For standard assets [refer Note 2.8(i)]	30.89	27.95
TOTAL	**55.16**	**47.32**

Note (i) :

To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, requiring all NBFCs to make a general provision of 0.25 per cent of the outstanding standard assets. The Group has created provision on standard assets as per guidelines prescribed by the Board of Directors and is in compliance with the aforesaid RBI notification.

2.9 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Secured Loans		
Term loan from bank [refer Note 2.9(i)]	-	50.00
Borrowing under CBLO [refer Note 2.9(ii)]	274.64	-
Overdraft accounts/ Loans from banks [refer Note 2.9(iii)]	76.25	51.48
Cash credit facilities[refer Note 2.9(iv)]	50.03	50.00
	400.92	**151.48**
Unsecured Loans		
Commercial papers	3,765.50	2,171.80
Less : Unamortised discount on commercial papers	(99.99)	(88.99)
Inter corporate deposits	85.00	-
	3,750.51	**2,082.81**
TOTAL	**4,151.43**	**2,234.29**

Notes:

(i) Secured by way of a floating first pari pasu charge by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

(ii) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).

(iii) Secured by collaterals/fixed deposits with banks.

(iv) Secured by way of hypothecation on certain identified loans and advances given.

2.10 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Micro, Small and medium enterprises (see note i below)	-	-
Other than Micro, Small and medium enterprises	272.03	326.29
Less : Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.88)
TOTAL	**208.40**	**262.41**

Notes:

(i) There are no dues payable to Micro and Small Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

(ii) These amount is payable only if and to the extent the same is received from NSEL.

2.11 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Secured Loans		
Term loan from banks [refer note 2.5(i)]	70.34	74.38
Non-convertible debentures [refer note 2.5(ii)]	241.00	239.00
Less : Unamortised discount on non convertible debentures	(2.74)	-
	308.60	**313.38**
Unsecured Loans		
Inter corporate deposits [refer note 2.5(iii)]	-	25.00
	-	**25.00**
TOTAL	**308.60**	**338.38**

2.12 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.25	1.15
Employee benefits payable	96.77	66.91
Interest accrued but not due on borrowings	20.10	25.47
Statutory dues	7.53	6.13
Margin money from clients/franchisees	4.48	5.45
Security deposit	2.75	2.86
Unclaimed dividend	1.55	1.23
Overdrawn bank balance	1.23	4.48
Other liabilities	1.87	1.65
TOTAL	**137.53**	**115.33**

Notes (contd.)

2.13 SHORT TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
For employee benefits:		
Gratuity	1.13	1.07
Compensated absences	5.94	5.25
For standard assets	0.19	-
For proposed dividend - Equity shares		
by the Company	63.06	41.61
by the Subsidiaries	5.45	1.63
For dividend distribution tax - Equity shares		
by the Subsidiaries	19.02	11.82
For dividend distribution tax - Preference shares by a subsidiary	-	0.92
TOTAL	**94.79**	**62.30**

2.14 FIXED ASSETS

(₹ in Crore)

Particulars	Gross block (At cost)						Depreciation / Amortisation							Net block	
	As at 31.03.2014	Additions (Refer note [a] below)	Additions for the year	Deduction for the year	Currency Fluctuation	As at 31.03.2015	As at 31.03.2014	Additions (Refer note (a) below)	Additions for the year	Transition adjustment (Refer note [c] below)	Deduction for the year	Currency Fluctuation	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
A. TANGIBLE ASSETS															
Owned assets:															
Land	0.21	-	0.05	-	-	0.26	-	-	-	-	-	-	-	0.26	0.21
Leasehold Building	63.57	-	-	-	-	63.57	5.49	-	1.06	-	-	-	6.55	57.02	58.08
Office premises	8.68	-	224.16	0.19	-	232.65	4.20	-	2.34	-	0.09	-	6.45	226.20	4.48
Leasehold improvements	22.48	-	1.00	1.53	(0.03)	21.92	11.96	-	2.66	-	1.53	(0.03)	13.06	8.86	10.52
Computers	31.88	-	4.49	1.25	(0.02)	35.10	25.62	-	2.79	0.45	1.02	(0.01)	27.83	7.27	6.26
Office equipments	29.73	-	0.48	1.83	(0.01)	28.37	23.99	-	1.63	-	1.72	(0.01)	23.89	4.48	5.74
Furniture and fixtures	43.55	-	0.74	4.05	(0.02)	40.22	13.74	-	3.56	-	3.99	(0.01)	13.30	26.92	29.81
Motor vehicles	1.56	-	-	-	-	1.56	1.40	-	0.16	-	-	-	1.56	-	0.16
Leased assets:								-							
Motor vehicles(Refer note [b] below)	5.41	-	1.32	0.90	-	5.83	2.86	-	1.33	-	0.72	-	3.47	2.36	2.55
TOTAL (A)	**207.07**	**-**	**232.24**	**9.75**	**(0.08)**	**429.48**	**89.26**	**-**	**15.53**	**0.45**	**9.07**	**(0.06)**	**96.11**	**333.37**	**117.81**
B. INTANGIBLE ASSETS															
Software	20.09	-	4.51	0.03	-	24.57	15.33	-	2.52	-	-	-	17.85	6.72	4.76
Stock exchange memberships	1.43	-	-	-	-	1.43	1.43	-	-	-	-	-	1.43	-	-
Stock exchange non-refundable deposits	0.09	-	-	-	-	0.09	0.09	-	-	-	-	-	0.09	-	-
TOTAL (B)	**21.61**	**-**	**4.51**	**0.03**	**-**	**26.09**	**16.85**	**-**	**2.52**	**-**	**-**	**-**	**19.37**	**6.72**	**4.76**
TOTAL (A+B)	**228.68**	**-**	**236.75**	**9.78**	**(0.08)**	**455.57**	**106.11**	**-**	**18.05**	**0.45**	**9.07**	**(0.06)**	**115.48**	**340.09**	**122.57**
Previous year	114.42	92.73	43.53	22.02	(0.02)	228.68	87.68	23.65	15.24	-	20.49	(0.03)	106.11	122.57	
C. CAPITAL WORK IN PROGRESS														1.69	0.68

# Denotes amount below ₹ 50,000/-

(a) Additions during the previous year due to consolidation of the financials of CR Retail Malls (India) Limited and acquisition of JM Financial Credit Solutions Limited (formerly known as FICS Consultancy Services Limited).(b) Vendor has lien over the assets taken on lease. (c) Pursuant to the Companies Act, 2013 ('the Act'), the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act. As a result, the charge for depreciation is lower by ₹ 0.35 crore for the year ended March 31st, 2015. (d) Based on transitional provision in Note 7(b) of Schedule II, an amount of ₹ 0.28 crore (net of deferred tax of ₹ 0.17 crore) hasbeen adjusted against the retained earnings.

Notes (contd.)

2.15 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2015		As at 31.03.2014	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
(INVESTMENT IN GROUP COMPANIES)				
EQUITY SHARES (UNQUOTED)				
JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	131.35	10,29,00,000	102.90
Add : Goodwill on acquisition of additional shares		0.39		-
		131.74		**102.90**
Add : Share in post acquisition profit		76.94		58.98
		208.68		**161.88**
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		4.87		4.07
		4.90		**4.10**
TOTAL (I)		**213.58**		**165.98**
II OTHER INVESTMENTS				
(Unquoted, unless otherwise stated)				
EQUITY SHARES				
a) Quoted		45.96		100.03
b) Unquoted		57.96		75.13
		103.92		**175.16**
PREFERENCE SHARES		13.98		48.42
DEBENTURES/BONDS		86.59		-
VENTURE CAPITAL FUND UNITS (refer note i below)				
Sponsored by the group		63.93		77.93
Others		9.01		9.43
EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii below)		0.01		0.01
		277.44		**310.95**
Less: Provision for diminution in the value of investments		9.02		65.95
TOTAL (II)		**268.42**		**245.00**
TOTAL (I+II)		**482.00**		**410.98**

Notes:

i. Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.

ii. Includes investment in units of equity oriented mutual fund of ₹ 0.01 Crore (previous year ₹ 0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

2.16 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Capital advances (unsecured, considered good)	0.79	0.76
Security deposits (unsecured, considered good)	10.81	18.28
	11.60	**19.04**
Other long term loans and advances:		
Secured, considered good		
Loan funds	2,675.74	1,295.65
Unsecured, considered good		
Advance Tax (net of provisions)	235.30	225.88
Other deposits	114.16	8.71
Loan to Employees' Welfare Trust	33.00	34.50
Advances recoverable in cash or in kind or for value to be received	0.63	0.63
Prepaid expenses	0.39	0.53
Staff loans	0.17	0.18
	3,059.39	**1,566.08**
TOTAL	**3,070.99**	**1,585.12**

2.17 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Mutual fund	101.35	14.73
Fixed coupon notes	56.33	54.09
Debentures and bonds	-	15.02
TOTAL	**157.68**	**83.84**

2.18 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
(At lower of cost or Market value)		
Debt instruments [refer note (i) below]	359.01	534.21
TOTAL	**359.01**	**534.21**

Notes:

(i) Debt instruments includes accrued interest of ₹ 8.01 Crore (Previous year ₹ 4.14 Crore).

Notes (contd.)

2.19 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.06	0.31
Unsecured, considered good	1.38	0.05
Unsecured, considered doubtful	3.00	3.12
Less: Provision for doubtful debts	(3.00)	(3.12)
	1.44	**0.36**
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	116.44	99.24
Unsecured, considered good	108.80	95.14
Unsecured, considered doubtful	0.52	0.40
Less: Provision for doubtful debts	(0.52)	(0.40)
	225.24	**194.38**
TOTAL	**226.68**	**194.74**

2.20 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Cash and cash equivalents		
Cash on hand	0.01	0.01
Balances with banks:		
In current accounts	60.93	97.94
In deposit accounts (less than 3 months maturity)	131.47	309.43
	192.41	**407.38**
Other bank balances – in deposit accounts		
Under lien against which facilities are availed [refer note 2.20(iii)]	243.14	209.43
Under lien against which facilities are not availed [refer note 2.20(iii)]	385.06	349.63
Other bank balances	12.26	7.74
	640.46	**566.80**
TOTAL	**832.87**	**974.18**
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	-	-
ii. Earmarked balances with banks (against unclaimed dividend)	1.55	1.23
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	628.20	559.06

2.21 SHORT TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated and considered good)

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Loan funds (secured)	2,699.07	1,613.03
Loan funds (unsecured)	3.99	64.12
Other deposits	162.91	5.27
Accrued Interest on loan funds	27.53	39.10
Advances recoverable in cash or kind or for value to be received	6.80	7.88
Prepaid expenses	3.83	2.79
Loan to Employees'Welfare Trust	3.00	-
Security deposits	1.19	170.85
Staff loans	0.50	0.76
TOTAL	**2,908.82**	**1,903.80**

2.22 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due	19.41	13.31
Securities held for settlement of claims	0.35	0.98
Assets acquired in satisfaction of claims	0.01	0.38
TOTAL	**19.77**	**14.67**

2.23 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Fees and commission	301.47	246.32
Brokerage	145.25	94.16
Interest and other income on fund based activities	749.51	488.47
TOTAL	**1,196.23**	**828.95**

2.24 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest income	89.75	92.46
Income from arbitrage activities	22.30	22.23
Profit on sale of investments (net)	43.17	32.09
Dividend income	13.10	9.58
Gain on foreign currency transactions (net)	4.68	4.67
Miscellaneous income	33.81	16.69
TOTAL	**206.81**	**177.72**

Notes (contd.)

2.25 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries, bonus and allowances	223.28	194.25
Contribution to provident fund and other funds	6.71	6.40
Gratuity	3.01	0.92
Staff welfare	2.24	1.59
TOTAL	**235.24**	**203.16**

2.26 FINANCE COSTS

(₹ in Crore)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest expense	418.68	304.19
Other borrowing cost	0.84	3.04
Finance charges on leased assets	0.68	0.60
TOTAL	**420.20**	**307.83**

2.27 OTHER EXPENSES

(₹ in Crore)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Sub-brokerage, fees and commission	97.15	80.33
Rates and taxes	11.09	6.57
Legal and professional fees	10.74	11.52
Rent	10.71	23.63
Manpower expenses	8.13	7.93
Information technology expenses	8.10	7.99
Membership and subscriptions	7.16	6.38
Donation	6.80	2.30
Fund expenses	6.80	1.60
Travelling, hotel and conveyance expenses	5.85	4.98
Provision for standard assets	4.58	-
Repairs and maintenance	4.08	3.59
Electricity expenses	3.59	4.02
Provision for clawback obligation	3.06	2.10
Communication expenses	3.05	3.57
Insurance expenses	2.94	2.64
Provision for bad & doubtful debts and assets written off	2.73	17.03
Advertisement and other related expenses	2.03	0.94
Printing and stationery	1.69	1.42
Directors' commission	1.24	1.13
Business conference and seminar expenses	1.23	1.12
Auditors' remuneration	1.01	0.91
Loss on sale of assets	0.24	1.33
Provision for diminution in value of investments (net)	-	0.42
Miscellaneous expenses	8.64	6.83
TOTAL	**212.64**	**200.28**

2.28 A) ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2015 (%)	Proportion of interest as on March 31, 2014 (%)
Subsidiaries in India			
JM Financial Institutional Securities Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Limited	India	100.00	100.00
JM Financial Insurance Broking Private Limited	India	100.00	100.00
JM Financial Properties and Holdings Limited	India	100.00	100.00
CR Retail Malls (India) Limited	India	100.00	100.00
JM Financial Products Limited	India	90.00	90.00
JM Financial Services Limited	India	90.90	90.90
JM Financial Commtrade Limited	India	90.90	96.81*
JM Financial Asset Management Limited	India	53.47	53.47
JM Financial Credit Solutions Limited (formerly known as FICS Consultancy Services Limited) [refer note (i)]	India	50.01	100.00
Partnership Firm in India			
Astute Investments	India	90.90	-
Subsidiaries outside India			
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd. [refer note (ii)]	Singapore	100.00	94.14*
JM Financial Securities, Inc	USA	100.00	100.00
PT JM Financial Securities Indonesia [refer note (iii)]	Indonesia	99.00	99.00
Associates			
JM Financial Asset Reconstruction Company Private Limited [refer note (iv)]	India	50.00	49.00
JM Financial Trustee Company Private Limited	India	25.00	25.00

*includes Preference shares

Notes:

i. JM Financial Credit Solutions Limited has ceased to be a wholly owned subsidiary of the Company during the year consiquent upon it issuing and allotting 12,49,496 compulsory Convertible Preference Shares and 4 equity shares to the investors. JM Financial Credit Solutions Limited however continues to remain a subsidiary of the Company.

ii. During the year, JM Financial Singapore Pte Ltd became wholly owned subsidiary of the Company upon purchase of 3,75,000 ordinary shares purchased by the group.

iii. "PT JM Financial Securities, Indonesia", is in the process of being wound up.

iv. Increase in the shareholding of JM Financial Asset Reconstruction Company Private Limited (ARC), from 49% to 50% is on account of allotment of additional shares to the Company arising out of the Rights issue made by ARC.

Notes (contd.)

B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries/Associates.

Name of the Entity	Net Assets, i.e., total assets minus total liabilities*		Share in profit or loss	
	Amount ₹ in Crore	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss
Parent				
JM Financial Limited	42.58	1.38%	4.80	1.26%
Subsidiaries in India				
JM Financial Institutional Securities Limited	228.73	7.40%	50.35	13.28%
JM Financial Investment Managers Limited	74.93	2.42%	9.22	2.43%
Infinite India Investment Management Limited	9.79	0.32%	1.83	0.48%
JM Financial Insurance Broking Private Limited	0.01	#	#	#
JM Financial Properties and Holdings Limited	100.80	3.26%	1.74	0.46%
JM Financial Credit Solutions Limited (formerly known as FICS Consultancy Services Limited)	469.33	15.18%	29.17	7.69%
CR Retail Malls (India) Limited	22.58	0.73%	1.94	0.51%
JM Financial Products Limited	856.71	27.70%	169.45	44.68%
JM Financial Services Limited	226.34	7.32%	26.74	7.05%
JM Financial Commtrade Limited	5.46	0.18%	0.46	0.12%
JM Financial Asset Management Limited	70.95	2.29%	8.85	2.33%
Partnership Firm in India				
Astute Investments	2.09	0.07%	2.23	0.59%
Subsidiaries outside India				
JM Financial Overseas Holdings Private Limited	100.68	3.26%	13.86	3.65%
JM Financial Singapore Pte. Ltd.	9.49	0.31%	(6.99)	(1.84%)
JM Financial Securities, Inc	3.67	0.12%	(0.53)	(0.14%)
PT JM Financial Securities Indonesia [refer note (iii)]	-	-	(1.36)	(0.36%)
Associates				
JM Financial Asset Reconstruction Company Private Limited	208.68	6.75%	17.96	4.43%
JM Financial Trustee Company Private Limited	4.89	0.16%	0.80	0.21%
Minority Interests in all subsidiaries	654.60	21.17%	48.76	12.86%
	3,092.31	**100.00%**	**379.28**	**100.00%**

* Net Assets have been arrived at after excluding inter company adjustments and Goodwill on consolidation.

# Denotes amount below ₹50,000/-

2.29 CONTINGENT LIABILITY, PROVISIONS AND PENDING LITIGATIONS

(i) Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 25.64 Crore (previous year ₹ 389.26 Crore). The Income Tax Authorities had ongoing dispute with the Company relating to them treating the long term capital gain on sale of equity shares on termination of joint venture with Morgan Stanley as taxable under the head "Business Income" and not under the head "Capital Gains". The reduction in the contingent liability is due to the Company receiving a favourable ruling from the Commissioner of Income Tax (appeals) in respect of the said matter.

Disputed demands of service tax authorities is ₹ 1.24 Crore (previous year ₹ 1.24 Crore).

(ii) The Group at the year end, as a process, reviews and ensures to make adequate provisions for material foreseeable losses, if any, on all long term contracts, including derivate contracts.

(iii) The Group evaluates the impact of the pending litigations as at the date of the balance sheet and provides for or discloses its existence in the financial statements in terms of provisions of applicable accounting standards.

2.30 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 0.67 Crore (previous year ₹ 1.08 Crore).

Uncalled liability on account of commitment to subscribe to investment is nil (previous year ₹ 0.29 Crore).

2.31 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the year, the Nomination and Remuneration Committee of the Board has granted stock options under Series 7, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee has granted 44,85,267 Options (previous year 36,45,774 Options) at an exercise price of ₹1/- per option to the Employees.

The details of options are as under:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Outstanding at the beginning of the year	2,51,78,013	2,70,52,907
Add: Granted during the year	44,85,267	36,45,774
Less: Exercised and allotted during the year	50,86,302	37,28,835
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	5,27,356	17,91,833
Outstanding at end of year	2,40,49,622	2,51,78,013
Exercisable at end of year	1,46,47,989	1,36,35,863

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted in Series 7 and 6 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant date, exercise price of ₹1/-, volatility of 54.95% to 57.40% (previous year 54.64% to 58.06%), dividend yield of 3.63% (previous year 2.16 %), expected term of options in the range of 5 years to 6 years (previous year 4 years to 5 years), and a risk-free interest rate of 8.96% to 9.04% (previous year 7.53% to 7.60%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of options granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current Year	Previous year	Current year	Previous year
33.33%	14,95,089	12,15,258	April 1, 2015	May 6, 2014	20.17	15.64
33.33%	14,95,089	12,15,258	April 1, 2016	May 6, 2015	19.83	15.49
33.33%	14,95,089	12,15,258	April 1, 2017	May 6, 2016	19.49	15.35
	44,85,267	**36,45,774**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 10.41 Crore (previous year ₹ 10.36 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been reduced by ₹1.95 Crore (previous year increased by ₹ 0.56 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amounts as under:

Notes (contd.)

Particulars	As reported		As adjusted	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net profit(₹ in Crore)	330.52	209.53	328.57	210.09
Basic earnings per share (in ₹)	4.32	2.78	4.29	2.78
Diluted earnings per share (in ₹)	4.25	2.72	4.22	2.73

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014
Options granted	1,11,37,500	15,00,000	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267
Options exercised till March 31, 2015	Nil	Nil	Nil	59,13,958	37,89,114	8,57,227	N.A.
Options forfeited/ cancelled till March 31, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2015	2,62,500	15,00,000	10,00,000	7,35,096	6,86,673	3,43,024	1,83,996
Outstanding at end of year	1,08,75,000	Nil	27,50,000	8,50,946	28,26,882	24,45,523	43,01,271
Exercisable at end of year	1,08,75,000	Nil	18,33,334	8,50,946	8,29,162	2,59,547	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹ 54.80	₹ 54.80	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula (refer note [ii] below)	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on October 29, 2009	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014

Notes:

(i) In respect of stock options granted ₹ 1/-, the difference between the market price and exercise price on the date of the grant of the stock options, is being paid by the respective subsidiary companies.

(ii) Nomination and Remuneration Committee formed on May 6, 2014 in lieu of Compensation Committee.

2.32 EARNINGS PER SHARE (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Net consolidated Profit (₹ in Crore)	A	330.52	209.53
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	76,56,73,104	75,44,54,509
Basic earnings per share (in ₹)	A/B	4.32	2.78
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	76,56,73,104	75,44,54,509
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	1,23,10,440	1,46,23,320
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	77,79,83,544	76,90,77,829
Diluted earnings per share (in ₹)	A/D	4.25	2.72

2.33 LEASE TRANSACTION

Finance lease

The Group has acquired vehicles under finance lease agreement. The tenure of lease agreements ranges between 36 and 60 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total minimum lease payment outstanding as at March 31, 2015	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2015	Total minimum lease payment outstanding as at March 31, 2014	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2014
Not later than 1 year	1.63	0.39	1.25	1.60	0.45	1.15
Later than 1 year but not later than 5 years	1.61	0.22	1.38	2.02	0.36	1.66
Later than 5 years	-	-	-	-	-	-
TOTAL	**3.24**	**0.61**	**2.63**	**3.62**	**0.81**	**2.81**

Operating lease

i. The Group had taken assets under operating lease for the periods ranging between 22 months and 42 months. The same were non-cancellable for an initial period ranging between 11 months and 24 months.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total lease payments outstanding as at March 31, 2015	Total lease payments outstanding as at March 31, 2014
Not later than 1 year	5.37	3.63
Later than 1 year but not later than 5 years	7.30	3.53
Later than 5 years	-	-
Expenditure debited to the statement of profit and loss	5.50	14.39

ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 5.21 Crore (previous year ₹ 9.24 Crore).

Notes (contd.)

2.34 SEGMENTAL REPORTING

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/ High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities/commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure 'I'.

II. Geographical segment

The Group does not have any reportable geographical segment.

2.35 Disclosure in respect of related parties is attached as Annexure 'II'.

2.36 Statement of consolidated cash flow is attached as Annexure 'III'.

2.37 The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

2.38 "The notes and disclosures in consolidated financial statements are being made in accordance with provisions of applicable Accounting Standard (AS-21 para 6) and General circular No 39/2014 dated 14th October, 2014 issued by Ministry of Corporate Affairs - Government of India".

2.39 The Group has spent ₹ 5.43 Crore (previous year ₹ Nil) towards Corporate Social Responsibility activities as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.

(₹ in Crore)

	Holding Company and its subsidiaries	Associates	Total
a) Gross amount required to be spent by the Group during the year.	4.27	1.13	5.40
b) Amount spent during the year on:			
In cash	4.30	1.13	5.43
Yet to be paid in cash	-	-	-
Total	4.30	1.13	5.43
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.30	1.13	5.43

2.40 Figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

ANNEXURE 'I' TO NOTE 2.34

DISCLOSURE IN RESPECT OF SEGMENT REPORTING PURSUANT TO AS 17 ON 'SEGMENT REPORTING'

(₹ in Crore)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Segment revenue		
A Investment banking and securities business	521.93	407.89
B Fund based activities	806.21	529.19
C Alternative asset management	27.44	30.41
D Asset management	46.75	26.55
E Others	139.17	116.88
Total segment revenue	**1,541.50**	**1,110.92**
Less: Inter - segmental revenue	(138.46)	(104.25)
Total revenue	**1,403.04**	**1,006.67**
Segment results		
A Investment banking and securities business	123.99	45.16
B Fund based activities	347.44	199.51
C Alternative asset management	14.95	18.76
D Asset management	17.81	3.83
E Others	12.72	12.90
Total segment results	**516.91**	**280.16**
	As at 31.03.2015	**As at 31.03.2014**
Segment assets		
A Investment banking and securities business	1,232.18	874.56
B Fund based activities	6,391.08	4,081.89
C Alternative asset management	102.46	108.25
D Asset management	146.62	127.47
E Unallocated	527.26	632.62
Total segment assets	**8,399.60**	**5,824.79**
Segment liabilities		
A Investment banking and securities business	632.30	313.54
B Fund based activities	4,286.91	3,018.92
C Alternative asset management	17.74	18.03
D Asset management	9.04	7.25
E Unallocated	361.30	210.21
Total segment liabilities	**5,307.29**	**3,567.95**

Notes (contd.)

(₹ in Crore)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Capital expenditure incurred during the year		
A Investment banking and securities business	9.94	9.36
B Fund based activities	1.06	2.54
C Alternative asset management	0.01	0.00
D Asset management	26.62	0.18
E Unallocated	200.13	32.13
Total capital expenditure	**237.76**	**44.21**
Depreciation/amortisation for the year		
A Investment banking and securities business	6.56	7.73
B Fund based activities	1.41	1.26
C Alternative asset management	0.23	0.36
D Asset management	0.83	0.97
E Unallocated	9.02	4.92
Total depreciation/amortisation	**18.05**	**15.24**

ANNEXURE 'II' TO NOTE 2.35

DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO AS 18 ON 'RELATED PARTY DISCLOSURE'

I. LIST OF RELATED PARTIES

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)

JM Financial Trustee Company Private Limited (Trustee)

CR Retail Malls (India) Limited (CRRM) (up to June 30, 2013)

B Key management personnel

Mr. Nimesh Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N Kampani (ARNK)

Mr. Vishal Kampani (VNK)

Ms. Amishi Kampani (AMNK)

D Enterprise over which key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)

J.M. Assets Management Private Limited (JM Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

JM Financial Credit Solutions Limited, formerly known as FICS Consultancy Services Limited (FICS) (up to March 27, 2014) (Credit Solutions)

Kampani Properties & Holdings Limited (KPHL)

Capital Market Publishers India Private Limited (CMPL)

II. RELATED PARTY RELATIONSHIPS HAVE BEEN IDENTIFIED BY THE MANAGEMENT AND RELIED UPON BY THE AUDITORS.

ANNEXURE `II' TO NOTE 2.35 (CONTD.)
Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
ICD taken from										
Trustee	10.00	-	-	-	-	-	-	-	10.00	-
ICD placed with										
Credit Solutions	-	-	-	-	-	-	-	87.50	-	87.50
ARC	565.00	50.00	-	-	-	-	-	-	565.00	50.00
ICD repaid by										
ARC	615.00	-	-	-	-	-	-	-	615.00	-
Security deposit paid to										
JMFICS	-	-	-	-	-	-	0.68	-	0.68	-
Security deposit received back										
JMFICS	-	-	-	-	-	-	0.32	6.48	0.32	6.48
KCL	-	-	-	-	-	-	-	1.20	-	1.20
KPHL	-	-	-	-	-	-	1.50	-	1.50	-
Investments made in										
ARC	98.36	-	-	-	-	-	-	-	98.36	-
Investments Purchased from										
JMFICS	-	-	-	-		-	-	10.00	-	10.00
Employee related transfers to										
JMFICS	-	-	-	-	-	-	-	0.01	-	0.01
Staff loan balance transfer										
JMFICS	-	-	-	-	-	-	-	0.02	-	0.02
Interest income on ICD from										
CRRM	-	0.50	-	-	-	-	-	-	-	0.50
ARC	15.94	0.06	-	-	-	-	-	-	15.94	0.06
Credit Solutions	-	-	-	-	-	-	-	2.90	-	2.90
Interest paid on ICD from										
Trustee	0.33	-	-	-	-	-	-	-	0.33	-
Secondary brokerage received from										
JMFICS	-	-	-	-	-	-	0.06	0.10	0.06	0.10
KCL	-	-	-	-	-	-	#	#	#	#
PICPL	-	-	-	-	-	-	-	#	-	#
Trustee	0.01	#	-	-	-	-	-	-	0.01	#
Others	-	-	-	-	-	-	0.01	0.03	0.01	0.03

# Denotes amount below ₹ 50,000

Notes (contd.)

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Recovery of expenses from										
Trustee	-	0.28	-	-	-	-	-	-	-	0.28
JMFICS	-	-	-	-	-	-	#	#	#	#
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.40	0.23	0.40	0.23
KCL	-	-	-	-	-	-	-	0.01	-	0.01
CMPL	-	-	-	-	-	-	0.02	0.01	0.02	0.01
Remuneration paid to										
NNK	-	-	3.81	3.62*	-	-	-	-	3.81	3.62
VNK	-	-	-	-	7.00	7.01	-	-	7.00	7.01
AMNK	-	-	-	-	0.52	0.46	-	-	0.52	0.46
Dividend paid to										
Trustee	-	0.28	-	-	-	-		-	-	0.28
JMFICS	-	-	-	-	-	-	22.37	19.32	22.37	19.32
J.M. Assets	-	-	-	-	-	-	11.25	9.44	11.25	9.44
JSB	-	-	-	-	-	-	0.72	0.62	0.72	0.62
PICPL	-	-	-	-	-	-	0.18	0.16	0.18	0.16
KCL	-	-	-	-	-	-	0.08	0.07	0.08	0.07
SNK	-	-	-	-	-	-	1.28	1.11	1.28	1.11
NNK	-	-	14.89	12.86	-	-	-	-	14.89	12.86
ARNK	-	-	-	-	4.23	3.65	-	-	4.23	3.65
VNK	-	-	-	-	1.08	0.93	-	-	1.08	0.93
AMNK	-	-	-	-	0.88	0.76	-	-	0.88	0.76
Rent paid to										
JMFICS	-	-	-	-	-	-	1.36	1.94	1.36	1.94
KPHL	-	-	-	-	-	-	0.04	0.05	0.04	0.05
KCL	-	-	-	-	-	-	0.05	0.34	0.05	0.34
Subscription charges paid to										
CMPL	-	-	-	-	-	-	0.02	0.02	0.02	0.02
Support service fees paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Demat charges received from										
Others	-	-	-	-	-	-	#	#	#	#
Balance outstanding at the year end										
Investment in										
ARC	201.74	102.90	-	-	-	-	-	-	201.74	102.90
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Receivables from										
JMFICS	-	-	-	-	-	-	-	9.55	-	9.55
ARC	-	50.05	-	-	-	-	-	-	-	50.05
KPHL	-	-	-	-	-	-	-	1.50	-	1.50
Payables to										
NNK	-	-	1.95	2.45	-	-	-	-	1.95	2.45
VNK	-	-	-	-	6.00	5.50	-	-	6.00	5.50
AMNK	-	-	-	-	0.29	0.25	-	-	0.29	0.25
Trustee	10.00	-	-	-	-	-	-	-	10.00	-

Note:- * The value of perquisites has been calculated on the basis of Income Tax Act, 1961. Accordingly, the previous year figure has also been revised.

# Denotes amount below ₹50,000/-

ANNEXURE 'III' TO NOTE 2.36

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Crore)

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Cash flow from operating activities		
Profit before tax	**516.91**	**280.16**
Adjustment for:		
Depreciation and amortisation expense	18.05	15.24
Amortisation of deferred employee compensation (ESOP)	8.45	11.13
Provision for gratuity	3.01	0.92
Provision for compensated absences	1.40	0.52
Provision for clawback obligation	3.06	2.10
Provision for bad & doubtful debts and assets written off	2.73	17.03
Provision for standard assets	4.58	-
Provision for diminution in value of investments (net)	-	0.42
Loss on sale of fixed assets	0.24	1.33
Profit on sale of investments	(43.17)	(32.09)
Dividend income	(13.10)	(9.58)
Interest income	(89.75)	(92.46)
Finance costs	420.20	307.83
Operating profit before working capital changes	**832.61**	**502.55**
Adjustment for:		
(Increase)/decrease in trade receivables	(34.66)	(31.26)
(Increase)/decrease in short term loans and advances	(1,005.02)	517.70
(Increase)/decrease in long term loans and advances	(1,476.44)	(448.53)
(Increase)/decrease in securities held as stock in trade	175.20	63.55
(Increase)/decrease in assets held for arbitrage activities	-	502.37
(Increase)/decrease in other current assets	(5.09)	5.33
Increase/(decrease) in trade payables	(54.01)	51.72
Increase/(decrease) in other current liabilities	22.20	(2.26)
Increase/(decrease) in long term provisions	(1.45)	(0.09)
Increase/(decrease) in short term provisions	(1.84)	(1.03)
Increase/(decrease) in other long term liabilities	-	3.00
Cash generated from/(used in) operations	**(1,548.50)**	**1,163.05**
Direct taxes paid	(168.59)	(105.26)
Net cash from/(used in) operating activities	**(1,717.09)**	**1,057.79**
B Cash flow from investing activities		
Purchase of investments	(280.38)	(21.60)
Sale of investments	197.45	120.98
Purchase of fixed assets	(237.76)	(113.11)
Sale of fixed assets	0.48	0.20
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(73.67)	493.54
Currency fluctuation	10.08	2.49
Interest income	89.75	92.46
Dividend income	13.10	9.58
Net cash from / (used in) investing activities	**(280.95)**	**584.54**

(₹ in Crore)

	For the year ended March 31, 2015	For the year ended March 31, 2014
C Cash flow from financing activities		
Proceeds from issue of equity share (including premium) on exercise of options	0.50	0.38
Proceeds from issue of Warrants	33.28	11.09
Proceeds from issue of share (including premium) to minority shareholders (net)	537.75	1.76
Share issue expenses	(0.88)	-
Proceeds from borrowings (net)	1,734.08	(1,209.12)
Finance costs paid	(420.20)	(307.83)
Dividend paid (including dividend distribution tax)	(101.46)	(90.28)
Net cash from/(used in) financing activities	**1,783.07**	**(1,594.00)**
Net increase /(decrease) in cash and cash equivalents	**(214.97)**	**48.33**
Cash and cash equivalents - opening	407.38	359.05
Cash and cash equivalents - closing	192.41	407.38
Notes:		
i. The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 on "Cash Flow Statement" notified in Companies (Accounting Standards) Rules, 2006 (as amended).		
ii. Cash and bank balances as per note 2.20	832.87	974.18
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	640.46	566.80
Cash and cash equivalents as shown in Cash Flow Statement	**192.41**	**407.38**
iii. Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place : Mumbai
Date : May 29, 2015

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Independent Auditor's Report

To the Members of JM Financial Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of JM Financial Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by Section 143(3) of the Act, we further report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;

e) On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

(i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements (refer note 2.23 of the financial statements).

(ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year under report there were no such foreseeable losses. The Company did not have any derivative contracts as at the date of Balance Sheet.

(iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For **Khimji Kunverji & Co.**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Annexure A referred to in paragraph 7 of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2016

On the basis of such checks as we considered appropriate, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) According to the information and explanations given to us and based on the records of the Company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;

(c) According to the information and explanations given to us and based on the records of the Company examined by us, title deeds of immovable properties are held in the name of the Company.

(ii) The nature of business of the Company does not require it to have any inventory. Hence, the requirement of Clause 3 (ii) of the Order is not applicable to it.

(iii) The Company has granted loans secured or unsecured and Inter corporate deposits, to companies covered in the register maintained under Section 189 of the Act:

a) According to the information and the explanation given to us, receipt of the principal amount and interest are regular.

b) According to the information and the explanation given to us, there has been no overdue amount.

(iv) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Value Added Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

(b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no outstanding dues of Income Tax, Wealth Tax, Service Tax, and Cess which have not been deposited on account of any disputes except as mentioned below:

Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Outstanding Amount involved (₹ in lakh)
Income tax Act, 1961	Tax demands	FY 2011-12	Commissioner of Income tax (Appeals)	882.53
Income tax Act, 1961	Tax demands	FY 2010-11	ITAT, Mumbai	747.31
Income tax Act, 1961	Tax demands	FY 2012-13	Commissioner of Income tax (Appeals)	261.40
Income tax Act, 1961	Tax demands	FY 2001-02	ITAT, Mumbai	36.18
Income tax Act, 1961	Tax demands	FY 1997-98	ITAT, Mumbai	18.09
Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
Income tax Act, 1961	Tax demands (TDS)	FY 2010- 11	Commissioner of Income tax (Appeals)	0.21

(viii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not taken any loans or borrowings from financial institutions, banks, Government or has not issued any debenture. Hence, Clause 3 (viii) of the Order is not applicable to it.

Independent Auditor's Report

(Contd.)

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of Clause 3(ix) of the Order is not applicable to it.

(x) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

(xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 197 read with schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3(xii) of the Order is not applicable to it.

(xiii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 and applicable rules, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, Clause 3 (xiv) of the Order is not applicable.

(xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 are not applicable to the Company.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has duly obtained the registration.

For **Khimji Kunverji & Co.**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Annexure B referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited ("the Company") as of March 31, 2016 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Khimji Kunverji & Co.**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Standalone Balance Sheet

as at March 31, 2016

(₹ in Lakh)

	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,889.86	7,837.24
Reserves & surplus	2.2	1,57,612.24	1,56,481.21
		1,65,502.10	**1,64,318.45**
Non-current liabilities			
Long term borrowings	2.3	1.71	21.85
Deferred tax liabilities (net)	2.4	10,979.16	11,003.28
Other long term liabilities	2.5	100.00	100.00
Long term provisions	2.6	19.85	20.51
		11,100.72	**11,145.64**
Current liabilities			
Short term borrowings	2.7	42,633.80	12,187.87
Trade payables	2.8	87.17	103.38
Other current liabilities	2.9	983.06	746.77
Short term provisions	2.10	6,887.15	6,364.89
		50,591.18	**19,402.91**
TOTAL		**2,27,194.00**	**1,94,867.00**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.11 A	273.42	189.24
Intangible assets	2.11 B	12.55	15.98
Non-current investments	2.12	1,75,660.30	1,66,161.30
Long term loans and advances	2.13	16,485.92	16,219.85
Other non-current assets	2.14	245.48	362.15
		1,92,677.67	**1,82,948.52**
Current assets			
Cash and bank balances	2.15	1,254.33	3,321.84
Short term loans and advances	2.16	31,252.37	7,578.62
Other current assets	2.17	2,009.63	1,018.02
		34,516.33	**11,918.48**
TOTAL		**2,27,194.00**	**1,94,867.00**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. F-2242

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

E A Kshirsagar
Director
DIN - 00121824

Place: Mumbai
Date: May 13, 2016

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lakh)

	Note	For the year ended 31.03.2016	For the year ended 31.03.2015
Income:			
Revenue from operations	2.18	3,507.30	2,955.78
Other income	2.19	12,270.16	7,498.00
Total Revenue		**15,777.46**	**10,453.78**
Expenses:			
Employee benefits expense	2.20	1,007.80	868.07
Finance costs	2.21	2,715.41	758.54
Depreciation and amortisation expense	2.11	38.25	40.10
Other expenses	2.22	804.03	736.82
Provision for diminution in the value of investments		1.00	-
Total Expenses		**4,566.49**	**2,403.53**
Profit before tax		**11,210.97**	**8,050.25**
Tax Expense:			
Current tax		10.00	250.00
Deferred tax		(24.11)	(10.40)
		(14.11)	**239.60**
Profit for the year		**11,225.08**	**7,810.65**
Earnings per equity share (EPS)	2.27		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.42	1.02
Diluted EPS (in ₹)		1.41	1.00
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

E A Kshirsagar
Director
DIN - 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, ("the Act") read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC).

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/ materialised.

1.3 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on accrual basis.
- Fees and lease rental income is recognised on accrual basis in accordance with agreements/arrangements.
- In respect of lease assets, where lease rentals are overdue for more than 12 months, the income is recognised only when lease rentals are actually received (as per income recognition norms of "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the Reserve Bank of India (the RBI).
- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

1.4 Provision for Non-Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the "Non-Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the RBI.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Act or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Furniture and fixtures	10 years
Office equipments	5 years
Computers	3 years
Software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments, at lower of cost or market value, determined on the basis of the quoted prices of individual investment in case of quoted investments and as per the management’s estimate of fair value in case of non-quoted investments. Current investments are carried at lower of cost or fair value.

1.8 Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Company’s liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.9 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.10 Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.11 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.12 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.13 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	**10,000.00**	**10,000.00**
Issued and Subscribed Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each		
Paid-up Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each fully paid-up.	7,889.86	7,837.24
TOTAL	**7,889.86**	**7,837.24**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	78,37,23,677	7,837.24	75,53,43,497	7,553.43
Shares allotted upon exercise of right by warrantholders	-	-	2,32,93,878	232.94
Shares allotted upon exercise of stock options	52,61,959	52.62	50,86,302	50.87
Shares outstanding at the end of the year	78,89,85,636	7,889.86	78,37,23,677	7,837.24

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholders	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.78%	20,34,06,600	25.95%
Nimesh Kampani*	13,53,57,500	17.16%	13,53,57,500	17.27%
J M Assets Management Private Limited	10,22,68,408	12.96%	10,22,68,408	13.05%
Morgan Stanley Asia (Singapore) Pte.	4,99,28,479	6.33%	5,73,08,920	7.31%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF.

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

Particulars	31.03.2016 No. of shares	31.03.2015 No. of shares	31.03.2014 No. of shares	31.03.2013 No. of shares	31.03.2012 No. of shares
Fully paid-up bonus shares	-	-	-	-	-

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Capital reserve	0.44	0.44
Securities premium		
Opening balance	32,898.81	27,586.59
Add: Addition of shares allotted upon exercise of right by warrantholders	-	4,204.54
Add: Addition of shares allotted upon exercise of stock options by the Employees	1,467.80	1,107.68
Closing balance	**34,366.61**	**32,898.81**
General reserve	**18,250.00**	**18,250.00**
Statutory reserve		
(under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	1,563.00	-
Add: Transferred during the year	2,246.00	1,563.00
Closing balance	**3,809.00**	**1,563.00**
Stock options outstanding		
Opening balance	2,101.76	2,208.13
Add: Additions on account of options granted during the year	732.33	1,074.22
Less: Transferred to securities premium upon exercise of stock options	(741.50)	(1,107.68)
Less: Reduction on account of options lapsed during the year	(67.33)	(72.91)
Closing balance	**2,025.26**	**2,101.76**
Surplus in statement of profit and loss		
Opening balance	1,01,667.20	1,06,274.18
Less: Depreciation of earlier years adjusted (refer note 2.11[c])	-	(0.35)
Add: Profit for the year	11,225.08	7,810.65
Amount available for appropriation	**1,12,892.28**	**1,14,084.48**
Less: Appropriations		
Interim dividend	4,732.92	4,308.59
Proposed final dividend	6,711.51	6,306.11
Dividend on equity shares allotted after the adoption of previous year's accounts	-	9.93
Dividend distribution tax	40.92	229.65
Transferred to statutory reserve	2,246.00	1,563.00
	13,731.35	**12,417.28**
Closing balance	**99,160.93**	**1,01,667.20**
TOTAL	**1,57,612.24**	**1,56,481.21**

2.3 LONG TERM BORROWINGS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Long term maturities of finance lease obligations	1.71	21.85
(secured by way of hypothecation of vehicles. The lease is repayable on a		
monthly basis ranging between 36 and 48 months) (refer note 2.28[a])		
TOTAL	**1.71**	**21.85**

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Deferred tax liabilities:		
On investments	11,018.61	11,018.61
On depreciation	4.95	5.05
	11,023.56	**11,023.66**
Deferred tax assets:		
On expenditure	44.40	20.38
	44.40	**20.38**
TOTAL	**10,979.16**	**11,003.28**

2.5 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Property deposits	100.00	100.00
TOTAL	**100.00**	**100.00**

2.6 LONG TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
For employee benefits – gratuity [refer note 2.29 A (a)]	19.85	20.51
TOTAL	**19.85**	**20.51**

2.7 SHORT TERM BORROWINGS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Unsecured Loans		
Commercial papers	43,500.00	12,500.00
Less: Unamortised discount on commercial papers	(866.20)	(312.13)
TOTAL	**42,633.80**	**12,187.87**

2.8 TRADE PAYABLES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Micro, small and medium enterprises (refer note 2.26)	-	-
Other than micro, small & medium enterprises	87.17	103.38
TOTAL	**87.17**	**103.38**

2.9 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Short term maturities of finance lease obligations	3.08	16.09
(secured by way of hypothecation of vehicles) (refer note 2.28[a])		
Unclaimed dividend	170.37	154.99
Employee benefits payable	676.42	471.37
Statutory dues	21.19	20.32
Other short term liabilities	112.00	84.00
TOTAL	**983.06**	**746.77**

2.10 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
For employee benefits:		
Gratuity [refer note 2.29 A (a)]	24.33	21.18
Compensated absences [refer note 2.29 A (b)]	16.79	18.85
For standard assets (refer note 2.38)	93.60	18.75
For proposed dividend	6,711.51	6,306.11
For dividend distribution tax	40.92	-
TOTAL	**6,887.15**	**6,364.89**

2.11 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)				Depreciation / Amortisation					Net block	
	As at 31.03.2015	Additions for the year	Deductions for the year	As at 31.03.2016	As at 31.03.2015	Transition adjustment (refer note [c] below)	Additions for the year	Deductions for the year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
(A) TANGIBLE ASSETS											
Owned assets:											
Office premises	108.50	-	-	108.50	40.34	-	1.83	-	42.17	66.33	68.16
Furniture and fixtures	49.90	0.11	-	50.01	21.25	-	10.13	-	31.38	18.63	28.65
Office equipments	8.95	-	-	8.95	4.24	-	1.87	-	6.11	2.84	4.71
Computers	6.69	-	-	6.69	5.09	-	1.11	-	6.20	0.49	1.60
Leasehold improvements	88.59	-	-	88.59	36.26	-	15.55	-	51.81	36.78	52.33
Motor vehicle	46.43	144.37	-	190.80	46.43	-	0.32	-	46.75	144.05	-
Leased assets:											
Motor vehicles (refer note [a] below)	79.88	1.12	51.08	29.92	46.09	-	4.01	24.48	25.62	4.30	33.79
TOTAL (A)	**388.94**	**145.60**	**51.08**	**483.46**	**199.70**	**-**	**34.82**	**24.48**	**210.04**	**273.42**	**189.24**
(B) INTANGIBLE ASSETS											
Software	17.15	-	-	17.15	1.17	-	3.43	-	4.60	12.55	15.98
TOTAL (B)	**17.15**	**-**	**-**	**17.15**	**1.17**	**-**	**3.43**	**-**	**4.60**	**12.55**	**15.98**
TOTAL (A+B)	**406.09**	**145.60**	**51.08**	**500.61**	**200.87**	**-**	**38.25**	**24.48**	**214.64**	**285.97**	**205.22**
Previous year	332.81	91.53	18.25	406.09	178.50	0.52	40.10	18.25	200.87	205.22	

Notes:

[a] Vendor has a lien over the assets taken on lease.

[b] Pursuant to the Companies Act, 2013 ('the Act'), the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act during the previous year 2014-15. As a result, the charge for depreciation is higher by ₹ Nil (previous year ₹ 1.16 Lakh).

[c] Based on transitional provision in Note7(b) of Schedule II to the Act, an amount of ₹ Nil (previous year ₹ 0.35 Lakh) (net of deferred tax of ₹ Nil (previous year ₹0.17 lakh)) has been adjusted against the retained earnings.

2.12 NON-CURRENT INVESTMENTS

(₹ in Lakh)

		As at 31.03.2016		As at 31.03.2015	
		Quantity	Amount	Quantity	Amount
I	TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)				
	Unquoted				
	Investment in equity shares of ₹10/- each				
	In subsidiaries:				
1	JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2	JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3	JM Financial Services Limited	4,55,00,000	9,500.00	-	-
4	JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
5	Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
6	JM Financial Insurance Broking Private Limited	60,000	1.00	60,000	1.00
7	JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
8	JM Financial Credit Solutions Limited	12,50,000	35,440.00	12,50,000	35,440.00
9	JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
	In associate companies:				
10	JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	13,174.08	12,06,25,000	13,174.08
11	JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
	Quoted				
	Investment in debentures of an associate company:				
12	JM Financial Asset Reconstruction Company Private Limited	700	7,000.00	700	7,000.00
	(13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each) (refer note i)				
			1,75,659.81		1,66,159.81
	Less: Provision for diminution in the value of investments in respect of I (6) above.		1.00		-
			1,75,658.81		1,66,159.81
II	OTHER INVESTMENTS				
	Investments in Mutual Funds				
13	JM Equity Fund (refer note ii & iii)	16,072	1.49	16,072	1.49
	TOTAL		**1,75,660.30**		**1,66,161.30**

Notes:

i. Redeemable at the option of the issuer at any time but not earlier than September 22, 2017 being 3 years from the date of allotment.

ii. Represents initial contribution as a ‘Sponsor’ towards setting up of JM Financial Mutual Fund, which cannot be sold/transferred.

iii. Net asset value of the mutual fund units as on March 31, 2016 is ₹ 3.34 Lakh (previous year ₹ 3.69 Lakh).

2.13 LONG TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Capital advances	51.27	36.90
Security Deposits*	253.76	254.50
Advance tax (net of provisions)	16,180.89	15,928.45
TOTAL	**16,485.92**	**16,219.85**

* Includes ₹63.38 Lakh (Previous year ₹63.38 Lakh) receivable from a related party.

2.14 OTHER NON-CURRENT ASSETS
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Receivable from subsidiaries	245.48	362.15
TOTAL	**245.48**	**362.15**

2.15 CASH AND BANK BALANCES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Cash and cash equivalents:		
Cash on hand	0.19	0.19
Balances with banks:		
In current accounts	74.94	66.79
In deposit accounts (less than 3 months' maturity)	800.00	3,100.00
	875.13	**3,166.98**
Other bank balances	379.20	154.86
TOTAL	**1,254.33**	**3,321.84**
Earmarked balances with banks for unclaimed dividend included in other bank balances	170.37	154.86

2.16 SHORT TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Staff loans	0.13	30.00
Advances recoverable in cash or in kind or for value to be received	40.17	36.94
Inter corporate deposits to group companies	31,200.00	7,500.00
Prepaid expenses	12.07	11.68
TOTAL	**31,252.37**	**7,578.62**

2.17 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due	618.22	479.47
Receivable from subsidiaries	582.47	538.55
Interest on income tax refund receivable	808.94	-
TOTAL	**2,009.63**	**1,018.02**

2.18 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest income	3,147.30	2,805.78
Group support service fees	360.00	150.00
TOTAL	**3,507.30**	**2,955.78**

2.19 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Dividend from subsidiaries on non-current investments	11,355.50	7,331.09
Dividend on current investments	74.65	108.64
Lease rent	27.26	23.58
Interest Income – Others	808.94	-
Miscellaneous income	3.81	34.69
TOTAL	**12,270.16**	**7,498.00**

2.20 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, bonus and allowances	978.87	834.29
Contribution to provident and other funds	23.72	25.46
Gratuity	2.48	5.99
Staff welfare	2.73	2.33
TOTAL	**1,007.80**	**868.07**

2.21 FINANCE COSTS

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Finance charges on leased assets	1.02	6.83
Interest on borrowings	2,714.39	751.71
TOTAL	**2,715.41**	**758.54**

2.22 OTHER EXPENSES

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Space and other related costs (refer note 2.28 [b])	206.26	194.34
Legal and professional fees	32.24	59.75
Membership and subscription	7.07	6.46
Rates and taxes	48.25	34.05
Communication expenses	19.79	34.04
Repairs and maintenance	0.58	2.38
Travelling and conveyance expenses	25.80	33.82
Electricity expenses	11.31	10.98
Printing and stationery expenses	22.75	27.94
Advertisement and other related expenses	11.68	6.10
Information technology expenses	3.48	-
Donation	89.00	71.00
Insurance expenses	18.27	17.57
Auditors' remuneration (refer note 2.30)	19.46	19.40
Motor car expenses	17.20	21.99
Provision for standard assets	74.85	18.75
Directors' sitting fees	53.24	51.28
Directors' commission	112.00	84.00
Miscellaneous expenses	30.80	42.97
TOTAL	**804.03**	**736.82**

2.23 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 1,522.09 Lakh (previous year ₹ 1,272.05 Lakh).

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 94.84 Lakh (previous year ₹65.42 Lakh).

2.24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the financial year 2015-16, the Nomination and Remuneration Committee of the Board has granted stock options under Series 8, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee granted 14,44,440 Options (previous year 44,85,267 Options) at an exercise price of ₹ 1/- per option to the Employees.

The details of options are as under:

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Outstanding at the beginning of the year	2,40,49,622	2,51,78,013
Add: Granted during the year	14,44,440	44,85,267
Less: Exercised and shares allotted during the year	52,61,959	50,86,302
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	97,70,877	5,27,356
Outstanding at the end of the year	1,04,61,226	2,40,49,622
Exercisable at the end of the year	52,27,612	1,46,47,989

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted in Series 8 and 7 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 55.42% (previous year 57.32%), dividend yield of 2.62% (previous year 3.63%), life of option being 7 years (previous year: 7 years), and a risk-free interest rate of 8% (previous year 9%).

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,81,480	14,95,089	April 16, 2016	April 1, 2015	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2017	April 1, 2016	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2018	April 1, 2017	42.20	19.83
	14,44,440	**44,85,267**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 2.57 Lakh (previous year ₹ 237.29 Lakh). Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been reduced (Previous year reduced) after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net profit (₹ in lakh)	11,225.08	7,810.65	11,222.51	7,573.36
Basic earnings per share (in ₹)	1.42	1.02	1.42	0.99
Diluted earnings per share (in ₹)	1.41	1.00	1.41	0.97

Details of options granted under various series are as under:

	Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8
Grant date	15/04/2008	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015
Options granted	1,11,37,500	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440
Options exercised till March 31, 2016	13,50,000	Nil	63,60,149	55,30,522	16,17,496	9,64,091	N.A.
Options forfeited/ cancelled till March 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2016	97,87,500	10,00,000	7,56,734	7,21,857	3,76,054	2,92,062	47,958
Outstanding at end of year	Nil	27,50,000	3,83,116	10,50,290	16,52,224	32,29,114	13,96,482
Exercisable at end of year	Nil	27,50,000	3,83,116	10,50,290	5,79,539	4,64,666	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015

Notes:

[i] In addition to the above amount, an aggregate amount of ₹ 7,37,74,228/- being the difference between the grant price and market price on the date of grant has been received on relevant vesting dates from the respective subsidiary Company on behalf of the Employees on their pay roll to whom the stock options have been granted.

[ii] In respect of Series 2, all the 15,00,000 options granted have been lapsed and hence not included in the above table.

2.25 Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
JM Financial Institutional Securities Limited	445.08	503.94
JM Financial Services Limited	125.28	157.50
JM Financial Products Limited	76.88	127.75
JM Financial Credit Solutions Limited	61.23	24.96
JM Financial Asset Management Limited	16.57	20.04
JM Financial Investment Managers Limited	12.70	11.17
TOTAL	**737.74**	**845.36**

2.26 Under the head "Trade Payables" outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act, 2006 is being disclosed as "Nil", as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.27 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

Particulars		For the year ended 31.03.2016	For the year ended 31.03.2015
Profit after tax (₹ in Lakh)	A	11,225.08	7,810.65
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Basic earnings per share (in ₹)	A/B	1.42	1.02
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	64,84,504	1,23,10,440
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,46,34,097	77,79,83,544
Diluted earnings per share (in ₹)	A/D	1.41	1.00

2.28 LEASE TRANSACTION

a) **Finance lease**

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

Particulars	Total minimum lease payment outstanding as at 31.03.2016	Lease finance charges not due	Present value of the minimum lease payment as at 31.03.2016	Total minimum lease payment outstanding as at 31.03.2015	Lease finance charges not due	Present value of the minimum lease payment as at 31.03.2015
Not later than 1 year	3.59	0.51	3.08	21.03	4.94	16.09
Later than 1 year but not later than 5 years	1.79	0.08	1.71	24.27	2.42	21.85
Later than 5 years	-	-	-	-	-	-
TOTAL	**5.38**	**0.59**	**4.79**	**45.30**	**7.36**	**37.94**

b) Operating lease

i) The Company had taken two premises under operating lease for the period of 36 months and 60 months respectively. The same is non-cancellable for an initial period of 24 months and 60 months respectively. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total Minimum Lease Payments outstanding as at 31.03.2016	Total Minimum Lease Payments outstanding as at 31.03.2015
Not later than 1 year	218.05	215.05
Later than 1 year but not later than 5 years	348.16	616.18
Later than 5 years	-	-
TOTAL	**566.21**	**831.23**

Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 206.26 Lakh (Previous year ₹ 163.32 Lakh).

ii) The Company had taken premises on cancellable operating lease for a period of not more than 24 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ Nil (Previous year ₹ 31.02 Lakh).

2.29 EMPLOYEE BENEFITS

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended 31.03.2016	For the year ended 31.03.2015
Present value of the defined benefit obligation at the year end	44.18	41.69
Fair value of plan assets	-	-
Net liability	**44.18**	**41.69**
Net liability is bifurcated as follows:		
Current	24.33	21.18
Non-Current	19.85	20.51

(₹ in Lakh)

Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended 31.03.2016	For the year ended 31.03.2015
Current service cost	1.78	1.70
Interest on defined benefit obligations	2.63	2.88
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	(1.92)	1.41
Past service cost	-	-
Net gratuity cost	**2.48**	**5.99**

(₹ in Lakh)

Actual return on plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended 31.03.2016	For the year ended 31.03.2015
Opening defined benefit obligation	41.69	35.70
Current service cost	1.78	1.70
Interest cost	2.63	2.88
Actuarial (gain)/loss	(1.92)	1.41
Past service cost	-	-
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	-	-
Benefits paid	-	-
Closing defined benefit obligation	**44.18**	**41.69**

(₹ in Lakh)

Change in fair value of plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Closing fair value of the plan assets	**-**	**-**

(₹ in Lakh)

Investment details of plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Investment	-	-

(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	As at 31.03.2016	As at 31.03.2015
Discount rate	7.95%	8.00%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

- The estimates of future salary increases takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b) Compensated absences

As per the Company's policy, a provision of ₹ 16.79 Lakh (previous year ₹18.85 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 23.72 Lakh (previous year ₹ 25.46 Lakh).

2.30 AUDITORS' REMUNERATION

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Audit fees	12.93	12.21
Certification	1.45	2.18
Limited review	4.82	4.78
Reimbursement of Expenses	0.26	0.23
TOTAL	**19.46**	**19.40**

2.31 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Directors Commission and travelling expenditure	32.15	35.84
TOTAL	**32.15**	**35.84**

2.32 The Company has been granted registration as a Core Investment Company (CIC) by the Reserve Bank of India on April 11, 2014. The Company has been classified as a Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI).

2.33 Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC.No.125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms (as applicable to Core Investment Company) is given below:

(i) Capital risk adequacy ratio (CRAR):

Particulars	As at 31.03.2016	As at 31.03.2015
CRAR (%)	77.93	92.38
CRAR - Tier I capital(%)	77.93	92.38
CRAR - Tier II capital(%)	0.00	0.00

(ii) Exposures:

A. Exposure to Real Estate Sector

(₹ in Lakh)

Category		As at 31.03.2016	As at 31.03.2015
a)	**Direct Exposure**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**		
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
b)	**Indirect Exposure**		
	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

B. Exposures to Capital Market

(₹ in Lakh)

Particulars		As at 31.03.2016	As at 31.03.2015
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Net of provisions)	1,75,660.30	1,66,161.30
(ii)	advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil

(₹ in Lakh)

Particulars		As at 31.03.2016	As at 31.03.2015
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**1,75,660.30**	1,66,161.30

(iii) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	-	-	-	-	-	-	-	-	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Market Borrowings	0.24	13,347.47	24,542.04	0.76	4,748.08	-	-	-	**42,638.59**
	(1.25)	(7,399.94)	(1.28)	(3.94)	(4,797.55)	(21.85)	(-)	(-)	**(12,225.81)**
Assets:									
Advances	-	6,360.50	24,368.75	14.41	523.58	16,180.89	253.26	36.90	**47,738.29**
	(-)	(7,500.50)	(42.55)	(12.55)	(23.53)	(15,928.45)	(254.00)	(36.90)	**(23,798.48)**
Investments	-	-	-	-	-	-	7,000.00	-	**7,000.00**
	(-)	(-)	(-)	(-)	(-)	(-)	(7,000.00)	(-)	**(7,000.00)**

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.

b) The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.

c) Figures in brackets are for the previous year.

2.34 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non-Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007) as applicable to Core Investment Companies:

(₹ in Lakh)

(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
Liabilities side		
(a) Debentures		
(i) Secured	-	-
	(-)	(-)
(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
	(-)	(-)
(b) Deferred Credits	-	-
	(-)	(-)
(c) Term Loans	-	-
	(-)	(-)
(d) Inter-corporate loans and borrowing	-	-
	(-)	(-)
(e) Commercial Paper	42,633.80	-
	(12,187.87)	(-)
(f) Other Loans (Please Specify)		
Dues under finance lease	4.79	-
	(37.94)	(-)

(₹ in Lakh)

(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount outstanding
Assets side	
(a) Secured	-
	(-)
(b) Unsecured	31,200.00
	(7,500.00)

(₹ in Lakh)

(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:	Amount outstanding
Particulars	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial Lease	-
	(-)
(b) Operating Lease	-
	(-)
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
	(-)
(b) Repossessed Assets	-
	(-)
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	-
	(-)
(b) Loans other than (a) above	-
	(-)

(₹ in Lakh)

(4) Break-up of Investments:	Amount outstanding
Current Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)
2. Unquoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)
Long-Term Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	7,000.00
	(7,000.00)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)
2. Unquoted:	
(i) Shares:	
(a) Equity	1,68,658.81
	(1,59,159.81)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	1.49
	(1.49)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)

(₹ in Lakh)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount (net of provisions)		
	Secured	Unsecured	Total
Category			
1) Related Parties			
(a) Subsidiaries	-	15,000.00	15,000.00
	(-)	(7,500.00)	(7,500.00)
(b) Companies in the same group	-	16,200.00	16,200.00
	(-)	(-)	(-)
(c) Other related parties	-	-	-
	(-)	(-)	(-)
2) Other than related parties	-	-	-
	(-)	(-)	(-)
	-	**31,200.00**	**31,200.00**
	(-)	**(7,500.00)**	**(7,500.00)**
Less: Provision for non-performing assets	-	-	-
	(-)	(-)	(-)
	-	**31,200.00**	**31,200.00**
	(-)	**(7,500.00)**	**(7,500.00)**

(₹ in Lakh)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
Category		
1) Related Parties		
(a) Subsidiaries	1,55,482.23	1,55,482.23
	(1,45,983.23)	(1,45,983.23)
(b) Companies in the same group	20,176.58	20,176.58
	(20,176.58)	(20,176.58)
(c) Other related parties	-	-
2) Other than related parties	3.34	1.49
	(3.69)	(1.49)
	1,75,660.30	**1,75,660.30**
	(1,66,161.30)	**(1,66,161.30)**

All investments are long-term investments. In case of unquoted investments, the Market Value/Break up Value or Fair Value or NAV is stated at cost except where there is diminution in value other than temporary, for which provision/writeoff is made.

(₹ in Lakh)

(7) Other Information:	Amount
Particulars	
(i) Gross Non-Performing Assets	
(a) Related Parties	-
	(-)
(b) Other than related parties	-
	(-)
(ii) Net Non-Performing Assets	
(a) Related Parties	-
	(-)
(b) Other than related parties	-
	(-)
(iii) Assets acquired in satisfaction of debt	-
	(-)

Note : Figures in brackets are for the previous year.

2.35 There are no restructured advances as on March 31, 2016, Hence disclosure of information as required in terms of sub-Para 9 of Paragraph 20B of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended vide Notification No. DNBS(PD). No.272/CGM(NSV)-2014 dated January 23, 2014) is not warranted.

2.36 Concentration of Advances and Exposures:

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Total Advances to twenty largest borrowers	31,200.00	7,500.00
Percentage of Advances to twenty largest borrowers to total Advances of the NBFC	100%	100%

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Total Exposure to twenty largest borrowers / customers	31,200.00	7,500.00
Percentage of Exposures to twenty largest borrowers/ customers to total Exposure of the NBFC on borrowers/ customers	100%	100%

2.37 Core Investment Company (“CIC”) Compliance Ratios:

(₹ in Lakh)

Sr. No.	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	Investments & Loans to group companies as a proportion of Net Assets (%)	98.62%	98.89%
(ii)	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	80.41%	90.63%
(iii)	Capital Adequacy Ratio(%) [Adjusted Net Worth/Risk Weighted Assets]	77.93%	92.38%
(iv)	Leverage Ratio(Times) [Outside Liabilities /Adjusted Net worth]	0.38	0.19

2.38 To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a notification No. DNBS 222 / CGM (US)-2011 dated January 17, 2011 as amended on timely basis, requiring all NBFCs to make a general provision of 0.30% of outstanding standard assets. The Company has created provision for standard assets, and is in compliance with the aforesaid RBI Notification.

2.39 The Company has spent ₹ 24 Lakh (previous year ₹ 16 Lakh) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Lakh)

a)	Gross amount required to be spent by the Company during the year.	23.36
b)	Amount spent during the year:	
	In cash	24.00
	Yet to be paid in cash	-
	TOTAL	**24.00**
(i)	Construction/acquisition of any asset	-
(ii)	On purposes other than (i) above	24.00

2.40 a) The Company is engaged in making investments in, and/or lending funds to its group companies as a Core Investment Company registered with the Reserve Bank of India, which in the context of AS 17 on “Segment Reporting” is considered as the only segment.

b) The Company does not have any reportable geographical segment.

2.41 Disclosure in respect of related parties is attached as Annexure ‘I’.

2.42 Statement of cash flow is attached as Annexure ‘II’.

2.43 Figures of the previous year have been regrouped/ reclassified/ rearranged wherever necessary to correspond with those of the current year’s classification/ disclosure.

Annexure 'I' to Note 2.41 of notes to the financial statements
Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

A. List of related parties

I) Parties where control exists:

a) Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities)
JM Financial Investment Managers Limited (Investment Managers)
JM Financial Services Limited (Financial Services)
JM Financial Properties and Holdings Limited (Properties)
Infinite India Investment Management Limited (Infinite)
JM Financial Insurance Broking Private Limited (Insurance Broking)
JM Financial Commtrade Limited (Commtrade)
CR Retail Malls (India) Limited (CRRM)
JM Financial Capital Limited (w.e.f. December 4, 2015) (Capital)
JM Financial Products Limited (Products)
JM Financial Credit Solutions Limited (Credit Solutions)
JM Financial Asset Management Limited (AMC)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Singapore Pte. Ltd (Singapore)
JM Financial Securities, Inc. (USA)
PT JM Financial Securities Indonesia (Indonesia) (up to August 25, 2015)

b) Partnership Firm

Astute Investments (Astute)

II) Other parties with whom the Company has entered into transactions during the year:

a) Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
JM Financial Trustee Company Private Limited (Trustee)

b) Key management personnel

Mr. Nimesh Kampani (NNK)

c) Relative of key management personnel

Ms. Aruna N Kampani (ARNK)
Mr. Vishal Kampani (VNK)
Ms. Amishi Kampani (AMNK)

d) Enterprise over which Key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J M Assets Management Private Limited (JM Assets)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Kampani Properties and Holdings Limited (KPHL)

B. Related party relationships have been identified by the management and relied upon by the auditors.

Annexure 'I' to Note 2.41 of notes to the financial statements

Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Investments made in												
(refer note 2.12 of non -current investments)	-	34,440.00	-	9,836.00	-	-	-	-	-	-	-	44,276.00
Investments sold/ Transferred to												
Products	-	9,505.00	-	-	-	-	-	-	-	-	-	9,505.00
Investments Purchased/ Transferred from												
Products	9,500.00	-	-	-	-	-	-	-	-	-	9,500.00	-
Employee related transfers to (Net)												
Products	3.88	-	-	-	-	-	-	-	-	-	3.88	-
ICD placed (Net)												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
ARC	-	-	58,700.00	21,500.00	-	-	-	-	-	-	58,700.00	21,500.00
Products	-	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00
Properties	500.00	7,500.00	-	-	-	-	-	-	-	-	500.00	7,500.00
Commtrade	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
ICD repaid by												
Credit Solutions	-	8,750.00	-	-	-	-	-	-	-	-	-	8,750.00
ARC	-	-	42,500.00	21,500.00	-	-	-	-	-	-	42,500.00	21,500.00
Products	-	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00
Properties	7,500.00	-	-	-	-	-	-	-	-	-	7,500.00	-
Commtrade	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
Loan given to												
Astute	22,500.00	20,000.00	-	-	-	-	-	-	-	-	22,500.00	20,000.00
Loan repaid by												
Astute	22,500.00	20,000.00	-	-	-	-	-	-	-	-	22,500.00	20,000.00
Dividend received from												
Institutional Securities	5,460.00	3,340.94	-	-	-	-	-	-	-	-	5,460.00	3,340.94
Products	4,900.50	1,470.15	-	-	-	-	-	-	-	-	4,900.50	1,470.15

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Investment Managers	540.00	2,520.00	-	-	-	-	-	-	-	-	540.00	2,520.00
Financial Services	455.00	-	-	-	-	-	-	-	-	-	455.00	-
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	2,847.69	2,237.47	2,847.69	2,237.47
JM Assets	-	-	-	-	-	-	-	-	1,431.76	1,124.95	1,431.76	1,124.95
JSB	-	-	-	-	-	-	-	-	91.07	71.56	91.07	71.56
KCL	-	-	-	-	-	-	-	-	9.59	7.54	9.59	7.54
SNK	-	-	-	-	-	-	-	-	163.24	128.26	163.24	128.26
NNK	-	-	-	-	1,895.01	1,488.93	-	-	-	-	1,895.01	1,488.93
ARNK	-	-	-	-	-	-	538.32	422.96	-	-	538.32	422.96
VNK	-	-	-	-	-	-	139.43	107.86	-	-	139.43	107.86
AMNK	-	-	-	-	-	-	112.00	88.00	-	-	112.00	88.00
PICPL	-	-	-	-	-	-	-	-	23.10	18.15	23.10	18.15
Group support fees received from												
Credit Solutions	180.00	60.00	-	-	-	-	-	-	-	-	180.00	60.00
Properties	180.00	90.00	-	-	-	-	-	-	-	-	180.00	90.00
Rent received from												
Financial Services	27.26	23.58	-	-	-	-	-	-	-	-	27.26	23.58
Interest received from												
Credit Solutions	286.98	454.19	-	-	-	-	-	-	-	-	286.98	454.19
ARC	-	-	1,677.99	1,194.66	-	-	-	-	-	-	1,677.99	1,194.66
Astute	667.61	376.47	-	-	-	-	-	-	-	-	667.61	376.47
Products	-	1.37	-	-	-	-	-	-	-	-	-	1.37
Properties	480.41	179.06	-	-	-	-	-	-	-	-	480.41	179.06
Commtrade	17.92	-	-	-	-	-	-	-	-	-	17.92	-
Rent paid to												
KPHL	-	-	-	-	-	-	-	-	-	3.80	-	3.80
Properties	95.05	90.53	-	-	-	-	-	-	-	-	95.05	90.53
Demat Charges Paid to												
Financial Services	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
Remuneration paid to												
NNK	-	-	-	-	578.76	381.24	-	-	-	-	578.76	381.24

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Expenses reimbursed to												
Properties	19.93	18.83	-	-	-	-	-	-	-	-	19.93	18.83
JMFICS	-	-	-	-	-	-	-	-	3.61	3.31	3.61	3.31
Property deposits paid to												
Properties	-	63.38	-	-	-	-	-	-	-	-	-	63.38
Property deposits repaid by												
KPHL	-	-	-	-	-	-	-	-	-	150.00	-	150.00
Outstanding Balances												
Investments in	1,55,482.23	1,45,983.23	20,176.58	20,176.58	-	-	-	-	-	-	1,75,658.81	1,66,159.81
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
Property deposits paid to												
Properties	63.38	63.38	-	-	-	-	-	-	-	-	63.38	63.38
ICD Outstanding												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
Properties	500.00	7,500.00	-	-	-	-	-	-	-	-	500.00	7,500.00
ARC	-	-	16,200.00	-	-	-	-	-	-	-	16,200.00	-
Interest receivable from												
ARC	-	-	615.61	476.19	-	-	-	-	-	-	615.61	476.19
Amount payable to												
NNK	-	-	-	-	400.00	195.00	-	-	-	-	400.00	195.00
Financial Services	0.03	0.02	-	-	-	-	-	-	-	-	0.03	0.02

Note:- (i) * Subsidiaries include a partnership firm, namely, Astute Investments

Annexure 'II' to Note 2.42
Statement of Cash Flow

for the year ended March 31, 2016

(₹ in Lakh)

		For the year ended 31.03.2016	For the year ended 31.03.2015
A	**Cash flow from operating activities**		
	Net Profit before tax	**11,210.97**	**8,050.25**
	Adjustment for :		
	Depreciation	38.25	40.10
	Provision for gratuity	2.48	5.99
	Provision for/(reversal of) compensated absences	(2.06)	7.61
	Provision for standard assets	74.85	18.75
	Provision for diminution in the value of investments	1.00	-
	Dividend income	(11,430.15)	(7,439.73)
	Interest expense	2,715.41	758.54
	Operating profit before working capital changes	**2,610.75**	**1,441.51**
	Adjustment for :		
	(Increase)/decrease in short term loans and advances	(23,673.75)	1,283.73
	(Increase)/decrease in long term loans and advances	(13.63)	187.41
	(Increase)/decrease in other current assets	(991.61)	(424.58)
	(Increase)/decrease in other non-current assets	40.17	(153.59)
	Increase/(decrease) in trade payables	(16.21)	45.12
	Increase/(decrease) in other current liabilities	236.29	53.87
	Increase/(decrease) in long term borrowings	(20.14)	(8.62)
	Cash generated from/(used in) operations	**(21,828.13)**	**2,424.85**
	Direct taxes paid	(262.44)	(551.00)
	Net cash from/(used in) operating activities	**(22,090.57)**	**1,873.85**
B	**Cash flow from investing activities**		
	Purchase of non-current investments	(9,500.00)	(44,324.08)
	Sale of non-current investments	-	9,505.00
	Purchase of current investments	(31,460.00)	(23,716.36)
	Sale of current investments	31,460.00	23,716.36
	Purchase of fixed assets	(145.60)	(91.53)
	Sale of fixed assets	26.60	-
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(224.34)	(32.06)
	Dividend income	11,430.15	7,439.73
	Net cash (used in)/from investing activities	**1,586.81**	**(27,502.94)**

Annexure 'II' to Note 2.42
Statement of Cash Flow

for the year ended March 31, 2016

(₹ in Lakh)

		For the year ended 31.03.2016	For the year ended 31.03.2015
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) upon exercise of options	1,520.42	1,157.39
	Borrowing through Commercial Papers (net)	30,445.93	12,187.87
	Monies received upon exercise of warrants	-	3,328.11
	Interest paid	(2,715.41)	(758.54)
	Dividend paid (including dividend distribution tax)	(11,039.03)	(8,709.30)
	Net cash from financing activities	**18,211.91**	**7,205.53**
	Net increase/(decrease) in cash and cash equivalents	**(2,291.85)**	**(18,423.56)**
	Cash & cash equivalents - opening	3,166.98	21,590.54
	Cash & cash equivalents – closing	875.13	3,166.98
Notes:			
i	The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii	Cash and bank balances as per note 2.15	1,254.33	3,321.84
	Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months(as defined in AS 3 –"Cash Flow Statement")	379.20	154.86
	Cash & cash equivalents as shown in Cash Flow Statement	**875.13**	**3,166.98**
iii	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

E A Kshirsagar
Director
DIN - 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Form AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2016

Part "A": Subsidiaries

(₹ / US$ / SGD in Lakh)

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities[a]	Investments[b]	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend[c]	% of shareholding
JM Financial Institutional Securities Limited	₹	2,800.00	25,026.01	34,078.36	6,252.35	8,898.08	17,760.67	4,715.73	1,257.17	3,458.56	842.50	100.00%
JM Financial Investment Managers Limited	₹	180.00	11,975.40	13,968.01	1,812.61	7,182.34	865.40	212.24	9.17	203.07	-	100.00%
Infinite India Investment Management Limited	₹	160.00	990.41	1,295.05	144.64	605.50	434.56	225.57	54.29	171.28	-	100.00%
JM Financial Insurance Broking Private Limited	₹	6.00	(6.00)	0.97	0.97	0.85	0.06	(1.21)	-	(1.21)	-	100.00%
JM Financial Properties and Holdings Limited	₹	9,805.00	409.41	22,185.18	11,970.77	-	2,268.12	266.31	132.39	133.92	-	100.00%
CR Retail Malls (India) Limited	₹	2,625.00	707.52	9,281.42	5,948.90	920.19	1,351.38	46.58	10.33	36.25	-	100.00%
JM Financial Products Limited	₹	54,450.00	66,102.10	4,30,945.46	3,10,393.36	1,005.39	55,948.27	24,688.59	7,945.15	16,743.44	5,997.15	98.49%
JM Financial Services Limited	₹	5,000.00	21,873.26	97,209.05	70,335.79	3,684.48	26,980.65	2,760.98	902.90	1,858.08	1,095.25	100.00%
JM Financial Commtrade Limited	₹	2,350.00	(1,295.46)	2,473.63	1,419.09	356.63	575.83	422.64	52.41	370.23	-	100.00%
JM Financial Asset Management Limited	₹	5,884.17	11,832.50	19,072.82	1,356.15	12,695.41	8,561.71	5,634.13	1,186.00	4,448.13	-	53.47%
JM Financial Credit Solutions Limited	₹	249.95	1,13,351.97	4,20,676.69	3,07,074.77	-	51,944.50	30,171.52	10,417.35	19,754.17		50.01%
JM Financial Capital Limited	₹	200.00	1.36	202.80	1.44	-	3.11	1.97	0.61	1.36		100.00%
JM Financial Overseas Holdings Private Limited	₹*	6,027.29	8,714.51	14,768.85	27.05	8,990.26	429.28	339.33	27.92	311.41	-	100.00%
	US$	120.00	102.24	222.65	0.41	135.53	19.55	5.18	0.43	4.75	-	
JM Financial Singapore Pte. Ltd.	₹*	3,587.54	(2,566.52)	1,204.44	183.42	-	1,013.32	(286.06)	40.25	(326.31)		100.00%
	SGD	71.00	(50.07)	24.69	3.76	-	21.36	(6.08)	0.85	(6.93)		-
JM Financial Securities, INC	₹*	0.11	803.42	850.03	46.50	-	11.91	(178.19)	1.54	(179.73)		100.00%
	US$	0.00	12.11	12.82	0.70	-	0.18	(2.72)	0.02	(2.74)	-	

* Exchange rate as on March 31, 2016: 1 US Dollar US$ = ₹66.33 and 1 SGD = ₹48.78

Notes

a) Total liabilities exclude share capital and reserves.

b) Investments exclude investment in subsidiaries under consolidation.

c) Proposed dividend includes dividend distribution tax.

d) Name of the subsidiary which has been wound up during the year - PT JM Financial Securities, Indonesia has been wound up on August 25, 2015.

Form AOC - 1

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2016

Part "B": Associates

(₹ in Lakh)

Particulars	JM Financial Asset Reconstruction Company Private Limited	JM Financial Trustee Company Private Limited
Latest audited Balance Sheet Date	March 31, 2016	March 31, 2016
Shares of Associates held by the Company at the year end		
Nos.	12,06,25,000	25,000
Amount invested in Associates	13,174.08	2.50
Extent of Holding%	50.00%	25.00%
Description of ownership to determine significant influence	Ownership of 20% or more of the voting power	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board	Ownership of not more than 50 % of the voting Power and no control over the Board
Net worth attributable to shareholding as per latest audited Balance Sheet	26,244.88	604.29
Profit for the year	10,836.06	459.22
(i) Considered in Consolidation	5,418.03	114.80
(ii) Not Considered in Consolidation	5,418.03	344.41

Note:

1) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN – 00009071

E A Kshirsagar
Director
DIN – 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Independent Auditor's Report

To the Members of JM Financial Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of JM Financial Limited ("the Holding Company") and its Subsidiaries, its Associates, and Partnership firm, (collectively hereinafter referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or the "CFS").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Management and the Board of Directors are responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective managements and the Board of Directors of the companies/entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of such Companies/entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the CFS by the management and the directors of the Holding Company as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on this CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's management and the Board of Directors, as well as evaluating the overall presentation of the CFS.

5. We believe that the audit evidence obtained by us and the audit evidences obtained by other auditors as stated in their report, referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Independent Auditor's Report

(Contd.)

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements /financial information of 12 subsidiaries, an associate and a partnership firm included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 10,07,429.73 lakhs as at March 31, 2016, the total revenue of Rs. 1,65,041.80 lakhs and Net Cash inflow of Rs. 67,129.18 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Holding company. In so far as it relates to the amounts and disclosures included in respect of these Components of the Group in CFS, is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As per information and explanation furnished and as required by Section 143(3) of the Act, based on the coments in the auditor's report of the Holding Company, its Subsidiaries and Associate Companies which is incorporated in India (hereinafter referred to as the ''Covered Entities''), we report to the extent applicable that :

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the CFS;

   b. In our opinion, proper books of account as required by law relating to preparation of the CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of CFS;

   d. In our opinion, the CFS comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014;

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. With respect to the adequacy of the internal financial controls over consolidated financial reporting of the Company and of the entities covered in the Group to which the provisions of Section 143(3) of the Act apply and the operating effectiveness of such controls, refer to our separate report in "Annexure A" attached herewith;

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the auditors of the Covered Entities:

      (i) The CFS disclose the impact of pending litigations on the consolidated financial position of the Group; Refer Note 2.28 to the Consolidated Financial Statements;

(ii) The Holding Company and the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and the Group.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Annexure A referred to in paragraph 8(f) of Our Report of even date to the members of JM Financial Limited on the Consolidated Financial Statements of the company for the year ended 31st March, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited (the "Holding Company") and its subsidiary company, a partnership firm and an Associate ("the components") (Collectively referred to as the "Group") as at March 31, 2016 in conjunction with our audit of the consolidated financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the entities contained the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's/ Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's/Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the reports of respective auditors of the components of the Group which are not audited by us, the Group has, in all material respects, an internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note.

Other Matters Paragraph

We did not audit the financial statements of 12 subsidiaries and an associate included in the CFS; Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to these components is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Consolidated Balance Sheet

as at March 31, 2016

(₹ in Crore)

	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	78.90	78.37
Reserves & surplus	2.2	2,655.88	2,367.33
Capital reserve on consolidation		174.69	97.27
Minority interest		668.55	654.60
		3,578.02	**3,197.57**
Non-current liabilities			
Long term borrowings	2.3	2,472.41	261.37
Deferred tax liabilities (net)	2.4	85.29	87.31
Other long term liabilities	2.5	2.70	2.70
Long term provisions	2.6	63.81	55.16
		2,624.21	**406.54**
Current liabilities			
Short term borrowings	2.7	3,846.29	4,151.43
Trade payables	2.8	312.02	208.40
Current maturities of long term borrowings	2.9	352.04	308.60
Other current liabilities	2.10	258.18	137.53
Short term provisions	2.11	90.17	94.79
		4,858.70	**4,900.75**
TOTAL		**11,060.93**	**8,504.86**
ASSETS			
Non-current assets			
Fixed assets	2.12		
Tangible assets	2.12A	331.66	333.37
Intangible assets	2.12B	7.53	6.72
Capital work-in-progress	2.12C	1.09	1.69
Goodwill on consolidation		105.26	105.26
Non-current investments	2.13	509.92	481.45
Long term loans and advances	2.14	4,803.88	3,070.99
		5,759.34	**3,999.48**
Current assets			
Current investments	2.15	261.81	158.23
Debt securities held as stock-in-trade	2.16	256.89	359.01
Assets held for arbitrage activities	2.17	59.14	-
Trade receivables	2.18	354.80	226.68
Cash and bank balances	2.19	1,265.05	832.87
Short term loans and advances	2.20	3,038.19	2,908.82
Other current assets	2.21	65.71	19.77
		5,301.59	**4,505.38**
TOTAL		**11,060.93**	**8,504.86**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. F-2242

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

E A Kshirsagar
Director
DIN - 00121824

Place: Mumbai
Date: May 13, 2016

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Consolidated Statement of Profit and Loss
for the year ended March 31, 2016

(₹ in Crore)

	Note	For the year ended 31.03.2016	For the year ended 31.03.2015
Income:			
Revenue from operations	2.22	1,494.84	1,196.23
Other operating income	2.23	189.82	206.81
Total Revenue		**1,684.66**	**1,403.04**
Expenses:			
Employee benefits expense	2.24	263.91	235.24
Finance costs	2.25	512.09	420.20
Depreciation and amortisation expense	2.12	20.29	18.05
Other expenses	2.26	195.52	212.64
Total Expenses		**991.81**	**886.13**
Profit before tax		**692.85**	**516.91**
Tax expense:			
Current tax		224.48	158.96
Deferred tax		(2.03)	(2.78)
Tax adjustment of earlier years (net)		(0.01)	0.21
		222.44	**156.39**
Profit for the year		**470.41**	**360.52**
Add: Share in profit of associates		55.33	18.76
		525.74	**379.28**
Less : Profit for the year attributable to:			
Minority interest		125.28	48.76
Owners of parent **(Net consolidated profit for the year)**		**400.46**	**330.52**
Earnings per equity share (EPS)	2.31		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		5.08	4.32
Diluted EPS (in ₹)		5.04	4.25
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

E A Kshirsagar
Director
DIN - 00121824

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) comprises the financial statements of JM Financial Limited ("the Company") and its subsidiary/ associate Companies and Partnership firm (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, to the extent applicable and the prevalent accounting practices in India.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in associate companies which have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of members of the Company. Similarly, the amount attributable to the share of minority interest in net assets of consolidated subsidiaries is identified and presented in the CFS, as part of members' fund.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognised in the CFS as goodwill/capital reserve on consolidation.

1.4 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions & advisory assignments and arrangers' fees for mobilising funds is recognised when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

Management fee is recognised at specific rates agreed for the relevant schemes applied on the daily net assets of each scheme under the asset management segment.

Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognised when the services are determined to be completed.

Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Companies Act, 2013 or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Leasehold building	60 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipments	5 years
Computers	3 years
Software	5 years
Servers and Networks	6 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Group capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management's estimate. Current investments are carried at lower of cost or fair value.

1.8 Securities held as a result of underwriting/stock-in-trade

The securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

1.9 Employee benefits

Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Group's liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.10Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.11 Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – “Financial Instruments: Recognition & Measurement” to the extent it is not inconsistent with the ‘Accounting Standards’ notified by the Companies (Accounting Standards) Rules 2006, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/ equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets ‘held for trading’. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

1.13 Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.14 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.15 Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ₹ in the following manner:

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference are transferred to currency translation reserve.

1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	**100.00**	**100.00**
Issued and Subscribed Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each		
Paid-up Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each fully paid-up	78.90	78.37
TOTAL	**78.90**	**78.37**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount (₹ Crore)	Number	Amount (₹ Crore)
Shares outstanding at the beginning of the year	78,37,23,677	78.37	75,53,43,497	75.53
Shares allotted upon exercise of right by warrantholders	-	-	2,32,93,878	2.33
Shares allotted upon exercise of stock options	52,61,959	0.53	50,86,302	0.51
Shares outstanding at the end of the year	78,89,85,636	78.90	78,37,23,677	78.37

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of total Holding	No. of Shares held	% of total Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.78%	20,34,06,600	25.95%
Nimesh Kampani*	13,53,57,500	17.16%	13,53,57,500	17.27%
J M Assets Management Private Limited	10,22,68,408	12.96%	10,22,68,408	13.05%
Morgan Stanley Asia (Singapore) Pte.	4,99,28,479	6.33%	5,73,08,920	7.31%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF.

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid-up bonus shares	-	-	-	-	-

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Securities premium		
Opening balance	328.71	275.87
Add: Addition of shares issued upon exercise of right by warrantholders	-	42.05
Add: Addition of shares issued upon exercise of stock options by the Employees	14.68	11.08
Less: Premium utilised for share issue expenses (Previous Year net of deferred tax ₹ 0.30 Crore)	-	(0.29)
Closing balance	**343.39**	**328.71**
Capital reserve	#	#
Capital redemption reserve		
Opening balance	15.72	15.72
Add: Transferred during the year	-	-
Closing balance	15.72	15.72
General reserve		
Opening balance	205.25	205.25
Add: Transferred during the year	-	-
Closing balance	**205.25**	**205.25**
Statutory reserve (under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	189.92	126.53
Add: Transferred during the year	95.98	63.39
Closing balance	**285.90**	**189.92**
Currency translation reserve		
Opening balance	18.64	8.56
Add: Transferred during the year	6.94	10.08
Closing balance	**25.58**	**18.64**
Stock options outstanding		
Opening balance	21.02	22.08
Add: Additions on account of options granted during the year	7.32	10.74
Less: Transferred to securities premium upon exercise of stock options	(7.42)	(11.08)
Less: Reduction on account of options lapsed during the year	(0.67)	(0.72)
Closing balance	**20.25**	**21.02**
Less: Deferred employee compensation	(8.28)	(9.01)
	11.97	**12.01**
Surplus in statement of profit and loss:		
Opening balance	1,597.08	1,456.70
Less: Transferred to minority interest	(0.08)	-
Less: Depreciation of earlier years adjusted (refer note 2.12(c))	-	(0.28)
Add: Net consolidated profit for the year	400.46	330.52
Amount available for appropriation	**1,997.46**	**1,786.94**
Less: Appropriations		
Interim dividend	47.33	43.09
Proposed final dividend	67.12	63.06
Dividend on equity shares allotted after the adoption of previous year's accounts	-	0.10
Dividend distribution tax		
by the Company	0.41	2.30
by the subsidiaries	18.55	17.92
Transferred to statutory reserve	95.98	63.39
	229.39	**189.86**
Closing balance	**1,768.07**	**1,597.08**
TOTAL	**2,655.88**	**2,367.33**

# Denotes amount below ₹50,000/-

2.3 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from banks [Refer Note 2.3(i)]	1,324.36	99.49
Term loan from others [Refer Note 2.3(ii)]	25.00	-
Non-convertible debentures [Refer Note 2.3(iii)]	961.80	160.50
Long-term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.25	1.38
	2,312.41	**261.37**
Unsecured Loans		
Inter corporate deposits [Refer Note 2.3(iv)]	160.00	-
	160.00	**-**
TOTAL	**2,472.41**	**261.37**

Notes:

(i) Term loan from banks

Term Loans are secured by way of floating pari passu charge by way of hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans from Banks:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.00 % to 10.00%	229.96	-	16.04	-
10.01 % to 11.00%	1,094.40	65.00	105.60	-
11.01 % to 12.00%	-	-	-	-
12.01 % to 13.00%	-	34.49	-	70.34
TOTAL	**1,324.36**	**99.49**	**121.64**	**70.34**

(ii) Term loan from others

Term Loans are secured by way of floating pari passu charge by way of hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans from Others:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.00 % to 10.00%	-	-	-	-
10.01 % to 11.00%	25.00	-	-	-
11.01 % to 12.00%	-	-	-	-
12.01 % to 13.00%	-	-	-	-
TOTAL	**25.00**	**-**	**-**	**-**

(iii) Maturity profile and rate of interest of Non-convertible debentures

Maturity profile and rate of interest/discounted rate of interest of Non-Convertible Debentures (NCD) face value of ₹ 1,000,000/- each:

(₹ in Crore)

Particulars	Non-Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.55% NCD redeemable in year 2017-18	50.00	-	-	-
0% NCD redeemable in year 2017-18**	40.00	-	-	-
0% NCD redeemable in year 2017-18**	50.00	-	-	-
10.1674 % NCD redeemable in year 2017-18	75.00	-	-	-
10.1687 % NCD redeemable in year 2017-18	100.00	-	-	-
10.5 % NCD redeemable in year 2017-18	60.00	-	-	-
9.9756 % NCD redeemable in year 2017-18	75.00	-	-	-
0% NCD redeemable in year 2018-19**	3.00	-	-	-
0% NCD redeemable in year 2018-19**	3.00	-	-	-
10.2609 % NCD redeemable in year 2018-19	300.00	-	-	-
10.2946 % NCD redeemable in year 2018-19	100.00	-	-	-
0% NCD redeemable in year 2019-20**	7.90	-	-	-
0% NCD redeemable in year 2019-20**	17.90	-	-	-
10.5% NCD redeemable in year 2019-20	50.00	-	-	-
9.7% NCD redeemable in year 2021-22	30.00	-	-	-
9.55% NCD redeemable in year 2016-17	-	5.50	5.50	-
9.90% NCD redeemable in year 2016-17	-	50.00	50.00	-
11.38% NCD redeemable in year 2016-17	-	100.00	100.00	-
0% NCD redeemable in year 2016-17**	-	-	40.00	-
0% NCD redeemable in year 2016-17**	-	5.00	5.00	-
0% NCD redeemable in year 2016-17**	-	-	4.90	-
0% NCD redeemable in year 2016-17**	-	-	25.00	-
0% NCD redeemable in year 2015-16*	-	-	-	92.00
11.40% NCD redeemable in year 2015-16	-	-	-	50.00
0% NCD redeemable in year 2015-16**	-	-	-	99.00
TOTAL	**961.80**	**160.50**	**230.40**	**241.00**

*issued at discount.

** Redeemable at premium

₹ 1,192.20 Crore (Previous year ₹ 338.50 Crore) are secured by way of first charge on freehold land (proportionately) and hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

In Previous year ₹ 63.00 Crore are secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

(iv) Inter corporate deposits

Maturity profile and rate of interest of Inter Corporate Deposits:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
10.01 % to 11.00%	160.00	-	-	-
TOTAL	**160.00**	**-**	**-**	**-**

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Deferred tax liabilities:		
On investments	110.18	110.19
On depreciation	2.18	1.37
	112.36	**111.56**
Deferred tax assets:		
On expenditure	25.86	22.44
On depreciation	1.21	1.81
	27.07	**24.25**
TOTAL	**85.29**	**87.31**

2.5 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Property deposit	2.70	2.70
TOTAL	**2.70**	**2.70**

2.6 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
For employee benefits - gratuity	11.85	10.68
For clawback obligation	13.40	13.59
For standard assets [Refer Note 2.6(i)]	38.56	30.89
TOTAL	**63.81**	**55.16**

Note (i):

To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, as amended on timely basis, requiring all NBFCs to make a general provision of 0.30% of the outstanding standard assets. The Group has created provision on standard assets as decided by the Board of Directors and is in compliance with the aforesaid RBI notification.

2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from bank [Refer Note 2.7(i)]	110.00	-
Borrowing under CBLO [Refer Note 2.7(ii)]	242.85	274.64
Overdraft accounts/ Loans from banks [Refer Note 2.7(iii)]	104.97	76.25
Cash credit facilities [Refer Note 2.7(iv)]	181.57	50.03
	639.39	**400.92**
Unsecured Loans		
Commercial papers	3,162.50	3,765.50
Less: Unamortised discount on commercial papers	(102.24)	(99.99)
Inter corporate deposits	90.00	85.00
Borrowings under Securities lending and borrowings (SLB)	56.64	-
	3,206.90	**3,750.51**
TOTAL	**3,846.29**	**4,151.43**

Notes:

(i) Secured by way of a floating first pari pasu charge by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

(ii) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).

(iii) Secured by collaterals/fixed deposits with banks.

(iv) Secured by way of hypothecation on certain identified loans and advances given by the relavent Subsidiary Company.

2.8 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Micro, Small and medium enterprises (see Note i below)	-	-
Other than Micro, Small and medium enterprises	375.65	272.03
Less: Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.63)
TOTAL	**312.02**	**208.40**

Notes:

(i) There are no dues payable to Micro and Small Enterprises, based on the information available with the Company and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

(ii) The amount is payable to the clients only if and to the extent the same is received from NSEL.

2.9 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from banks [Refer Note 2.3(i)]	121.64	70.34
Non-convertible debentures [Refer Note 2.3(iii)]	230.40	241.00
Less: Unamoritised discount on non-convertible debentures	-	(2.74)
TOTAL	**352.04**	**308.60**

2.10 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.14	1.25
Employee benefits payable	110.20	96.77
Interest accrued but not due on borrowings	71.70	20.10
Margin money from clients/franchisees	55.49	4.48
Statutory dues	10.06	7.53
Security deposit	2.75	2.75
Income received in advance	1.71	-
Unclaimed dividend	1.70	1.55
Overdrawn bank balance	0.98	1.23
Other liabilities	2.45	1.87
TOTAL	**258.18**	**137.53**

2.11 SHORT-TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
For employee benefits:		
Gratuity	1.13	1.13
Compensated absences	6.59	5.94
For standard assets	0.49	0.19
For clawback obligation	0.19	-
For proposed dividend		
by the Company	67.12	63.06
by the Subsidiaries	0.82	5.45
For dividend distribution tax		
by the Company	0.41	-
by the Subsidiaries	13.42	19.02
TOTAL	**90.17**	**94.79**

2.12 FIXED ASSETS

(₹ in Crore)

Particulars	Gross block (At cost)					Depreciation / Amortisation						Net block	
	As at 31.03.2015	Additions for the year	Deduction for the year	Currency Fluctuation	As at 31.03.2016	As at 31.03.2015	Additions for the year	Transition adjustment (Refer note [b] below)	Deduction for the year	Currency Fluctuation	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. TANGIBLE ASSETS													
Owned assets:													
Land	0.26	-	-	-	0.26	-	-	-	-	-	-	0.26	0.26
Leasehold Building	63.57	-	-	-	63.57	6.55	1.06	-	-	-	7.61	55.96	57.02
Office premises	232.65	0.88	-	-	233.53	6.45	3.94	-	-	-	10.39	223.14	226.20
Leasehold improvements	21.92	2.61	-	0.05	24.58	13.06	2.88	-	-	0.05	15.99	8.59	8.86
Computers	35.10	4.80	1.48	0.03	38.45	27.83	3.15	-	1.46	0.02	29.54	8.91	7.27
Office equipments	28.37	2.20	1.05	0.02	29.54	23.89	1.60	-	1.05	0.02	24.46	5.08	4.48
Furniture and fixtures	40.22	2.77	0.84	0.03	42.18	13.30	3.82	-	0.82	0.01	16.31	25.87	26.92
Motor vehicles	1.56	1.69	-	-	3.25	1.56	#	-	-	-	1.56	1.69	-
Leased assets:													
Motor vehicles(Refer note [a] below)	5.83	1.97	2.18	-	5.62	3.47	1.28	-	1.29	-	3.44	2.16	2.36
TOTAL (A)	**429.48**	**16.92**	**5.55**	**0.13**	440.98	**96.11**	**17.73**	**-**	**4. 62**	**0.10**	109.32	331.66	**333.37**
B. INTANGIBLE ASSETS													
Software	24.57	3.44	0.16	-	27.85	17.85	2.56	-	0.09	-	20.32	7.53	6.72
Stock exchange memberships	1.43	-	-	-	1.43	1.43	-	-	-	-	1.43	-	-
Stock exchange non-refundable deposits	0.09	-	-	-	0.09	0.09	-	-	-	-	0.09	-	-
TOTAL (B)	**26.09**	**3.44**	**0.16**	**-**	**29.37**	**19.37**	**2.56**	**-**	**0.09**	**-**	**21.84**	**7.53**	**6.72**
TOTAL (A+B)	**455.57**	**20.36**	**5.71**	**0.13**	**470.35**	**115.48**	**20.29**	**-**	**4.71**	**0.10**	**131.16**	**339.19**	**340.09**
Previous year	228.68	236.75	9.78	(0.08)	455.57	106.11	18.05	0.45	9.07	(0.06)	115.48	340.09	
C. CAPITAL WORK-IN-PROGRESS												1.09	1.69

# Denotes amount below ₹50,000/-

(a) Vendor has lien over the assets taken on lease.

(b) Pursuant to the Companies Act, 2013 ('the Act'), the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act. As a result, the charge for depreciation is higher by ₹ Nil (previous year ₹ 0.35 Crore).

(c) Based on transitional provision in Note 7(b) of Schedule II to the Act, an amount of ₹ nil (previous year ₹0.28 Crore) (net of deferred tax of ₹ nil (previous year ₹0.17 Crore) has been adjusted against the retained earnings.

2.13 NON-CURRENT INVESTMENTS

(₹ in Crore)

		As at 31.03.2016		As at 31.03.2015	
		Quantity	Amount	Quantity	Amount
I	**TRADE INVESTMENTS**				
	(INVESTMENT IN GROUP COMPANIES)				
	EQUITY SHARES (UNQUOTED)				
	JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	131.35	12,06,25,000	131.35
	Add: Goodwill on acquisition of additional shares		0.39		0.39
			131.74		**131.74**
	Add: Share in post acquisition profit		131.12		76.94
			262.86		**208.68**
	JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
	Add: Share in post acquisition profit		6.02		4.87
			6.05		**4.90**
	TOTAL (I)		**268.91**		**213.58**
II	**OTHER INVESTMENTS**				
	(Unquoted, unless otherwise stated)				
	EQUITY SHARES				
	a) Quoted		36.77		45.41
	b) Unquoted		57.94		57.96
			94.71		**103.37**
	PREFERENCE SHARES		15.33		13.98
	DEBENTURES/BONDS		70.00		86.59
	VENTURE CAPITAL FUND UNITS (Refer Note i below)				
	Sponsored by the group		60.35		63.93
	Others		9.63		9.01
	EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii below)		0.01		0.01
			250.03		**276.89**
	Less: Provision for diminution in the value of investments		9.02		9.02
	TOTAL (II)		**241.01**		**267.87**
	TOTAL (I+II)		**509.92**		**481.45**

Notes:

i. Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.

ii. Includes investment in units of equity oriented mutual fund of ₹ 0.01 Crore (previous year ₹ 0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

2.14 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Capital advances (unsecured, considered good)	7.52	0.79
Security deposits (unsecured, considered good)	11.58	10.81
	19.10	**11.60**
Other long-term loans and advances:		
Secured, considered good		
Loan funds	4,442.84	2,675.74
Unsecured, considered good		
Advance Tax (net of provisions)	240.32	235.30
Other deposits	100.46	114.16
Loan to Employees' Welfare Trust	-	33.00
Advances recoverable in cash or in kind or for value to be received	0.63	0.63
Prepaid expenses	0.34	0.39
Staff loans	0.19	0.17
	4,784.78	**3,059.39**
TOTAL	**4,803.88**	**3,070.99**

2.15 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Mutual fund	141.20	101.35
Fixed coupon notes	81.21	56.33
Debentures and bonds	25.54	-
Security receipts	7.02	-
Equity shares	6.84	0.55
TOTAL	**261.81**	**158.23**

2.16 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
(At lower of cost or Market value)		
Debt instruments [refer note (i) below]	256.89	359.01
TOTAL	**256.89**	**359.01**

Note:

(i) Debt instruments includes accrued interest of ₹ 3.00 Crore (Previous year ₹ 8.01 Crore).

2.17 ASSETS HELD FOR ARBITRAGE ACTIVITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Arbitrage assets [refer note (i) below]	59.14	-
TOTAL	**59.14**	**-**

Note:

(i) Includes assets amounting to ₹ 51.13 Crore (Previous year nil) pledged towards margin.

2.18 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.02	0.06
Unsecured, considered good	-	1.38
Unsecured, considered doubtful	1.74	3.00
Less: Provision for doubtful debts	(1.74)	(3.00)
	0.02	**1.44**
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	112.99	116.44
Unsecured, considered good	241.79	108.80
Unsecured, considered doubtful	0.08	0.52
Less: Provision for doubtful debts	(0.08)	(0.52)
	354.78	**225.24**
TOTAL	**354.80**	**226.68**

2.19 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Cash and cash equivalents		
Cash on hand	0.01	0.01
Balances with banks:		
In current accounts	67.14	60.93
In deposit accounts (less than 3 months maturity)	776.03	131.47
	843.18	**192.41**
Other bank balances – in deposit accounts		
Under lien against which facilities are availed [Refer Note (iii) below]	337.39	243.14
Under lien against which facilities are not availed [Refer Note (iii) below]	71.17	385.06
Other bank balances	13.31	12.26
	421.87	**640.46**
TOTAL	**1,265.05**	**832.87**
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	-	3.39
ii. Earmarked balances with banks (against unclaimed dividend)	1.70	1.55
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	408.56	628.20

2.20 SHORT-TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated and considered good)

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Loan funds (secured)	2,327.53	2,699.07
Loan funds (unsecured)	435.90	3.99
Inter corporate deposits	162.00	-
Other deposits	62.90	162.91
Accrued Interest on loan funds	36.37	27.53
Advances recoverable in cash or kind or for value to be received	8.75	6.80
Prepaid expenses	4.02	3.83
Loan to Employees'Welfare Trust	-	3.00
Security deposits	0.57	1.19
Staff loans	0.15	0.50
TOTAL	**3,038.19**	**2,908.82**

2.21 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due	17.79	19.41
Redemption proceeds receivable from Mutual Fund	39.55	-
Interest on income tax refund receivable	8.09	-
Securities held for settlement of claims	0.28	0.35
Assets acquired in satisfaction of claims	-	0.01
TOTAL	**65.71**	**19.77**

2.22 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Fees and commission	315.76	301.47
Brokerage	134.68	145.25
Interest and other income on fund based activities	1,044.40	749.51
TOTAL	**1,494.84**	**1,196.23**

2.23 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest income	83.51	89.75
Income from arbitrage activities	34.99	22.30
Profit on sale of investments (net)	6.09	43.17
Dividend income	30.64	13.10
Gain on foreign currency transactions (net)	-	4.68
Miscellaneous income	34.59	33.81
TOTAL	**189.82**	**206.81**

2.24 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, bonus and allowances	250.90	223.28
Contribution to provident fund and other funds	7.62	6.71
Gratuity	2.91	3.01
Staff welfare	2.48	2.24
TOTAL	**263.91**	**235.24**

2.25 FINANCE COSTS

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest expense	510.42	418.68
Other borrowing cost	0.86	0.84
Finance charges on leased assets	0.81	0.68
TOTAL	**512.09**	**420.20**

2.26 OTHER EXPENSES

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Sub-brokerage, fees and commission	77.04	97.15
Rent	11.66	10.71
Legal and professional fees	11.16	10.74
Donation	10.49	6.80
Rates and taxes	9.99	11.09
Manpower expenses	8.82	8.13
Information technology expenses	8.16	8.10
Provision for standard assets	7.97	4.58
Membership and subscriptions	7.55	7.16
Travelling, hotel and conveyance expenses	6.61	5.85
Repairs and maintenance	4.79	4.08
Electricity expenses	4.21	3.59
Insurance expenses	3.59	2.94
Communication expenses	3.35	3.05
Provision for bad & doubtful debts and assets written off	2.28	2.73
Advertisement and other related expenses	1.99	2.03
Printing and stationery	1.97	1.69
Auditors' remuneration	1.62	1.01
Directors' commission	1.60	1.24
Fund expenses	1.45	6.80
Business conference and seminar expenses	0.73	1.23
Provision for diminution in value of investments (net)	0.10	-
Loss on sale of assets	0.07	0.24
Provision for clawback obligation	-	3.06
Miscellaneous expenses	8.32	8.64
TOTAL	**195.52**	**212.64**

2.27 A) ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2016 (%)	Proportion of interest as on March 31, 2015 (%)
Subsidiaries in India			
JM Financial Institutional Securities Limited	India	**100.00**	100.00
JM Financial Investment Managers Limited	India	**100.00**	100.00
Infinite India Investment Management Limited	India	**100.00**	100.00
JM Financial Insurance Broking Private Limited	India	**100.00**	100.00
JM Financial Properties and Holdings Limited	India	**100.00**	100.00
JM Financial Services Limited [Refer Note (i)]	India	**100.00**	90.90
JM Financial Commtrade Limited [Refer Note (ii)]	India	**100.00**	90.90
CR Retail Malls (India) Limited	India	**100.00**	100.00
JM Financial Capital Limited [Refer Note (iii)]	India	**100.00**	-
JM Financial Products Limited	India	**98.49**	90.00
JM Financial Credit Solutions Limited	India	**50.01***	50.01*
JM Financial Asset Management Limited	India	**53.47**	53.47
Partnership Firm in India			
Astute Investments [refer note (iv)]	India	**100.00**	90.90
Subsidiaries outside India			
JM Financial Overseas Holdings Private Limited	Mauritius	**100.00**	100.00
JM Financial Singapore Pte. Ltd.	Singapore	**100.00**	100.00
JM Financial Securities, Inc	USA	**100.00**	100.00
PT JM Financial Securities Indonesia [Refer Note (v)]	Indonesia	**-**	99.00
Associates			
JM Financial Asset Reconstruction Company Private Limited	India	**50.00**	50.00
JM Financial Trustee Company Private Limited	India	**25.00**	25.00

*includes Preference shares

Notes:

i. During the year, JM Financial Services Limited became wholly owned subsidiary of the Company.

ii. During the year, JM Financial Commtrade Limited became wholly owned subsidiary of the Company.

iii. JM Financial Capital Limited, wholly owned subsidiary of the Company formed on December 4, 2015.

iv. During the year, Astute Investments became wholly owned Partnership firm of the Company.

v. “PT JM Financial Securities”, Indonesia, was wound up on August 25, 2015.

B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount ₹ in Crore	As % of consolidated net assets*	Amount ₹ in Crore	As % of consolidated profit or loss
Parent				
JM Financial Limited	(39.40)	(1.13%)	(0.84)	(0.16%)
Subsidiaries in India				
JM Financial Institutional Securities Limited	186.51	5.37%	34.14	6.49%
JM Financial Investment Managers Limited	71.56	2.06%	2.03	0.39%
Infinite India Investment Management Limited	11.50	0.33%	1.71	0.33%
JM Financial Insurance Broking Private Limited	-	-	(0.01)	0.00%
JM Financial Properties and Holdings Limited	102.14	2.94%	1.34	0.25%
JM Financial Services Limited	240.68	6.93%	15.73	2.99%
JM Financial Commtrade Limited	9.28	0.27%	1.94	0.37%
CR Retail Malls (India) Limited	24.89	0.72%	2.32	0.44%
JM Financial Capital Limited	2.01	0.06%	0.01	0.00%
JM Financial Products Limited	1,141.26	32.87%	162.04	30.82%
JM Financial Credit Solutions Limited	568.12	16.36%	98.79	18.79%
JM Financial Asset Management Limited	94.73	2.73%	23.78	4.52%
Partnership Firm in India				
Astute Investments	3.17	0.09%	4.10	0.78%
Subsidiaries outside India				
JM Financial Overseas Holdings Private Limited	100.60	2.90%	3.11	0.59%
JM Financial Singapore Pte. Ltd.	10.21	0.28%	(3.26)	(0.62%)
JM Financial Securities, Inc.	8.04	0.23%	(1.80)	(0.34%)
Associates				
JM Financial Asset Reconstruction Company Private Limited	262.86	7.57%	54.18	10.31%
JM Financial Trustee Company Private Limited	6.05	0.17%	1.15	0.22%
Minority Interests in all subsidiaries	668.55	19.25%	125.28	23.83%
	3,472.76	**100.00%**	**525.74**	**100.00%**

*Net Assets have been arrived at after excluding intercompany adjustments and Goodwill on consolidation.

2.28 CONTINGENT LIABILITY, PROVISIONS AND PENDING LITIGATIONS

(i) Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 29.73 Crore (previous year ₹ 25.64 Crore).

Disputed demands of service tax authorities is ₹0.31 Crore (previous year ₹ 1.24 Crore).

(ii) The Group at the year end, as a process, reviews and ensures to make adequate provisions for material foreseeable losses, if any, on all long-term contracts, including derivate contracts.

(iii) The Group evaluates the impact of the pending litigations as at the date of the balance sheet and provides for or discloses its existence in the financial statements in terms of provisions of applicable accounting standards.

2.29 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 36.72 Crore (previous year ₹ 0.67 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹ 3.60 Crore (previous year nil).

2.30 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the Financial Year 2015-16, the Nomination and Remuneration Committee of the Board has granted stock options under Series 8, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee has granted 14,44,440 Options (previous year 44,85,267 Options) at an exercise price of ₹1/- per option to the Employees.

The details of options are as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Outstanding at the beginning of the year	2,40,49,622	2,51,78,013
Add: Granted during the year	14,44,440	44,85,267
Less: Exercised and shares allotted during the year	52,61,959	50,86,302
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	97,70,877	5,27,356
Outstanding at the end of the year	1,04,61,226	2,40,49,622
Exercisable at the end of the year	52,27,612	1,46,47,989

The Group follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted in Series 8 and 7 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant date, exercise price of ₹1/-, volatility of 55.42% (previous year 57.32%), dividend yield of 2.62% (previous year 3.63%), Life of options 7 years (previous year : 7 years), and a risk-free interest rate of 8% (previous year 9%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of options granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,81,480	14,95,089	April 16, 2016	April 1, 2015	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2017	April 1, 2016	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2018	April 1, 2017	42.20	19.83
	14,44,440	**44,85,267**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 6.56 Crore (previous year ₹ 10.41 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been increased by ₹ 0.81 Crore (previous year reduced by ₹ 1.95 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amounts as under:

Particulars	As reported		As adjusted	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net profit(₹ in Crore)	400.46	330.52	401.27	328.57
Basic earnings per share (in ₹)	5.08	4.32	5.09	4.29
Diluted earnings per share (in ₹)	5.04	4.25	5.05	4.22

Details of options granted under various series are as under:

	Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8
Grant date	15/04/2008	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015
Options granted	1,11,37,500	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440
Options exercised till March 31, 2016	13,50,000	Nil	63,60,149	55,30,522	16,17,496	9,64,091	N.A.
Options forfeited/cancelled till March 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2016	97,87,500	10,00,000	7,56,734	7,21,857	3,76,054	2,92,062	47,958
Outstanding at end of year	Nil	27,50,000	3,83,116	10,50,290	16,52,224	32,29,114	13,96,482
Exercisable at end of year	Nil	27,50,000	3,83,116	10,50,290	5,79,539	4,64,666	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (Refer Note[i] below)	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015

Notes:

(i) In addition to the above amount, an aggregate amount of ₹ 7,37,74,228/- being the difference between the grant price and market price on the date of grant has been received on relevant vesting dates from the respective subsidiary Company on behalf of the Employees on their pay roll to whom the stock options have been granted..

(ii) In respect of Series 2, all the 15,00,000 options granted have been lapsed and hence not included in the above table.

2.31 EARNINGS PER SHARE (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Net consolidated Profit (₹ in Crore)	A	400.46	330.52
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Basic earnings per share (in ₹)	A/B	5.08	4.32
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	64,84,504	1,23,10,440
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,46,34,097	77,79,83,544
Diluted earnings per share (in ₹)	A/D	5.04	4.25

2.32 LEASE TRANSACTION

Finance lease

The Group has acquired vehicles under finance lease agreement. The tenure of lease agreements ranges between 36 and 60 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016	Total minimum lease payment outstanding as at March 31, 2015	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2015
Not later than 1 year	1.50	0.36	1.14	1.63	0.39	1.25
Later than 1 year but not later than 5 years	1.52	0.27	1.25	1.61	0.22	1.38
Later than 5 years	-	-	-	-	-	-
TOTAL	**3.02**	0.63	**2.39**	3.24	0.61	2.63

Operating lease

i. The Group had taken assets under operating lease for the periods ranging between 22 months and 42 months. The same were non-cancellable for an initial period ranging between 11 months and 24 months.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total lease payments outstanding as at March 31, 2016	Total lease payments outstanding as at March 31, 2015
Not later than 1 year	5.11	5.37
Later than 1 year but not later than 5 years	2.22	7.30
Later than 5 years	-	-
Expenditure debited to the statement of profit and loss	5.71	5.50

ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 5.95 Crore (previous year ₹5.21 Crore).

2.33 SEGMENTAL REPORTING

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities/commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products. Fund based activities also include securitisation and reconstruction of financial assets.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure 'I'.

II. Geographical segment

The Group does not have any reportable geographical segment.

2.34 Disclosure in respect of related parties is attached as Annexure 'II'.

2.35 Statement of consolidated cash flow is attached as Annexure 'III'.

2.36 The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

2.37 The notes to and disclosures in consolidated financial statements are being made in accordance with provisions of applicable

Accounting Standard (AS-21 para 6) and General circular No. 39/2014 dated October 14, 2014 issued by Ministry of Corporate Affairs - Government of India.

2.38 The Group has spent ₹ 7.77 Crore (previous year ₹ 5.43 Crore) towards Corporate Social Responsibility activities as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.

(₹ in Crore)

		For the year ended March 31, 2016			For the year ended March 31, 2015		
		Holding Company and its subsidiaries	Associates	Total	Holding Company and its subsidiaries	Associates	Total
a)	Gross amount required to be spent by the Group during the year.	6.35	1.38	7.73	4.27	1.13	5.40
b)	Amount spent during the year:						
	In cash	6.39	1.38	7.77	4.30	1.13	5.43
	Yet to be paid in cash	-	-	-	-	-	-
	Total	**6.39**	**1.38**	**7.77**	**4.30**	**1.13**	**5.43**
	(i) Construction/acquisition of any asset	-	-	-	-	-	-
	(ii) On purposes other than (i) above	**6.39**	**1.38**	**7.77**	**4.30**	**1.13**	**5.43**

2.39 Figures of the previous year have been regrouped/ reclassified/ rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

ANNEXURE 'I' TO NOTE 2.33
DISCLOSURE IN RESPECT OF SEGMENT REPORTING PURSUANT TO AS 17 ON 'SEGMENT REPORTING'

(₹ in Crore)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Segment revenue		
A Investment banking and securities business	494.66	521.93
B Fund based activities	1,078.96	806.21
C Alternative asset management	12.85	27.44
D Asset management	85.54	46.75
E Others	193.97	139.17
Total segment revenue	**1,865.98**	**1,541.50**
Less: Inter - segmental revenue	(181.32)	(138.46)
Total revenue	**1,684.66**	**1,403.04**
Segment results		
A Investment banking and securities business	79.42	123.99
B Fund based activities	548.62	347.44
C Alternative asset management	4.38	14.95
D Asset management	56.34	17.81
E Others	4.09	12.72
Total segment results	**692.85**	**516.91**

	As at 31.03.2016	As at 31.03.2015
Segment assets		
A Investment banking and securities business	1,376.14	1,232.18
B Fund based activities	8,496.80	6,391.08
C Alternative asset management	99.57	102.46
D Asset management	196.77	146.62
E Unallocated	786.39	527.26
Total segment assets	**10,955.67**	**8,399.60**
Segment liabilities		
A Investment banking and securities business	817.66	632.30
B Fund based activities	5,936.43	4,286.91
C Alternative asset management	16.51	17.74
D Asset management	13.56	9.04
E Unallocated	698.75	361.30
Total segment liabilities	**7,482.91**	**5,307.29**

Particulars		For the year ended 31.03.2016	For the year ended 31.03.2015
Capital expenditure incurred during the year			
A	Investment banking and securities business	10.58	9.94
B	Fund based activities	2.21	1.06
C	Alternative asset management	0.12	0.01
D	Asset management	5.17	26.62
E	Unallocated	1.68	200.13
Total capital expenditure		**19.76**	**237.76**
Depreciation/amortisation for the year			
A	Investment banking and securities business	10.16	6.56
B	Fund based activities	7.12	1.41
C	Alternative asset management	1.64	0.23
D	Asset management	0.04	0.83
E	Unallocated	1.33	9.02
Total depreciation/amortisation		**20.29**	**18.05**

Annexure 'II' to Note 2.34

Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

I. LIST OF RELATED PARTIES

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel

Mr. Nimesh Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N. Kampani (ARNK)
Mr. Vishal Kampani (VNK)
Ms. Amishi Kampani (AMNK)

D Enterprise over which key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J M Assets Management Private Limited (JM Assets)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Kampani Properties & Holdings Limited (KPHL)
Capital Market Publishers India Private Limited (CMPL)

II. RELATED PARTY RELATIONSHIPS HAVE BEEN IDENTIFIED BY THE MANAGEMENT AND RELIED UPON BY THE AUDITORS. ANNEXURE 'II' TO NOTE 2.34 (CONTD..)

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
ICD taken from										
Trustee	5.00	10.00	-	-	-	-	-	-	5.00	10.00
ICD placed with										
ARC	669.00	629.00	-	-	-	-	-	-	669.00	629.00
ICD repaid by										
ARC	507.00	679.00	-	-	-	-	-	-	507.00	679.00
Security deposit paid to										
JMFICS	-	-	-	-	-	-	-	0.68	-	0.68
Security deposit received back										
JMFICS	-	-	-	-	-	-	-	0.32	-	0.32
KPHL	-	-	-	-	-	-	-	1.50	-	1.50
Investments made in										
ARC	-	98.36	-	-	-	-	-	-	-	98.36
Investments Purchased from										
ARC	25.75	-	-	-		-	-	-	25.75	-
Employee related transfers to										
ARC	0.53	-	-	-	-	-	-	-	0.53	-
JMFICS	-	-	-	-	-	-	0.39	-	0.39	-
Interest income on ICD from										
ARC	16.88	62.71	-	-	-	-	-	-	16.88	62.71
Interest paid on ICD from										
Trustee	1.23	0.33	-	-	-	-	-	-	1.23	0.33

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Secondary brokerage received from										
JMFICS	-	-	-	-	-	-	0.09	0.06	0.09	0.06
KCL	-	-	-	-	-	-	0.01	#	0.01	#
PICPL	-	-	-	-	-	-	0.01	-	0.01	-
JM Assets	-	-	-	-	-	-	0.07	0.01	0.07	0.01
Trustee	#	0.01	-	-	-	-	-	-	-	0.01
Others	-	-	-	-	#	#	#	0.01	-	0.01
Recovery of expenses from										
ARC	0.60	0.54	-	-	-	-	-	-	0.60	0.54
JMFICS	-	-	-	-	-	-	-	#	-	#
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.08	0.40	0.08	0.40
CMPL	-	-	-	-	-	-	0.03	0.02	0.03	0.02
Remuneration paid to										
NNK	-	-	5.79	3.81	-	-	-	-	5.79	3.81
VNK	-	-	-	-	8.50	7.00	-	-	8.50	7.00
AMNK	-	-	-	-	0.68	0.52	-	-	0.68	0.52
Dividend paid to										
JMFICS	-	-	-	-	-	-	28.48	22.37	28.48	22.37
J M Assets	-	-	-	-	-	-	14.32	11.25	14.32	11.25
JSB	-	-	-	-	-	-	0.91	0.72	0.91	0.72
PICPL	-	-	-	-	-	-	0.23	0.18	0.23	0.18
KCL	-	-	-	-	-	-	0.10	0.08	0.10	0.08
SNK	-	-	-	-	-	-	1.63	1.28	1.63	1.28
NNK	-	-	18.95	14.89	-	-	-	-	18.95	14.89
ARNK	-	-	-	-	5.38	4.23	-	-	5.38	4.23
VNK	-	-	-	-	1.39	1.08	-	-	1.39	1.08
AMNK	-	-	-	-	1.12	0.88	-	-	1.12	0.88
Rent income from										
ARC	2.05	1.95	-	-	-	-	-	-	2.05	1.95

# Denotes amount below ₹ 50,000/-.

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent paid to										
JMFICS	-	-	-	-	-	-	1.36	1.36	1.36	1.36
KPHL	-	-	-	-	-	-	-	0.04	-	0.04
KCL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
Subscription charges paid to										
CMPL	-	-	-	-	-	-	0.01	0.02	0.01	0.02
Support service fees received from										
ARC	1.80	1.80	-	-	-	-	-	-	1.80	1.80
Support service fees paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Demat charges received from										
Others	-	-	#	-	#	-	-	#	#	#
Balance outstanding at the year end										
Investment in										
ARC	201.74	201.74	-	-	-	-	-	-	201.74	201.74
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Receivables from										
ARC	168.31	4.76	-	-	-	-	-	-	168.31	4.76
Payables to										
NNK	-	-	4.00	1.95	-	-	-	-	4.00	1.95
VNK	-	-	-	-	7.50	6.00	-	-	7.50	6.00
AMNK	-	-	-	-	0.67	0.45	-	-	0.67	0.45
Trustee	15.00	10.00	-	-	-	-	-	-	15.00	10.00

# Denotes amount below ₹ 50,000/-.

Annexure 'III' to Note 2.35
Statement of Consolidated Cash Flow
for the year ended March 31, 2016

(₹ in Crore)

	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A	**Cash flow from operating activities**		
	Profit before tax	**692.85**	**516.91**
	Adjustment for:		
	Depreciation and amortisation expense	20.29	18.05
	Amortisation of deferred employee compensation (ESOP)	7.38	8.45
	Provision for gratuity	2.91	3.01
	Provision for compensated absences	1.47	1.40
	Provision for clawback obligation	-	3.06
	Provision for bad & doubtful debts and assets written off	2.28	2.73
	Provision for standard assets	7.97	4.58
	Provision for diminution in value of investments (net)	0.10	-
	Loss on sale of fixed assets	0.07	0.24
	Profit on sale of investments	(6.09)	(43.17)
	Dividend income	(30.64)	(13.10)
	Interest income	(83.51)	(89.75)
	Finance costs	512.09	420.20
	Operating profit before working capital changes	**1,127.17**	**832.61**
	Adjustment for:		
	(Increase)/decrease in trade receivables	(130.40)	(34.66)
	(Increase)/decrease in short term loans and advances	(162.38)	(1,005.02)
	(Increase)/decrease in long term loans and advances	(1,727.87)	(1,476.44)
	(Increase)/decrease in securities held as stock in trade	102.11	175.20
	(Increase)/decrease in assets held for arbitrage activities	(59.14)	-
	(Increase)/decrease in other current assets	(45.95)	(5.09)
	Increase/(decrease) in trade payables	103.63	(54.01)
	Increase/(decrease) in other current liabilities	120.66	22.20
	Increase/(decrease) in long-term provisions	-	(1.45)
	Increase/(decrease) in short-term provisions	(2.56)	(1.84)
	Cash generated from/(used in) operations	**(674.73)**	**(1,548.50)**
	Direct taxes paid	(229.50)	(168.59)
	Net cash from/(used in) operating activities	**(904.23)**	**(1,717.09)**
B	**Cash flow from investing activities**		
	Purchase of investments	(104.92)	(280.38)
	Sale of investments	34.20	197.45
	Purchase of fixed assets	(19.78)	(237.76)
	Sale of fixed assets	0.93	0.48
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	218.60	(73.67)
	Currency fluctuation	6.94	10.08
	Interest income	83.51	89.75
	Dividend income	30.64	13.10
	Net cash from /(used in)investing activities	**250.12**	**(280.95)**

INDEPENDENT AUDITOR'S REPORT

To the Members of JM Financial Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of JM Financial Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

   We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

   We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by Section 143(3) of the Act, we further report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act;

e. on the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:

(i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements (refer note 2.23 of the financial statements).

(ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year under report there were no such foreseeable losses. The Company did not have any derivative contracts as at the date of Balance Sheet.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank notes during the period from November 8, 2016 to December 30, 2016 and as explained to us and the same are in accordance with books of accounts and records maintained by the Company. (refer note 2.40 of financial statements).

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Place: Mumbai
Date: May 2 , 2017

Shivji K Vikamsey
Partner (F - 2242)

Annexure A referred to in paragraph 7 of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2017.

On the basis of such checks as we considered appropriate, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) According to the information and explanations given to us and based on the records of the Company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;

(c) According to the information and explanations given to us and based on the records of the Company examined by us, title deed of immovable properties are held in the name of the Company.

(ii) The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause 3 (ii) of the Order is not applicable to it.

(iii) The Company has granted loans, secured or unsecured, and Inter corporate deposit, to companies covered in the register maintained under Section 189 of the Act.

a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

c) According to the information and the explanation given to us, there has been no overdue amount.

(iv) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Act.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

(vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, value added tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;

(b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no outstanding dues of Income Tax, Service Tax, and Cess which have not been deposited on account of any disputes except as mentioned below:

Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Outstanding amount involved (₹ in lakh)
Income tax Act, 1961	Tax demands	FY 2009- 10	Commissioner of Income tax (Appeals)	13.13
Income tax Act, 1961	Tax demands	FY 2010- 11	Commissioner of Income tax (Appeals)	5.01
Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
Income tax Act, 1961	Tax demands (TDS)	FY 2010- 11	Commissioner of Income tax (Appeals)	0.21
Finance Act, 1994	Tax demands	FY 2013- 14	Deputy Commissioner of Service tax	16.46

(viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to financial institutions. The Company has not taken loans or borrowings from banks, Government or has not issued any debenture.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.

(x) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

(xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provision of Section 197 of the Act read with schedule V thereto.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is in compliance with Sections 177 and 188 of the Act and applicable rules, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the Order is not applicable.

(xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and it has duly obtained the registration.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Place: Mumbai
Date: May 2 , 2017

Shivji K Vikamsey
Partner (F - 2242)

Annexure B referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited ("the Company") as of March 31, 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Place: Mumbai
Date: May 2 , 2017

Shivji K Vikamsey
Partner (F - 2242)

STANDALONE BALANCE SHEET

as at March 31, 2017

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,945.25	7,889.86
Reserves & surplus	2.2	1,64,606.79	1,57,612.24
		1,72,552.04	**1,65,502.10**
Share application money pending allotment		0.08	-
Non-current liabilities			
Long term borrowings	2.3	-	1.71
Deferred tax liabilities (net)	2.4	10,992.97	10,979.16
Other long term liabilities	2.5	100.00	100.00
Long term provisions	2.6	27.87	19.85
		11,120.84	**11,100.72**
Current liabilities			
Short term borrowings	2.7	20,656.30	42,633.80
Trade payables	2.8	92.69	87.17
Other current liabilities	2.9	856.15	983.06
Short term provisions	2.10	61.09	6,887.15
		21,666.23	**50,591.18**
TOTAL		**2,05,339.19**	**2,27,194.00**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.11 A	215.37	273.42
Intangible assets	2.11 B	9.66	12.55
Non-current investments	2.12	1,76,914.80	1,75,660.30
Long term loans and advances	2.13	14,901.32	16,485.92
Other non-current assets	2.14	201.06	245.48
		1,92,242.21	**1,92,677.67**
Current assets			
Cash and bank balances	2.15	1,172.90	1,254.33
Short term loans and advances	2.16	10,474.14	31,252.37
Other current assets	2.17	1,449.94	2,009.63
		13,096.98	**34,516.33**
TOTAL		**2,05,339.19**	**2,27,194.00**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ in Lakh)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Income:			
Revenue from operations	2.18	4,746.12	3,507.30
Other income	2.19	11,549.34	12,270.16
Total Revenue		**16,295.46**	**15,777.46**
Expenses:			
Employee benefits expense	2.20	825.22	1,007.80
Finance costs	2.21	3,960.40	2,715.41
Depreciation and amortisation expense	2.11	66.65	38.25
Other expenses	2.22	750.03	804.03
Provision for diminution in the value of investments		-	1.00
Total Expenses		**5,602.30**	**4,566.49**
Profit before tax		**10,693.16**	**11,210.97**
Tax expense:			
Current tax		-	10.00
Deferred tax		13.81	(24.11)
Tax adjustment of earlier years		6.80	-
		20.61	**(14.11)**
Profit for the year		**10,672.55**	**11,225.08**
Earnings per equity share (EPS)	2.27		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.35	1.42
Diluted EPS (in ₹)		1.34	1.41
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and on behalf of

Khimji Kunverji & Co.

Chartered Accountants

Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, ("the Act") read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC), being a Non-Banking Financial Company (NBFC) as applicable.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/ materialised.

1.3 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on accrual basis.
- Fees and lease rental income is recognised on accrual basis in accordance with agreements/arrangements.
- In respect of lease assets, where lease rentals are overdue for more than 12 months, the income is recognised only when lease rentals are actually received (as per income recognition norms of "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the Reserve Bank of India (the RBI).
- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

1.4 Provision for Non-Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the RBI.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Act or as per the assessment of the useful life done by the management.

Accordingly the useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments, at lower of cost or market value, determined on the basis of the quoted prices of individual investment in case of quoted investments and as per the management's estimate of fair value in case of non-quoted investments. Current investments are carried at lower of cost or fair value.

1.8 Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Company's liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.9 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.10 Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.11 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.12 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.13 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. Notes to financial statements

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	**10,000.00**	**10,000.00**
Issued and Subscribed Capital:		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each		
Paid up Capital:		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each fully paid-up.	7,945.25	7,889.86
TOTAL	**7,945.25**	**7,889.86**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	78,89,85,636	7,889.86	78,37,23,677	7,837.24
Shares allotted upon exercise of stock options	55,39,478	55.39	52,61,959	52.62
Shares outstanding at the end of the year	**79,45,25,114**	**7,945.25**	**78,89,85,636**	**7,889.86**

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.60%	20,34,06,600	25.78%
Nimesh Kampani*	13,53,57,500	17.04%	13,53,57,500	17.16%
J. M. Assets Management Private Limited	10,30,42,908	12.97%	10,22,68,408	12.96%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

Note d:

During the last 5 financial years the Company (i) has not issued any bonus shares (ii) has not issued shares for consideration other than cash (iii) has not bought back any of its shares.

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Capital reserve	0.44	0.44
Securities premium		
Opening balance	34,366.61	32,898.81
Add: On shares alloted upon exercise of stock options by the Employees	1,862.97	1,467.80
Closing balance	**36,229.58**	**34,366.61**
General reserve	**18,250.00**	**18,250.00**
Statutory reserve		
(under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	3,809.00	1,563.00
Add: Transferred during the year	2,135.00	2,246.00
Closing balance	**5,944.00**	**3,809.00**
Stock options outstanding		
Opening balance	2,025.26	2,101.76
Add: Additions on account of options granted during the year	517.27	732.33
Less: Transferred to securities premium upon exercise of stock options	(811.18)	(741.50)
Less: Reduction on account of options lapsed during the year	(34.99)	(67.33)
Closing balance	**1,696.36**	**2,025.26**
Surplus in statement of profit and loss		
Opening balance	99,160.93	1,01,667.20
Add: Profit for the year	10,672.55	11,225.08
Amount available for appropriation	**1,09,833.48**	**1,12,892.28**
Less: Appropriations		
Interim dividend	5,159.37	4,732.92
Proposed final dividend (refer note 2.44)	-	6,711.51
Dividend distribution tax	52.70	40.92
Transferred to statutory reserve	2,135.00	2,246.00
	7,347.07	**13,731.35**
Closing balance	**1,02,486.41**	**99,160.93**
TOTAL	**1,64,606.79**	**1,57,612.24**

2.3 LONG TERM BORROWINGS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Long term maturities of finance lease obligations	-	1.71
(secured by way of hypothecation of a vehicle. The lease is repayable on a		
monthly basis for a period of 36 months) (refer note 2.28[a])		
TOTAL	**-**	**1.71**

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities:		
On investments	11,018.61	11,018.61
On depreciation	-	4.95
	11,018.61	**11,023.56**
Deferred tax assets:		
On expenditure	24.87	44.40
On depreciation	0.77	-
	25.64	**44.40**
TOTAL	**10,992.97**	**10,979.16**

2.5 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Property deposits	100.00	100.00
TOTAL	**100.00**	**100.00**

2.6 LONG TERM PROVISIONS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
For employee benefits – gratuity [refer note 2.29 A (a)]	27.87	19.85
TOTAL	**27.87**	**19.85**

2.7 SHORT TERM BORROWINGS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Unsecured Loans		
Commercial papers	20,890.00	43,500.00
Less: Unamortised discount on commercial papers	(233.70)	(866.20)
TOTAL	**20,656.30**	**42,633.80**

2.8 TRADE PAYABLES

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Micro, small and medium enterprises (refer note 2.26)	-	-
Other than micro, small & medium enterprises	92.69	87.17
TOTAL	**92.69**	**87.17**

2.9 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Short term maturities of finance lease obligations (secured by way of hypothecation of a vehicle) (refer note 2.28[a])	1.71	3.08
Unclaimed dividend	209.40	170.37
Employee benefits payable	447.23	676.42
Statutory dues	25.81	21.19
Property Deposit	60.00	-
Other short term liabilities	112.00	112.00
TOTAL	**856.15**	**983.06**

2.10 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
For employee benefits:		
Gratuity [refer note 2.29 A (a)]	14.56	24.33
Compensated absences [refer note 2.29 A (b)]	10.29	16.79
For standard assets (refer note 2.38)	36.24	93.60
For proposed dividend (refer note 2.44)	-	6,711.51
For dividend distribution tax	-	40.92
TOTAL	**61.09**	**6,887.15**

2.11 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)				Depreciation / Amortisation				Net block	
	As at March 31, 2016	Additions for the year	Deductions for the year	As at March 31, 2017	As at March 31, 2016	Additions for the year	Deductions for the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
(A) TANGIBLE ASSETS										
Owned assets:										
Office premises	108.50	-	-	108.50	42.17	1.83	-	44.00	64.50	66.33
Furniture and fixtures	50.01	-	-	50.01	31.38	10.07	-	41.45	8.56	18.63
Office equipments	8.95	-	3.10	5.85	6.11	1.76	2.45	5.42	0.43	2.84
Computers	6.69	4.96	-	11.65	6.20	1.72	-	7.92	3.73	0.49
Leasehold improvements	88.59	0.73	-	89.32	51.81	15.95	-	67.76	21.56	36.78
Motor vehicle	190.80	-	46.43	144.37	46.75	28.87	46.43	29.19	115.18	144.05
Leased assets:										
Motor vehicles (refer note [a] below)	29.92	-	-	29.92	25.62	2.89	-	28.51	1.41	4.30
TOTAL (A)	**483.46**	**5.69**	**49.53**	**439.62**	**210.04**	**63.09**	**48.88**	**224.25**	**215.37**	**273.42**
(B) INTANGIBLE ASSETS										
Software	17.15	0.67	-	17.82	4.60	3.56	-	8.16	9.66	12.55
TOTAL (B)	**17.15**	**0.67**	**-**	**17.82**	**4.60**	**3.56**	**-**	**8.16**	**9.66**	**12.55**
TOTAL (A+B)	**500.61**	**6.36**	**49.53**	**457.44**	**214.64**	**66.65**	**48.88**	**232.41**	**225.03**	**285.97**
Previous year	406.09	145.60	51.08	500.61	200.87	38.25	24.48	214.64	285.97	

Note:

[a] Vendor has a lien over the assets taken on lease.

2.12 NON-CURRENT INVESTMENTS

(₹ in Lakh)

		As at March 31, 2017		As at March 31, 2016	
		Quantity	Amount	Quantity	Amount
I	**TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)**				
	Unquoted				
	Investment in equity shares of ₹10/- each				
	In subsidiaries:				
1	JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2	JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3	JM Financial Services Limited (refer note i)	5,00,00,000	10,750.00	4,55,00,000	9,500.00
4	JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
5	Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
6	JM Financial Insurance Broking Private Limited (refer note ii)	-	-	60,000	1.00
7	JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
8	JM Financial Credit Solutions Limited	12,50,000	35,440.00	12,50,000	35,440.00
9	JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
10	JM Financial Asset Reconstruction Company Limited (refer note iii)	12,06,50,000	13,178.58	12,06,25,000	13,174.08
	In associate company:				
11	JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
	Quoted				
	Investment in Debentures				
	In subsidiary company:				
12	JM Financial Asset Reconstruction Company Limited	700	7,000.00	700	7,000.00
	(13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each) (refer note iv)				
			1,76,913.31		**1,75,659.81**
	Less: Provision for diminution in the value of investments in respect of I(6) above.		-		1.00
			1,76,913.31		**1,75,658.81**
II	**OTHER INVESTMENTS**				
	Investments in Mutual Funds				
13	JM Equity Fund (refer note v & vi)	16,072	1.49	16,072	1.49
	TOTAL		**1,76,914.80**		**1,75,660.30**

Notes:

i. JM Financial Services Limited (Financial Services) has become a wholly owned subsidiary of JM Financial Limited (the Company) upon the Company acquiring an additional 0.09% equity shares in Financial Services.

ii. JM Financial Insurance Broking Private Limited has been voluntarily wound up during financial year 2016-17.

iii. JM Financial Asset Reconstruction Company Limited (ARC) has become a subsidiary of the Company w.e.f. September 30, 2016 upon the Company acquiring an additional 0.01% equity shares in ARC. With this, the Company's equity holding in the ARC has increased from 50% to 50.01%.

iv. Redeemable at the option of the issuer at any time but not earlier than September 22, 2017 being 3 years from the date of allotment.

v. Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

vi. Net asset value of the mutual fund units as on March 31, 2017 is ₹ 3.82 Lakh (previous year ₹ 3.34 Lakh).

2.13 LONG TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Capital advances	52.96	51.27
Security Deposits*	253.02	253.76
Advance tax (net of provisions)	14,595.34	16,180.89
TOTAL	**14,901.32**	**16,485.92**

* Includes ₹ 123.38 Lakh (Previous year ₹63.38 Lakh) receivable from related parties.

2.14 OTHER NON-CURRENT ASSETS
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Receivable from subsidiaries	201.06	245.48
TOTAL	**201.06**	**245.48**

2.15 CASH AND BANK BALANCES

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents:		
Cash on hand	0.28	0.19
Balances with banks:		
In current accounts	63.61	74.94
In deposit accounts (less than 3 months' maturity)	675.00	800.00
	738.89	**875.13**
Other bank balances	434.01	379.20
TOTAL	**1,172.90**	**1,254.33**
Earmarked balances with banks for unclaimed dividend included in other bank balances	209.40	170.37

2.16 SHORT TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Staff loans	0.17	0.13
Advances recoverable in cash or in kind or for value to be received	45.33	40.17
Inter corporate deposits to group companies	10,355.00	31,200.00
Property Deposit	60.00	-
Prepaid expenses	13.64	12.07
TOTAL	**10,474.14**	**31,252.37**

2.17 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due	1,051.94	618.22
Receivable from subsidiaries	398.00	582.47
Interest on income tax refund receivable	-	808.94
TOTAL	**1,449.94**	**2,009.63**

2.18 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	4,386.12	3,147.30
Group support service fees	360.00	360.00
TOTAL	**4,746.12**	**3,507.30**

2.19 OTHER INCOME

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend from subsidiaries on non-current investments	11,411.00	11,355.50
Dividend on current investments	34.66	74.65
Lease rent	27.26	27.26
Interest Income – Others	-	808.94
Miscellaneous income	76.42	3.81
TOTAL	**11,549.34**	**12,270.16**

2.20 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, bonus and allowances	787.87	978.87
Contribution to provident and other funds	26.31	23.72
Gratuity	8.25	2.48
Staff welfare	2.79	2.73
TOTAL	**825.22**	**1,007.80**

2.21 FINANCE COSTS

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Finance charges on leased assets	0.51	1.02
Interest on borrowings	3,959.89	2,714.39
TOTAL	**3,960.40**	**2,715.41**

2.22 OTHER EXPENSES

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Space and other related costs (refer note 2.28 [b])	221.91	206.26
Legal and professional fees	80.45	32.24
Membership and subscription	8.87	7.07
Rates and taxes	66.46	48.25
Communication expenses	21.17	19.79
Repairs and maintenance	1.00	0.58
Travelling and conveyance expenses	23.47	25.80
Electricity expenses	12.03	11.31
Printing and stationery expenses	22.23	22.75
Advertisement and other related expenses	11.16	11.68
Information technology expenses	8.53	3.48
Donation	82.00	89.00
Insurance expenses	17.36	18.27
Auditors' remuneration (refer note 2.30)	20.70	19.46
Motor car expenses	11.57	17.20
Provision for standard assets	(57.36)	74.85
Directors' sitting fees	51.79	53.24
Directors' commission	112.00	112.00
Miscellaneous expenses	34.69	30.80
TOTAL	**750.03**	**804.03**

2.23 CONTINGENT LIABILITY

Contingent liability in respect of income tax and service tax demands for various years disputed in appeal is ₹ 1,907.35 Lakh (previous year ₹ 1,522.09 Lakh).

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 109.01 Lakh (previous year ₹ 94.84 Lakh).

2.24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

During the financial year 2016-17, the Nomination and Remuneration Committee of the Board has granted stock options under Series 9, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee granted 12,55,515 Options (previous year 14,44,440 Options) at an exercise price of ₹ 1/- per option to the Employees.

The details of options are as under:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Outstanding at the beginning of the year	1,04,61,226	2,40,49,622
Add: Granted during the year	12,55,515	14,44,440
Less: Exercised and shares allotted during the year	55,39,478	52,61,959
Less: Exercised but pending allotment	8,000	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,01,969	97,70,877
Outstanding at the end of the year	60,67,294	1,04,61,226
Exercisable at the end of the year	25,99,203	52,27,612

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 51.38% (previous year 55.42%), dividend yield of 3.55% (previous year 2.62%), life of option being 7 years (previous year 7 years), and a risk-free interest rate of 7.80% (previous year 8%).

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,18,505	4,81,480	May 12, 2017	April 16, 2016	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2018	April 16, 2017	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2019	April 16, 2018	32.33	42.20
	12,55,515	**14,44,440**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ Nil (previous year ₹ 2.57 Lakh). Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been remained the same (Previous year reduced) after giving effect to the stock-based employee compensation amount as under:

	As reported		As adjusted	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net profit (₹ in lakh)	10,672.55	11,225.08	10,672.55	11,222.51
Basic earnings per share (in ₹)	1.35	1.42	1.35	1.42
Diluted earnings per share (in ₹)	1.34	1.41	1.34	1.41

Details of options granted under various series are as under:

	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9
Grant date	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016
Options granted	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515
Options exercised till March 31, 2017	19,55,000	66,20,121	62,42,297	26,90,487	22,06,750	3,05,081	N.A.
Options forfeited/cancelled till March 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2017	10,00,000	7,56,734	7,21,857	3,76,054	3,54,527	87,462	Nil
Outstanding at end of year	7,95,000	1,23,144	3,38,515	5,79,233	19,23,990	10,51,897	12,55,515
Exercisable at end of year	7,95,000	1,23,144	3,38,515	5,79,233	6,02,898	1,60,413	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016

Notes:

[i] Additionally, an aggregate amount of ₹ 711.17 Lakh being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.

[ii] In respect of Series 1 and 2, as no options were outstanding as on March 31, 2017, the details of options granted has not been included above.

2.25 Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
JM Financial Institutional Securities Limited	375.42	445.08
JM Financial Services Limited	130.79	125.28
JM Financial Products Limited	91.51	76.88
JM Financial Credit Solutions Limited	40.47	61.23
JM Financial Asset Management Limited	23.88	16.57
JM Financial Investment Managers Limited	44.62	12.70
Infinite India Investment Management Limited	4.48	-
TOTAL	**711.17**	**737.74**

2.26 Under the head "Trade Payables" outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act, 2006 is being disclosed as "Nil", as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.27 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after tax (₹ in Lakh)	A	10,672.55	11,225.08
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Basic earnings per share (in ₹)	A/B	1.35	1.42
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Add: Weighted average number of potential equity shares on account of employee stock options	C	58,02,255	64,84,504
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	79,88,47,859	79,46,34,097
Diluted earnings per share (in ₹)	A/D	1.34	1.41

2.28 LEASE TRANSACTION

a) **Finance lease**

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

Particulars	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016
Not later than 1 year	1.79	0.08	1.71	3.59	0.51	3.08
Later than 1 year but not later than 5 years	-	-	-	1.79	0.08	1.71
Later than 5 years	-	-	-	-	-	-
TOTAL	**1.79**	**0.08**	**1.71**	**5.38**	**0.59**	**4.79**

b) Operating lease

i) The Company had taken three premises under operating lease, the tenure of the lease agreements ranges between 36 months and 60 months. The same is non-cancellable for an initial period ranging between 24 months and 60 months. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total Minimum Lease Payments outstanding as at March 31, 2017	Total Minimum Lease Payments outstanding as at March 31, 2016
Not later than 1 year	278.05	218.05
Later than 1 year but not later than 5 years	740.22	348.16
Later than 5 years	-	-
TOTAL	**1,018.27**	**566.21**

Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 221.91 Lakh (Previous year ₹ 206.26 Lakh)

2.29 EMPLOYEE BENEFITS

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of the defined benefit obligation at the year end	42.43	44.18
Fair value of plan assets	-	-
Net liability	**42.43**	**44.18**
Net liability is bifurcated as follows:		
Current	14.56	24.33
Non-Current	27.87	19.85

(₹ in Lakh)

Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	1.06	1.78
Interest on defined benefit obligations	2.63	2.63
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	4.56	(1.92)
Past service cost	-	-
Net gratuity cost	**8.25**	**2.48**

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligation	44.18	41.69
Current service cost	1.06	1.78
Interest cost	2.63	2.63
Actuarial (gain)/loss	4.56	(1.92)
Past service cost	-	-
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	-	-
Benefits paid	(10.00)	-
Closing defined benefit obligation	**42.43**	**44.18**

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Closing fair value of the plan assets	**-**	**-**

(₹ in Lakh)

Investment details of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment	-	-

(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	As at March 31, 2017	As at March 31, 2016
Discount rate	7.20%	7.95%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

- The estimates of future salary increases takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b) **Compensated absences**

As per the Company's policy, a provision of ₹ 10.29 Lakh (previous year ₹ 16.79 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. **Defined contribution plans**

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 26.31 Lakh (previous year ₹ 23.72 Lakh).

2.30 AUDITORS' REMUNERATION

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit fees	13.94	12.93
Certification	1.66	1.45
Limited review	4.83	4.82
Reimbursement of Expenses	0.27	0.26
TOTAL	20.70	19.46

2.31 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Directors Commission and travelling expenditure	36.53	32.15
TOTAL	**36.53**	**32.15**

2.32 The Company has been classified as a Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI) in accordance with the Certificate of Registration issued by the Reserve Bank of India dated April 11, 2014, under Section 45-IA of the Reserve Bank of India Act, 1934.

2.33 Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC. No. 125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms (as applicable to Core Investment Company) is given below:

(i) **Capital Risk Adequacy Ratio (CRAR):**

Particulars	As at March 31, 2017	As at March 31, 2016
CRAR (%)	90.12	77.93
CRAR - Tier I capital (%)	90.12	77.93
CRAR - Tier II capital (%)	0.00	0.00

(ii) **Exposures:**

A. Exposure to Real Estate Sector

(₹ in Lakh)

	Category	As at March 31, 2017	As at March 31, 2016
a)	**Direct Exposure**		
(i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

B. Exposures to Capital Market

(₹ in Lakh)

	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,76,914.80	1,75,660.30
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil

Particulars		As at March 31, 2017	As at March 31, 2016
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total Exposure to Capital Market	**1,76,914.80**	**1,75,660.30**

(iii) **Asset Liability Management:**

Maturity pattern of certain items of assets and liabilities:

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	**-** **(-)**
Market Borrowings	786.14 (0.24)	14,962.07 (13,347.47)	4,908.93 (24,542.04)	0.87 (0.76)	- (4,748.08)	- (-)	- (-)	- (-)	**20,658.01** **(42,638.59)**
Assets:									
Advances	725.00 (-)	4,669.16 (6,360.50)	4,675.73 (24,368.75)	380.25 (14.41)	40.06 (523.58)	14,595.34 (16,180.89)	253.01 (253.26)	36.90 (36.90)	**25,375.46** **(47,738.29)**
Investments	- (-)	- (-)	- (-)	- (-)	- (-)	7,000.00 (-)	- (7,000.00)	- (-)	**7,000.00** **(7,000.00)**

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.

b) Figures in brackets are for the previous year.

2.34 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended) as applicable to Core Investment Companies:

(₹ in Lakh)

(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**	**Amount outstanding**	**Amount overdue**
	Liabilities side		
	(a) Debentures		
	(i) Secured	- (-)	- (-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	- (-)	- (-)
	(b) Deferred Credits	- (-)	- (-)
	(c) Term Loans	- (-)	- (-)
	(d) Inter-corporate loans and borrowing	- (-)	- (-)
	(e) Commercial Paper	20,656.30 (42,633.80)	- (-)
	(f) Other Loans (Please Specify)		
	Dues under finance lease	1.71 (4.79)	- (-)

(₹ in Lakh)

(2)	**Break up of Loans and Advances including bills receivables (other than those included in (4) below):**	**Amount outstanding**
	Assets side	
	(a) Secured	- (-)
	(b) Unsecured	10,355.00 (31,200.00)

(₹ in Lakh)

(3)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:**	**Amount outstanding**
	Particulars	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial Lease	- (-)
	(b) Operating Lease	- (-)
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	- (-)
	(b) Repossessed Assets	- (-)
	(iii) Other loans counting towards AFC activities:	
	(a) Loans where assets have been repossessed	- (-)
	(b) Loans other than (a) above	- (-)

(₹ in Lakh)

(4) Break – up of Investments:	Amount outstanding
Current Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)
2. Unquoted:	
(i) Shares:	
(a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)
Long Term Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	- (-)
(b) Preference	- (-)
(ii) Debentures and Bonds	7,000.00 (7,000.00)
(iii) Units of Mutual Funds	- (-)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)
2. Unquoted:	
(i) Shares:	
(a) Equity	1,69,913.31 (1,68,658.81)
(b) Preference	- (-)
(ii) Debentures and Bonds	- (-)
(iii) Units of Mutual Funds	1.49 (1.49)
(iv) Government Securities	- (-)
(v) Others (Please Specify)	- (-)

(₹ in Lakh)

(5) Borrower group – wise classification of assets financed as in (2) and (3) above:	Amount (net of provisions)		
	Secured	Unsecured	Total
Category			
1) Related Parties			
(a) Subsidiaries	- (-)	10,355.00 (15,000.00)	10,355.00 (15,000.00)
(b) Companies in the same group	- (-)	- (16,200.00)	- (16,200.00)
(c) Other related parties	- (-)	- (-)	- (-)
2) Other than related parties	- (-)	- (-)	- (-)
	- (-)	**10,355.00** **(31,200.00)**	**10,355.00** **(31,200.00)**
Less: Provision for non-performing assets	- (-)	- (-)	- (-)
	- (-)	**10,355.00** **(31,200.00)**	**10,355.00** **(31,200.00)**

(₹ in Lakh)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
Category		
1) Related Parties		
(a) Subsidiaries	1,76,910.81 (1,55,482.23)	1,76,910.81 (1,55,482.23)
(b) Companies in the same group	2.50 (20,176.58)	2.50 (20,176.58)
(c) Other related parties	-	-
Other than related parties	3.82 (3.34)	1.49 (1.49)
	1,76,917.13	**1,76,914.80**
	(1,75,662.15)	**(1,75,660.30)**

All investments are long-term investments. In case of unquoted investments, the Market Value/Break up Value or Fair Value or NAV is stated at cost except where there is diminution in value other than temporary, for which provision/write off is made.

(₹ in Lakh)

(7) Other Information:	Amount
Particulars	
(i) Gross Non – Performing Assets	
(a) Related Parties	- (-)
(b) Other than related parties	- (-)
(ii) Net Non – Performing Assets	
(a) Related Parties	- (-)
(b) Other than related parties	- (-)
(iii) Assets acquired in satisfaction of debt	- (-)

2.35 There are no restructured advances as on March 31, 2017, Hence disclosure of information as required in terms of sub- Para 9 of Paragraph 20B of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended vide Notification No. DNBS(PD).No.272/CGM(NSV)-2014 dated January 23, 2014) is not warranted.

2.36 Concentration of Advances and Exposures:

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	10,355.00	31,200.00
Percentage of Advances to twenty largest borrowers to total Advances of the NBFC	100%	100%

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers / customers	10,355.00	31,200.00
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the NBFC on borrowers / customers	100%	100%

2.37 Core Investment Company (“CIC”) Compliance Ratios:

Sr No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Investments & Loans to group companies as a proportion of Net Assets (%)	98.79%	98.62%
(ii)	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	89.63%	80.41%
(iii)	Capital Adequacy Ratio(%) [Adjusted Net Worth/Risk Weighted Assets]	90.12%	77.93 %
(iv)	Leverage Ratio(Times) [Outside Liabilities / Adjusted Net worth]	0.19	0.38

2.38 To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a notification No. DNBS 22 / CGM (US)-2011 dated January 17, 2011 as amended on timely basis, requiring all NBFCs to make a general provision at 0.35 per cent of outstanding standard assets. The Company has created provision for standard assets, and is in compliance with the aforesaid RBI Notification.

2.39 The Company has spent ₹ 22 Lakh (previous year ₹ 24 Lakh) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Lakh)

a)	Gross amount required to be spent by the Company during the year.	21.71
b)	Amount spent during the year:	
	In cash	22.00
	Yet to be paid in cash	-
	Total	**22.00**
(i)	Construction/acquisition of any asset	-
(ii)	On purposes other than (i) above	22.00

2.40 Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	500	24,210	24,710
(+) Permitted receipts	-	67,000	67,000
(-) Permitted payments	(-)	(3,000)	(3,000)
(-) Amount deposited in Banks	(500)	(-)	(500)
Closing cash in hand as on 30.12.2016	-	88,210	88,210

2.41 a) The Company is engaged in making investments in, and/or lending funds to its group companies as a Core Investment Company registered with the Reserve Bank of India, which in the context of AS 17 on “Segment Reporting” is considered as the only segment.

b) The Company does not have any reportable geographical segment.

2.42 Disclosure in respect of related parties is attached as Annexure ‘I’

2.43 Statement of cash flow is attached as Annexure ‘II’

2.44 The Board of Directors of the Company has recommended a final dividend of ₹ 0.85 per equity share for the year ended March 31, 2017 (previous year ₹ 0.85 per equity share). The said dividend will be paid after the approval of shareholders at the thirty second Annual General Meeting. During the previous year, the Company had made a provision for the dividend recommended by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – ‘Contingencies and Events Occurring after the Balance sheet date’ (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend recommended by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its surplus in Statement of Profit and Loss would have been lower by ₹ 6,769.13 lakh and Short Term Provision would have been higher by ₹ 6,769.13 lakh.

2.45 Figures of the previous year have been regrouped / reclassified / rearranged wherever necessary to correspond with those of the current year’s classification / disclosure.

Annexure 'I' to note 2.42 of notes to the financial statements
Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

A. List of related parties

I) Parties where control exists:

a) **Subsidiaries**

JM Financial Institutional Securities Limited (Institutional Securities)
JM Financial Investment Managers Limited (Investment Managers)
JM Financial Services Limited (Financial Services)
JM Financial Properties and Holdings Limited (Properties)
Infinite India Investment Management Limited (Infinite)
JM Financial Insurance Broking Private Limited (Insurance Broking) (up to October 25, 2016)
JM Financial Commtrade Limited (Commtrade)
CR Retail Malls (India) Limited (CRRM)
JM Financial Capital Limited (Capital)
JM Financial Products Limited (Products)
JM Financial Credit Solutions Limited (Credit Solutions)
JM Financial Home Loans Limited (Home Loans) (w.e.f. December 16, 2016)
JM Financial Asset Management Limited (AMC)
JM Financial Asset Reconstruction Company Limited (ARC) (w.e.f. September 30, 2016)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Singapore Pte Ltd (Singapore)
JM Financial Securities, Inc. (USA)

b) **Partnership Firm**

Astute Investments (Astute)

II) Other parties with whom the Company has entered into transactions during the year:

a) **Associates**

JM Financial Asset Reconstruction Company Limited (ARC) (up to September 30, 2016)
JM Financial Trustee Company Private Limited (Trustee)

b) **Key management personnel**

Mr. Vishal Kampani (VNK)

c) **Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person**

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

d) **Relative of key management personnel**

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

e) **Enterprise over which any person described in clause (c) is able to exercise significant influence**

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J. M. Assets Management Private Limited (J.M.Assets)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Kampani Properties and Holdings Limited (KPHL)

B. Related party relationships have been identified by the management and relied upon by the auditors.

Annexure 'I' to note 2.42 of notes to the financial statements
Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Investments Purchased/Transferred from												
Products	-	9,500.00	-	-	-	-	-	-	-	-	-	9,500.00
Institutional Securities	1,250.00	-	-	-	-	-	-	-	-	-	1,250.00	-
Employee related transfers to (Net)												
Products	-	3.88	-	-	-	-	-	-	-	-	-	3.88
ICD placed (Net)												
Credit Solutions	-	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00
ARC	9,963.00	-	14,371	58,700.00	-	-	-	-	-	-	24,334.00	58,700.00
Properties	32,820.00	500.00	-	-	-	-	-	-	-	-	32,820.00	500.00
Commtrade	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
ICD repaid by												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
ARC	11,353.00	-	19,146	42,500.00	-	-	-	-	-	-	30,499.00	42,500.00
Properties	33,000.00	7,500.00	-	-	-	-	-	-	-	-	33,000.00	7,500.00
Commtrade	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
Loan given												
Astute	51,730.25	22,500.00	-	-	-	-	-	-	-	-	51,730.25	22,500.00
Loan repaid												
Astute	51,730.25	22,500.00	-	-	-	-	-	-	-	-	51,730.25	22,500.00
Dividend received from												
Institutional Securities	700.00	5,460.00	-	-	-	-	-	-	-	-	700.00	5,460.00
Products	9,801.00	4,900.50	-	-	-	-	-	-	-	-	9,801.00	4,900.50
Investment Managers	-	540.00	-	-	-	-	-	-	-	-	-	540.00
Financial Services	910.00	455.00	-	-	-	-	-	-	-	-	910.00	455.00
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	3,051.10	2,847.69	3,051.10	2,847.69
J.M.Assets	-	-	-	-	-	-	-	-	1,536.63	1,431.76	1,536.63	1,431.76
JSB	-	-	-	-	-	-	-	-	97.58	91.07	97.58	91.07
KCL	-	-	-	-	-	-	-	-	10.28	9.59	10.28	9.59
SNK	-	-	-	-	-	-	-	-	174.90	163.24	174.90	163.24
NNK	-	-	-	-	-	1,895.01	-	-	2,030.36	-	2,030.36	1,895.01

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
ARNK	-	-	-	-	-	-	576.77	538.32	-	-	576.77	538.32
VNK	-	-	-	-	152.45	-	-	139.43	-	-	152.45	139.43
AMNK	-	-	-	-	-	-	120.00	112.00	-	-	120.00	112.00
PICPL	-	-	-	-	-	-	-	-	24.75	23.10	24.75	23.10
Group support fees received from												
Credit Solutions	180.00	180.00	-	-	-	-	-	-	-	-	180.00	180.00
Properties	180.00	180.00	-	-	-	-	-	-	-	-	180.00	180.00
Rent received from												
Financial Services	27.26	27.26	-	-	-	-	-	-	-	-	27.26	27.26
Interest received from												
Credit Solutions	307.48	286.98	-	-	-	-	-	-	-	-	307.48	286.98
ARC	1,019.90	-	1,071.50	1,677.99	-	-	-	-	-	-	2,091.40	1,677.99
Astute	1,686.30	667.61	-	-	-	-	-	-	-	-	1,686.30	667.61
Properties	282.38	480.41	-	-	-	-	-	-	-	-	282.38	480.41
Commtrade	-	17.92	-	-	-	-	-	-	-	-	-	17.92
Rent paid to												
Properties	95.05	95.05	-	-	-	-	-	-	-	-	95.05	95.05
JSB	-	-	-	-	-	-	-	-	60.00	-	60.00	-
Demat Charges Paid to												
Financial Services	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
Remuneration paid to												
NNK	-	-	-	-	-	578.76	-	-	310.07	-	310.07	578.76
VNK	-	-	-	-	70.00	-	-	-	-	-	70.00	-
Directors Sitting fees												
NNK	-	-	-	-	-	-	-	-	3.50	-	3.50	-
VNK	-	-	-	-	3.00	-	-	2.00	-	-	3.00	2.00
Expenses reimbursed to												
Properties	46.91	19.93	-	-	-	-	-	-	-	-	46.91	19.93
JMFICS	-	-	-	-	-	-	-	-	2.41	3.61	2.41	3.61
Property deposits received from												
NNK	-	-	-	-	-	-	-	-	60.00	-	60.00	-
Property deposits paid												
JSB	-	-	-	-	-	-	-	-	60.00	-	60.00	-

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Outstanding Balances												
Investments in	1,76,910.81	1,55,482.23	2.50	20,176.58	-	-	-	-	-	-	1,76,913.31	1,75,658.81
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
NNK	-	-	-	-	-	-	-	-	60.00	-	60.00	-
Property deposits paid to												
Properties	63.38	63.38	-	-	-	-	-	-	-	-	63.38	63.38
JSB	-	-	-	-	-	-	-	-	60.00	-	60.00	-
ICD Outstanding												
Credit Solutions	-	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00
Properties	320.00	500.00	-	-	-	-	-	-	-	-	320.00	500.00
ARC	10,035.00	-	-	16,200.00	-	-	-	-	-	-	10,035.00	16,200.00
Interest receivable from												
ARC	1,049.49	-	-	615.61	-	-	-	-	-	-	1,049.49	615.61
Amount payable to												
NNK	-	-	-	-	-	400.00	-	-	175.00	-	175.00	400.00
Financial Services	-	0.03	-	-	-	-	-	-	-	-	-	0.03

Note:

(i) * Subsidiaries include a partnership firm namely Astute Investments

ANNEXURE 'II' TO NOTE 2.43 OF NOTES TO THE FINANCIAL STATEMENTS

Statement of Cash Flow for the year ended March 31, 2017

(₹ in Lakh)

		For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from operating activities**		
	Net Profit before tax	**10,693.16**	**11,210.97**
	Adjustment for :		
	Depreciation	66.65	38.25
	Provision for/(reversal of) gratuity	(1.75)	2.48
	Provision for/(reversal of) compensated absences	(6.50)	(2.06)
	Provision for/(reversal of) standard assets	(57.36)	74.85
	Provision for diminution in the value of investments	-	1.00
	Dividend income	(11,445.66)	(11,430.15)
	Interest expense	3,960.40	2,715.41
	Operating profit before working capital changes	**3,208.94**	**2,610.75**
	Adjustment for :		
	(Increase)/decrease in short term loans and advances	20,778.23	(23,673.75)
	(Increase)/decrease in long term loans and advances	(0.95)	(13.63)
	(Increase)/decrease in other current assets	559.69	(991.61)
	(Increase)/decrease in other non-current assets	(284.48)	40.17
	Increase/(decrease) in trade payables	5.52	(16.21)
	Increase/(decrease) in other current liabilities	(126.91)	236.29
	Increase/(decrease) in long term borrowings	(1.71)	(20.14)
	Cash generated from/(used in) operations	**24,138.33**	**(21,828.13)**
	Direct taxes paid	1,578.75	(262.44)
	Net cash from/(used in) operating activities	**25,717.08**	**(22,090.57)**
B	**Cash flow from investing activities**		
	Purchase of non-current investments	(1,254.50)	(9,500.00)
	Purchase of current investments	(17,804.66)	(31,460)
	Sale of current investments	17,804.66	31,460
	Purchase of fixed assets	(6.36)	(145.60)
	Sale of fixed assets	0.65	26.60
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(54.81)	(224.34)
	Dividend income	11,445.66	11,430.15
	Net cash from investing activities	**10,130.64**	**1,586.81**

ANNEXURE 'II' TO NOTE 2.43 OF NOTES TO THE FINANCIAL STATEMENTS

Statement of Cash Flow for the year ended March 31, 2017

(₹ in Lakh)

		For the year ended March 31, 2017	For the year ended March 31, 2016
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) upon exercise of options	1,918.36	1,520.42
	Borrowing through Commercial Paper (net)	(21,977.50)	30,445.93
	Share application money pending allotment	0.08	-
	Interest paid	(3,960.40)	(2,715.41)
	Dividend paid (including dividend distribution tax)	(11,964.50)	(11,039.03)
	Net cash from /(used in) financing activities	**(35,983.96)**	**18,211.91**
	Net increase/(decrease) in cash and cash equivalents	**(136.24)**	**(2,291.85)**
	Cash & cash equivalents - opening	875.13	3,166.98
	Cash & cash equivalents – closing	738.89	875.13
Notes:			
i	The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii	Cash and bank balances as per note 2.15	1,172.90	1,254.33
	Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 – "Cash Flow Statement")	434.01	379.20
	Cash & cash equivalents as shown in Cash Flow Statement	**738.89**	**875.13**
iii	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

FORM AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2017

Part "A": Subsidiaries

(₹ / US$ / SGD in Lakh)

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities[a]	Investments[b]	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend[c]	% of shareholding
JM Financial Institutional Securities Limited	₹	2,800.00	29,938.80	38,727.64	5,988.84	14,852.67	22,586.20	7,262.05	2,349.26	4,912.79	4,212.52	100.00%
JM Financial Investment Managers Limited	₹	180.00	11,344.96	12,342.02	817.06	6,852.18	260.07	(622.71)	7.73	(630.44)	-	100.00%
Infinite India Investment Management Limited	₹	160.00	756.81	1,052.51	135.70	1.72	179.49	(233.60)	-	(233.60)	-	100.00%
JM Financial Properties and Holdings Limited	₹	9,805.00	486.23	26,639.64	16,348.41	-	3,000.36	152.40	75.58	76.82	-	100.00%
CR Retail Malls (India) Limited	₹	2,000.00	1,036.34	11,068.61	8,032.27	787.50	2,005.32	433.35	104.53	328.82	-	100.00%
JM Financial Products Limited	₹	54,450.00	79,827.87	5,95,706.05	4,61,428.18	32,892.71	70,639.66	30,333.20	10,610.27	19,722.93	5,946.13	99.27%
JM Financial Services Limited	₹	5,000.00	25,433.15	1,86,803.50	1,56,370.35	1,075.40	32,355.39	5,270.74	1,710.85	3,559.89	1,203.58	100.00%
JM Financial Commtrade Limited	₹	2,350.00	(685.35)	3,068.50	1,403.85	624.00	906.58	714.11	104.00	610.11	-	100.00%
JM Financial Asset Management Limited	₹	5,884.17	16,259.23	23,403.98	1,260.58	17,512.06	8,928.89	5,742.52	1,315.80	4,426.72	-	53.47%
JM Financial Credit Solutions Limited	₹	249.95	1,41,076.65	5,69,114.05	4,27,787.45	-	78,835.88	42,477.49	14,752.81	27,724.68	-	50.01%
JM Financial Capital Limited	₹	20,000.00	36.41	22,177.50	2,141.09	3,100.00	697.45	39.06	4.01	35.05	-	100.00%
JM Financial Asset Reconstruction Company Limited [Refer Note (e)]	₹	24,125.00	33,851.86	1,81,027.11	1,23,050.25	1,63,540.32	22,385.94	8,379.20	2,892.11	5,487.09	-	50.01%
JM Financial Home Loans Limited [Refer Note (f)]	₹	1,200.00	0.26	1,203.14	2.88	-	15.94	0.39	0.13	0.26	-	99.27%
JM Financial Overseas Holdings Private Limited	₹*	7,780.63	7,689.44	15,492.07	22.00	8,103.89	576.94	32.31	29.92	2.39	-	100.00%
	US$	120.00	118.59	238.93	0.34	124.99	8.60	0.48	0.44	0.04	-	
JM Financial Singapore Pte. Ltd.	₹*	3,292.06	(992.79)	2,566.59	267.32	-	3,108.47	1,659.78	270.70	1,389.08	-	100.00%
	SGD	71.00	(21.41)	55.35	5.76	-	64.14	34.25	5.59	28.66	-	
JM Financial Securities, INC	₹*	0.11	786.44	1,074.57	288.02	-	1,079.32	81.78	80.66	1.12	-	100.00%
	US$	0.00	12.13	16.57	4.44	-	16.09	1.22	1.20	0.02	-	

* Exchange rate as on March 31, 2017: 1 US Dollar US$ = ₹ 64.84 and 1 SGD = ₹ 46.37

Notes:

a. Total liabilities exclude share capital and reserves.

b. Investments exclude investment in subsidiaries under consolidation.

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

d. Name of the subsidiary which has been wound up during the year – JM Financial Insurance Broking Private Limited was voluntarily wound up during the FY 2016-17.

e. Consequent upon JM Financial Asset Reconstruction Company Limited (the ARC) becoming a subsidiary of the Company w.e.f. September 30, 2016, the figures in the balance sheet are consolidated on a line by line basis w.e.f. September 30, 2016 whereas the figures in the statement of profit and loss are consolidated on line by line basis w.e.f. October 1, 2016. The ARC was an "Associate" of the Company till September 30, 2016.

f. JM Financial Home Loans Limited has been incorporated as a wholly owned subsidiary of JM Financial Products Limited, one of the Company's subsidiaries.

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2017

Part "B": Associate

(₹ in Lakh)

Particulars	JM Financial Trustee Company Private Limited
Latest audited Balance Sheet Date	March 31, 2017
Shares of Associate held by the Company at the year end	
Nos.	25,000
Amount Invested in Associate	2.50
Extent of Holding%	25.00%
Description of ownership to determine significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board
Net worth attributable to shareholding as per latest audited Balance Sheet	708.24
Profit for the year	415.81
(i) Considered in Consolidation	103.95
(ii) Not Considered in Consolidation	311.86

Note:

1) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN - 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of JM Financial Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of JM Financial Limited ("the Holding Company") and its subsidiaries, its associate, and partnership firm, (collectively hereinafter referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or the "CFS").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Management and the Board of Directors are responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective managements and the Board of Directors of the companies/entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the CFS by the management and the directors of the Holding Company as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on this CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's management and the Board of Directors, as well as evaluating the overall presentation of the CFS.

5. We believe that the audit evidence obtained by us and the audit evidences obtained by other auditors as stated in their report, referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, its consolidated profit and consolidated cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements/financial information of 13 subsidiaries, an associate and a partnership firm included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 14,448.76 crore as

at March 31, 2017, the total revenue of ₹ 2,208.93 crore and Net Cash outflow of ₹ 468.16 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Holding company. In so far as it relates to the amounts and disclosures included in respect of these Components of the Group in CFS, is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we further report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the CFS;

b. In our opinion, proper books of account as required by law relating to preparation of the CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of CFS;

d. In our opinion, the CFS comply with the Accounting Standards specified under Section 133 of the Act;

e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over consolidated financial reporting of the Company and of the entities covered in the Group to which the provisions of Section 143(3) of the Act apply and the operating effectiveness of such controls, refer to our separate report in "Annexure A" attached herewith;

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the auditors of the Covered Entities:

(i) The CFS disclose the impact of pending litigations on the consolidated financial position of the Group; Refer Note 2.28 to the Consolidated Financial Statements;

(ii) The Holding Company and the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and the Group;

(iv) The requisite disclosures in the consolidated financial statements for holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures, reliance on management representation and reports of the other auditors of subsidiaries incorporated in India as noted in the Other Matters paragraph, we report that the disclosures are in accordance with books of account and other records maintained by the Holding Company and subsidiaries incorporated in India and as produced to us by the Management of the Holding Company- Refer Note 2.40 to the consolidated financial statements.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 2 , 2017

Shivji K Vikamsey
Partner (F - 2242)

Annexure A referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Consolidated Financial Statements of the Company for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited (the "Holding Company") and its Subsidiaries, a partnership firm and an Associate ("the components") (Collectively referred to as the "Group") as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the entities contained in the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's/ Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's/Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the reports of respective auditors of the components of the Group which are not audited by us, the Group has, in all material respects, an internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note.

Other Matters Paragraph

We did not audit the financial statements of 13 subsidiaries and an associate included in the CFS; Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to these components is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 2 , 2017

Shivji K Vikamsey
Partner (F - 2242)

CONSOLIDATED BALANCE SHEET

as at March 31, 2017

(₹ in Crore)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	79.45	78.90
Reserves & surplus	2.2	3,078.30	2,655.88
Capital reserve on consolidation		174.95	174.69
Minority interest		1,109.18	668.55
		4,441.88	**3,578.02**
Share application money pending allotment		#	-
Non-current liabilities			
Long term borrowings	2.3	4,064.39	2,472.41
Deferred tax liabilities (net)	2.4	68.32	85.29
Other long term liabilities	2.5	29.43	15.33
Long term provisions	2.6	66.57	64.00
		4,228.71	**2,637.03**
Current liabilities			
Short term borrowings	2.7	5,378.17	3,846.29
Trade payables	2.8	823.36	312.02
Current maturities of long term borrowings	2.9	1,359.05	352.04
Other current liabilities	2.10	317.78	245.55
Short term provisions	2.11	9.43	89.98
		7,887.79	**4,845.88**
TOTAL		**16,558.38**	**11,060.93**
ASSETS			
Non-current assets			
Fixed assets	2.12		
Tangible assets	2.12A	372.58	331.66
Intangible assets	2.12B	8.86	7.53
Capital work-in-progress	2.12C	1.36	1.09
Goodwill on consolidation		105.66	105.26
Non-current investments	2.13	513.91	509.92
Long term loans and advances	2.14	6,428.02	4,803.88
		7,430.39	**5,759.34**
Current assets			
Current investments	2.15	1,958.07	261.81
Debt securities held as stock-in-trade	2.16	9.86	256.89
Assets held for arbitrage activities	2.17	120.47	59.14
Trade receivables	2.18	1,178.91	354.91
Cash and bank balances	2.19	869.06	1,265.05
Short term loans and advances	2.20	4,987.18	3,038.08
Other current assets	2.21	4.44	65.71
		9,127.99	**5,301.59**
TOTAL		**16,558.38**	**11,060.93**
Significant accounting policies and notes to financial statements	**1 & 2**		

# Denotes amount below ₹ 50,000/-

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co
Chartered Accountants
Registration No. 105146W

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. F-2242

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN - 00121824

Place: Mumbai
Date: May 02, 2017

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ in Crore)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Income:			
Revenue from operations	2.22	2,152.24	1,494.84
Other operating income	2.23	207.02	189.82
Total Revenue		**2,359.26**	**1,684.66**
Expenses:			
Employee benefits expense	2.24	305.81	263.91
Finance costs	2.25	781.96	512.09
Depreciation and amortisation expense	2.12	23.32	20.29
Other expenses	2.26	276.44	195.52
Total Expenses		**1,387.53**	**991.81**
Profit before tax		**971.73**	**692.85**
Tax expense:			
Current tax		343.75	224.48
Deferred tax		(8.50)	(2.03)
Tax adjustment of earlier years (net)		(0.41)	(0.01)
		334.84	**222.44**
Profit for the year		**636.89**	**470.41**
Add: Share in profit of associates		11.98	55.33
		648.87	**525.74**
Less: Profit for the year attributable to :			
Minority interest		178.67	125.28
Owners of parent (Net consolidated profit for the year)		**470.20**	**400.46**
Earnings per equity share (EPS)	2.31		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		5.93	5.08
Diluted EPS (in ₹)		5.89	5.04
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 02, 2017

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN - 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) comprises the financial statements of JM Financial Limited ("the Company") and its subsidiary/associate companies and partnership firm (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, to the extent applicable and the prevalent accounting practices in India.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/ materialised.

1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in associate companies which have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of members of the Company. Similarly, the amount attributable to the share of minority interest in net assets of consolidated subsidiaries is identified and presented in the CFS, as part of members' fund.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognised in the CFS as goodwill/capital reserve on consolidation.

1.4 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions & advisory assignments and arrangers' fees for mobilising funds is recognised when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

Management fee is recognized at specific rates agreed for the relevant schemes applied on the daily net assets of each scheme under the asset management segment.

Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognised when the services are determined to be completed.

Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Companies Act, 2013 or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Leasehold building	60 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipments	5 years
Computers	3 years
Software	5 years
Servers and Networks	6 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Group capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management's estimate. Current investments are carried at lower of cost or fair value.

1.8 Securities held as a result of underwriting/stock-in-trade

The securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

1.9 Employee benefits

Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short-term employee benefits

Short-term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.10 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.11 Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – "Financial Instruments: Recognition & Measurement" to the extent it is not inconsistent with the Accounting Standards' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/ purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for trading'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

1.13 Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.14 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.15 Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ₹ in the following manner:

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference are transferred to currency translation reserve.

1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. Notes to financial statements

2.1 SHARE CAPITAL

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	100.00	100.00
Issued and Subscribed Capital:		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each		
Paid up Capital:		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each fully paid-up	79.45	78.90
TOTAL	**79.45**	**78.90**

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ Crore)	Number	Amount (₹ Crore)
Shares outstanding at the beginning of the year	78,89,85,636	78.90	78,37,23,677	78.37
Shares allotted upon exercise of stock options	55,39,478	0.55	52,61,959	0.53
Shares outstanding at the end of the year	**79,45,25,114**	**79.45**	**78,89,85,636**	**78.90**

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of total Holding	No. of Shares held	% of total Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.60%	20,34,06,600	25.78%
Nimesh Kampani*	13,53,57,500	17.04%	13,53,57,500	17.16%
J. M. Assets Management Private Limited	10,30,42,908	12.97%	10,22,68,408	12.96%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

Note d:

During the last 5 financial years the company (i) has not issued any bonus shares (ii) has not issued shares for consideration other than cash (iii) has not bought back any of its shares.

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Securities premium		
Opening balance	343.39	328.71
Add: Addition of shares issued upon exercise of stock options by the Employees	18.63	14.68
Closing balance	**362.02**	**343.39**
Capital reserve	#	#
Capital redemption reserve		
Opening balance	15.72	15.72
Add: Transferred during the year	6.25	-
Closing balance	**21.97**	**15.72**
General reserve	**205.25**	**205.25**
Statutory reserve (under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	285.90	189.92
Add: Transferred during the year	116.87	95.98
Closing balance	**402.77**	**285.90**
Currency translation reserve		
Opening balance	25.58	18.64
Add/(Less): Transferred during the year	(3.24)	6.94
Closing balance	**22.34**	**25.58**
Stock Options Outstanding		
Opening balance	20.25	21.02
Add/Less: Additions on account of options granted during the year	5.17	7.32
Less: Transferred to securities premium upon exercise of stock options	(8.11)	(7.42)
Less: Reduction on account of options lapsed during the year	(0.35)	(0.67)
Closing balance	**16.96**	**20.25**
Less : Deferred employee compensation	(5.98)	(8.28)
	10.98	**11.97**
Surplus in statement of profit and loss:		
Opening balance	1,768.07	1,597.08
Less: Transferred to minority interest	(0.08)	(0.08)
Add: Net consolidated profit for the year	470.20	400.46
Amount available for appropriation	**2,238.19**	**1,997.46**
Less: Appropriations		
Interim dividend	51.59	47.33
Proposed final dividend (refer note 2.39)	-	67.12
Dividend distribution tax		
by the Company	0.53	0.41
by the subsidiaries	9.98	18.55
Transferred to statutory reserve	116.87	95.98
Transferred to capital redemption reserve	6.25	-
	185.22	**229.39**
Closing balance	**2,052.97**	**1,768.07**
TOTAL	**3,078.30**	**2,655.88**

# Denotes amount below ₹ 50,000/-

2.3 LONG TERM BORROWINGS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Term loan from banks [refer note 2.3(i)]	1,968.99	1,324.36
Term loan from others [refer note 2.3(ii)]	-	25.00
Non-convertible debentures [refer note 2.3(iii)]	2,094.40	961.80
Less : Unamortised discount on non convertible debentures	(0.07)	-
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.07	1.25
	4,064.39	**2,312.41**
Unsecured Loans		
Inter corporate deposits[refer note 2.3(iv)]	-	160.00
	-	**160.00**
TOTAL	**4,064.39**	**2,472.41**

Notes:

(i) Term loan from banks

Term Loans are secured by way of floating pari passu charge, hypothecation on loans and advances given by the relevant subsidiary companies.

Maturity profile and rate of interest of Term Loans from banks:

(₹ in Crore)

Rate of Interest	Non-current As at March 31, 2017	Non-current As at March 31, 2016	Current As at March 31, 2017	Current As at March 31, 2016
8.00 % to 9.00%	1,610.99	-	260.07	-
9.01 % to 10.00%	222.98	229.96	54.57	16.04
10.01 % to 11.00%	135.02	1,094.40	64.99	105.60
TOTAL	**1,968.99**	**1,324.36**	**379.63**	**121.64**

(ii) Term loan from others

Term Loan was secured by way of floating pari passu charge, hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans from others:

(₹ in Crore)

Rate of Interest	Non-current As at March 31, 2017	Non-current As at March 31, 2016	Current As at March 31, 2017	Current As at March 31, 2016
10.01 % to 11.00%	-	25.00	-	-
TOTAL	-	**25.00**	-	-

(iii) Maturity profile and rate of interest of Non-convertible debentures

Maturity profile and rate of interest/discounted rate of interest of Non-Convertible Debentures (NCD) face value of ₹ 1,000,000/- each:

(₹ in Crore)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
0% NCD redeemable in year 2018-19*	278.00	3.00	-	-
0% NCD redeemable in year 2018-19*	3.00	3.00	-	-
10.2609 % NCD redeemable in year 2018-19	300.00	300.00	-	-
10.2946 % NCD redeemable in year 2018-19	100.00	100.00	-	-
8.40% NCD redeemable in year 2018-19	75.00	-	-	-
8.81% NCD redeemable in year 2018-19	100.00	-	-	-
8.88% NCD redeemable in year 2018-19	15.00	-	-	-
8.89% NCD redeemable in year 2018-19	95.00	-	-	-
9.7307 % NCD redeemable in year 2018-19	40.00	-	-	-
11.50% Tranche IV NCD redeemable in the year 2018- 19	50.00	-	-	-
9.40% Tranche VI NCD redeemable in year 2018-19	40.00	-	-	-
NCD redeemable in year 2018-19**	60.00	-	-	-
0% NCD redeemable in year 2019-20*	64.70	7.90	-	-
0% NCD redeemable in year 2019-20*	143.10	17.90	-	-
9.70 % NCD redeemable in year 2019-20	100.00	-	-	-
10.50 % NCD redeemable in year 2019-20	50.00	50.00	-	-
9.25 % NCD redeemable in year 2019-20	50.00	-	-	-
9.69 % NCD redeemable in year 2019-20	100.00	-	-	-
9.7665 % NCD redeemable in year 2019-20	10.00	-	-	-
9.78 % NCD redeemable in year 2019-20	7.50	-	-	-
13.00% NCD redeemable in the year 2019-20	30.00	-	-	-
NCD redeemable in year 2019-20**	5.00	-	-	-
0 % NCD redeemable in year 2020-21*	93.10	-	-	-
9.50% Tranche V NCD redeemable in the year 2020-21	150.00	-	-	-
9.00 % NCD redeemable in year 2021-22	10.00	-	-	-
9.20 % NCD redeemable in year 2021-22	70.00	-	-	-
9.50 % NCD redeemable in year 2021-22	25.00	-	-	-
9.70 % NCD redeemable in year 2021-22	30.00	30.00	-	-
9.55% NCD redeemable in year 2017-18	-	50.00	50.00	-
0% NCD redeemable in year 2017-18*	-	40.00	100.00	-
0% NCD redeemable in year 2017-18*	-	50.00	50.00	-
10.1674 % NCD redeemable in year 2017-18	-	75.00	75.00	-
10.1687 % NCD redeemable in year 2017-18	-	100.00	100.00	-
10.50 % NCD redeemable in year 2017-18	-	60.00	60.00	-
9.9756 % NCD redeemable in year 2017-18	-	75.00	75.00	-
8.75% NCD redeemable in year 2017-18***	-	-	177.00	-
12.00% Tranche II NCD redeemable in the year 2017-18	-	-	100.00	-
12.00% Tranche III NCD redeemable in the year 2017-18	-	-	100.00	-
NCD redeemable in year 2017-18**	-	-	92.50	-
NCD redeemable in year 2016-17**	-	-	-	5.50
11.38% NCD redeemable in year 2016-17	-	-	-	100.00
0% NCD redeemable in year 2016-17*	-	-	-	5.00
0% NCD redeemable in year 2016-17*	-	-	-	4.90
0% NCD redeemable in year 2016-17*	-	-	-	40.00
9.90% NCD redeemable in year 2016-17	-	-	-	50.00
0% NCD redeemable in year 2016-17*	-	-	-	25.00
TOTAL	**2,094.40**	**961.80**	**979.50**	**230.40**

* Redeemable at premium

** Market Linked Debentures (MLD)

*** Unsecured

(iv) Inter corporate deposits

Maturity profile and rate of interest of Inter Corporate Deposits:

(₹ in Crore)

	Non-current		Current	
Rate of Interest	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
10.01 % to 11.00%	-	160.00	-	-
TOTAL	**-**	**160.00**	**-**	**-**

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Deferred tax liabilities:		
On investments	110.19	110.18
On depreciation	4.98	2.18
	115.17	**112.36**
Deferred tax assets:		
On expenditure	43.26	25.86
On depreciation	3.59	1.21
	46.85	**27.07**
TOTAL	**68.32**	**85.29**

2.5 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Interest payable	14.94	1.79
Employee benefits payable	11.79	10.84
Property deposit	2.70	2.70
TOTAL	**29.43**	**15.33**

2.6 LONG TERM PROVISIONS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
For employee benefits - gratuity	14.83	11.85
For clawback obligation	4.98	13.59
For standard assets [refer Note 2.6(i)]	46.76	38.56
TOTAL	**66.57**	**64.00**

Note (i):

To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, as amended on timely basis, requiring all NBFCs to make a general provision of 0.35 per cent of the outstanding standard assets. The Group has created provision on standard assets as decided by the Board of Directors of respective NBFCs, and is in compliance with the aforesaid RBI notification.

2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Term loan from bank [refer Note 2.7(i)]	-	110.00
Borrowing under CBLO [refer Note 2.7(ii)]	-	242.85
Overdraft accounts/ Loans from banks [refer Note 2.7(iii)]	127.03	104.97
Cash credit facilities[refer Note 2.7(iv)]	223.70	181.57
	350.73	**639.39**
Unsecured Loans		
Commercial papers	5,002.60	3,162.50
Less : Unamortised discount on commercial papers	(139.75)	(102.24)
Inter corporate deposits	40.00	90.00
Borrowings under Securities lending and borrowings (SLB)	124.59	56.64
	5,027.44	**3,206.90**
TOTAL	**5,378.17**	**3,846.29**

Notes:

(i) Secured by way of a floating first pari passu charge, hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

(ii) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).

(iii) Secured by collaterals/fixed deposits with banks.

(iv) Secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

2.8 TRADE PAYABLES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Micro, Small and medium enterprises (see note (i) below)	-	-
Other than Micro, Small and medium enterprises	886.99	375.65
Less : Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.63)
TOTAL	**823.36**	**312.02**

Notes:

(i) There are no dues payable to Micro and Small Enterprises, bases on the information available with the Company, and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

(ii) This amount is payable to the clients only if and to the extent the same is received from NSEL.

2.9 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Secured Loans		
Term loan from banks [refer note 2.3(i)]	379.63	121.64
Non-convertible debentures [refer note 2.3(iii)]	802.50	230.40
Less: Unamoritised discount on non convertible debentures	(0.08)	-
	1,182.05	**352.04**
Unsecured Loans		
Non-convertible debentures [refer note 2.3(iii)]	177.00	-
TOTAL	**1,359.05**	**352.04**

2.10 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.19	1.14
Interest accrued but not due on borrowings	144.18	69.91
Employee benefits payable	114.26	99.36
Amount collected on behalf of trusts	18.57	-
Statutory dues	14.20	10.06
Margin money from clients/franchisees	12.35	55.49
Income received in advance	6.42	1.71
Unclaimed dividend	2.09	1.70
Overdrawn bank balance	0.36	0.98
Security deposit	0.60	2.75
Other liabilities	3.56	2.45
TOTAL	**317.78**	**245.55**

2.11 SHORT TERM PROVISIONS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
For employee benefits:		
Gratuity	1.46	1.13
Compensated absences	7.97	6.59
For standard assets	-	0.49
For proposed dividend (refer note 2.39)		
by the Company	-	67.12
by the Subsidiaries	-	0.82
For dividend distribution tax		
by the Company	-	0.41
by the Subsidiaries	-	13.42
TOTAL	**9.43**	**89.98**

2.12 FIXED ASSETS

(₹ in Crore)

Particulars	Gross block (At cost)						Depreciation / Amortisation						Net block	
	As at March 31, 2016	Additions for the year	Addition on Consolidation (Refer note [a] below)	Deduction for the year	Currency Fluctuation	As at March 31, 2017	As at March 31, 2016	Additions for the year	Addition on Consolidation (Refer note [a] below)	Deduction for the year	Currency Fluctuation	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
A. TANGIBLE ASSETS														
Owned assets:														
Land	0.26	-	0.03	-	-	0.29	-	-	-	-	-	-	0.29	0.26
Leasehold Building	63.57	-	-	-	-	63.57	7.61	1.06	-	-	-	8.67	54.90	55.96
Office premises	233.53	43.21	-	-	-	276.74	10.39	4.61	-	-	-	15.00	261.74	223.14
Leasehold improvements	24.58	2.14	2.16	0.49	(0.04)	28.35	15.99	3.78	0.62	0.34	(0.04)	20.01	8.35	8.59
Computers	38.45	3.50	0.97	10.89	(0.02)	32.01	29.54	3.54	0.67	10.86	(0.02)	22.87	9.14	8.91
Office equipments	29.54	1.92	0.46	0.82	(0.02)	31.08	24.46	1.84	0.31	0.81	(0.02)	25.79	5.29	5.08
Furniture and fixtures	42.18	6.03	0.07	0.95	(0.02)	47.31	16.31	3.90	0.05	0.85	(0.01)	19.40	27.91	25.87
Motor vehicles	3.25	1.60	-	0.46	-	4.39	1.56	0.36	-	0.46	-	1.46	2.93	1.69
Leased assets:														
Motor vehicles (Refer note [b] below)	5.62	0.85	0.85	1.72	-	5.60	3.44	1.31	0.52	1.70	-	3.57	2.03	2.16
TOTAL (A)	**440.98**	**59.25**	**4.54**	**15.33**	**(0.10)**	**489.34**	**109.32**	**20.40**	**2.17**	**15.02**	**(0.09)**	**116.76**	**372.58**	**331.66**
B. INTANGIBLE ASSETS														
Software	27.85	3.88	1.07	2.64	-	30.16	20.32	2.92	0.67	2.62	-	21.30	8.86	7.53
Stock exchange memberships	1.43	-	-	-	-	1.43	1.43	-	-	-	-	1.43	-	-
Stock exchange non-refundable deposits	0.09	-	-	-	-	0.09	0.09	-	-	-	-	0.09	-	-
TOTAL (B)	**29.37**	**3.88**	**1.07**	**2.64**	**-**	**31.68**	**21.84**	**2.92**	**0.67**	**2.62**	**-**	**22.82**	**8.86**	**7.53**
TOTAL (A+B)	**470.35**	**63.13**	**5.61**	**17.97**	**(0.10)**	**521.02**	**131.16**	**23.32**	**2.84**	**17.64**	**(0.09)**	**139.58**	**381.44**	**339.19**
Previous year	455.57	20.36	-	5.71	0.13	470.35	115.48	20.29	-	4.71	0.10	131.16	339.19	
C. CAPITAL WORK IN PROGRESS													1.36	1.09

# Denotes amount below ₹50,000/-

(a) Additions during the year due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited;

(b) Vendor has lien over the assets taken on lease.

2.13 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at March 31, 2017		As at March 31, 2016	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
(INVESTMENT IN GROUP COMPANIES)				
EQUITY SHARES (UNQUOTED)				
JM Financial Asset Reconstruction Company Limited (refer note i below)		-	12,06,25,000	131.35
Add: Goodwill on acquisition of additional shares		-		0.39
		-		**131.74**
Add : Share in post acquisition profit		-		131.12
		-		**262.86**
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		7.06		6.02
		7.09		**6.05**
TOTAL (I)		**7.09**		**268.91**
II OTHER INVESTMENTS				
(Unquoted, unless otherwise stated)				
EQUITY SHARES				
a) Quoted		29.60		36.77
b) Unquoted		56.93		57.94
		86.53		**94.71**
PREFERENCE SHARES		15.33		15.33
DEBENTURES/BONDS		347.34		70.00
VENTURE CAPITAL FUND UNITS (refer note ii below)				
Sponsored by the group		62.79		60.35
Others		10.71		9.63
EQUITY ORIENTED MUTUAL FUND UNITS (refer note iii below)		0.01		0.01
		522.71		**250.03**
Less: Provision for diminution in the value of investments		15.89		9.02
TOTAL (II)		**506.82**		**241.01**
TOTAL (I+II)		**513.91**		**509.92**

Notes:

i. JM Financial Asset Reconstruction Company Limited became a subsidiary w.e.f. September 30, 2016.

ii. Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.

iii. Includes investment in units of equity oriented mutual fund of ₹ 0.01 Crore (previous year ₹ 0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

2.14 LONG TERM LOANS AND ADVANCES
(Unsecured, unless otherwise stated and considered good)

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Capital advances	2.45	7.52
Security deposits	10.94	11.58
	13.39	**19.10**
Other long term loans and advances:		
Secured, considered good		
Loan funds	6,173.73	4,442.84
Unsecured, considered good		
Loan funds	2.84	-
Advance Tax (net of provisions)	224.10	240.32
Other deposits	13.24	100.46
Advances recoverable in cash or in kind or for value to be received	-	0.63
Prepaid expenses	0.50	0.34
Staff loans	0.22	0.19
	6,414.63	**4,784.78**
TOTAL	**6,428.02**	**4,803.88**

2.15 CURRENT INVESTMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Security receipts	1,641.11	7.02
Mutual fund	280.66	141.30
Equity shares	49.48	6.84
Fixed coupon notes	-	81.21
Debentures and bonds	-	25.54
	1,971.25	**261.91**
Less: Provision for diminution in the value of investments	13.18	0.10
TOTAL	**1,958.07**	**261.81**

2.16 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
(At lower of cost or Market value)		
Debt instruments [refer note (i) below]	9.86	256.89
TOTAL	**9.86**	**256.89**

Notes:

(i) Debt instruments include accrued interest of ₹ 0.18 Crore (Previous year ₹ 3.00 Crore).

2.17 ASSETS HELD FOR ARBITRAGE ACTIVITIES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Arbitrage assets [refer note (i) below]	120.47	59.14
TOTAL	**120.47**	**59.14**

Notes:

(i) Includes assets amounting to ₹ 59.68 Crore (Previous year ₹ 51.13 Crore) pledged towards margin.

2.18 TRADE RECEIVABLES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.10	0.02
Unsecured, considered good	12.58	-
Unsecured, considered doubtful	1.87	1.74
Less: Provision for doubtful debts	(1.87)	(1.74)
	12.68	**0.02**
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	848.20	112.99
Unsecured, considered good	318.03	241.90
Unsecured, considered doubtful	0.03	0.08
Less: Provision for doubtful debts	(0.03)	(0.08)
	1,166.23	**354.89**
TOTAL	**1,178.91**	**354.91**

2.19 CASH AND BANK BALANCES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Cash on hand	0.01	0.01
Balances with banks:		
In current accounts	140.67	67.14
In deposit accounts (less than 3 months maturity)	254.97	776.03
	395.65	**843.18**
Other bank balances – in deposit accounts		
Under lien against which facilities are availed [refer note (iii) below]	387.42	337.39
Under lien against which facilities are not availed [refer note (iii) below]	76.95	71.17
Other bank balances	9.04	13.31
	473.41	**421.87**
TOTAL	**869.06**	**1,265.05**
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	-	-
ii. Earmarked balances with banks (against unclaimed dividend)	2.09	1.70
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	464.37	408.56

2.20 SHORT TERM LOANS AND ADVANCES
(Unsecured, unless otherwise stated and considered good)

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Loan funds (secured)	4,262.97	2,327.53
Loan funds	573.48	435.90
Inter corporate deposits	3.00	162.00
Other deposits	70.59	62.79
Accrued Interest on loan funds	46.52	36.37
Advances recoverable in cash or kind or for value to be received	23.28	8.75
Prepaid expenses	5.02	4.02
Security deposits	2.09	0.57
Staff loans	0.23	0.15
TOTAL	**4,987.18**	**3,038.08**

2.21 OTHER CURRENT ASSETS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due	4.15	17.79
Securities held for settlement of claims	0.29	0.28
Redemption proceeds receivable from Mutual Fund	-	39.55
Interest on income tax refund receivable	-	8.09
TOTAL	**4.44**	**65.71**

2.22 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Fees and commission	390.79	315.76
Brokerage	161.42	134.68
Interest and other income on fund based activities	1,600.03	1,044.40
TOTAL	**2,152.24**	**1,494.84**

2.23 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	91.07	97.42
Income from arbitrage activities	30.55	34.99
Profit on sale of investments (net)	55.71	6.09
Dividend income	5.75	30.64
Miscellaneous income	23.94	20.68
TOTAL	**207.02**	**189.82**

2.24 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, bonus and allowances	289.44	250.90
Contribution to provident fund and other funds	9.36	7.62
Gratuity	3.67	2.91
Staff welfare	3.34	2.48
TOTAL	**305.81**	**263.91**

2.25 FINANCE COSTS

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense	780.17	510.42
Other borrowing cost	1.33	0.86
Finance charges on leased assets	0.46	0.81
TOTAL	**781.96**	**512.09**

2.26 OTHER EXPENSES

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Sub-brokerage, fees and commission	92.26	77.04
Rates and taxes	22.37	9.99
Provision for diminution in value of investments (net)	20.05	0.10
Legal and professional fees	19.36	11.16
Donation	14.09	10.49
Rent	12.60	11.66
Provision for bad & doubtful debts and assets written off	12.52	2.28
Information technology expenses	10.84	8.16
Manpower expenses	10.20	8.82
Membership and subscriptions	7.94	7.55
Provision for standard assets	7.71	7.97
Travelling, hotel and conveyance expenses	7.30	6.61
Electricity expenses	4.18	4.21
Repairs and maintenance	3.82	4.79
Insurance expenses	3.71	3.59
Communication expenses	3.58	3.35
Directors' commission	3.03	1.60
Advertisement and other related expenses	2.21	1.99
Loss on sale of investments	2.11	-
Fund expenses	2.04	1.45
Printing and stationery	1.81	1.97
Auditors' remuneration	1.66	1.62
Loss on sale of assets	0.29	0.07
Business conference and seminar expenses	0.14	0.73
Miscellaneous expenses	10.62	8.32
TOTAL	**276.44**	**195.52**

2.27 A) ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2017 (%)	Proportion of interest as on March 31, 2016 (%)
Subsidiaries in India			
JM Financial Institutional Securities Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Limited	India	100.00	100.00
JM Financial Insurance Broking Private Limited [refer note (i)]	India	-	100.00
JM Financial Properties and Holdings Limited	India	100.00	100.00
JM Financial Services Limited	India	100.00	100.00
JM Financial Commtrade Limited	India	100.00	100.00
CR Retail Malls (India) Limited	India	100.00	100.00
JM Financial Capital Limited	India	100.00	100.00
JM Financial Products Limited [refer note (ii)]	India	99.27	98.49
JM Financial Credit Solutions Limited	India	50.01*	50.01*
JM Financial Asset Management Limited	India	53.47	53.47
JM Financial Asset Reconstruction Company Limited [refer note (iii)]	India	50.01	50.00
JM Financial Home Loans Limited [refer note (iv)]	India	99.27	-
Partnership Firm in India			
Astute Investments	India	100.00	100.00
Subsidiaries outside India			
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd.	Singapore	100.00	100.00
JM Financial Securities, Inc	USA	100.00	100.00
Associates			
JM Financial Trustee Company Private Limited	India	25.00	25.00

*includes Preference shares

Notes:

i. JM Financial Insurance Broking Private Limited was voluntarily wound up during the FY 2016-17.

ii. Aggregate shareholding in JM Financial Products Limited increased from 98.49% to 99.27% consequent upon the acquisition of 42,39,700 equity shares of JM Financial Products Limited.

iii. Consequent upon JM Financial Asset Reconstruction Company Limited (the ARC) becoming a subsidiary of the Company w.e.f. September 30, 2016, the figures in the balance sheet are consolidated on a line by line basis w.e.f. September 30, 2016 whereas the figures in the statement of profit and loss are consolidated on line by line basis w.e.f. October 1, 2016. The ARC was an “Associate” of the Company till September 30, 2016.

iv. JM Financial Home Loans Limited has been incorporated as a wholly owned subsidiary of JM Financial Products Limited, one of the Company’s subsidiaries. JM Financial Home Loans Limited has made an application to the National Housing Bank for obtaining the registration to carry on the business of housing finance activity particularly in affordable segment.

B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates.

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount ₹ in Crore	As % of consolidated net assets*	Amount ₹ in Crore	As % of consolidated profit or loss
Parent				
JM Financial Limited	20.77	0.48%	(7.47)	(1.15%)
Subsidiaries in India				
JM Financial Institutional Securities Limited	214.44	4.95%	49.13	7.57%
JM Financial Investment Managers Limited	71.51	1.65%	(6.30)	(0.97%)
Infinite India Investment Management Limited	9.17	0.21%	(2.34)	(0.36%)
JM Financial Properties and Holdings Limited	102.91	2.37%	0.77	0.12%
JM Financial Services Limited	86.77	2.00%	32.40	4.99%
JM Financial Commtrade Limited	16.10	0.37%	3.97	0.61%
CR Retail Malls (India) Limited	23.76	0.55%	5.12	0.79%
JM Financial Products Limited	1,225.90	28.27%	194.24	29.94%
JM Financial Credit Solutions Limited	706.77	16.30%	138.65	21.37%
JM Financial Asset Reconstruction Company Limited [refer note A (iii)]	289.94	6.69%	16.50	2.54%
JM Financial Asset Management Limited	118.40	2.73%	23.67	3.65%
JM Financial Capital Limited	200.36	4.62%	0.35	0.05%
JM Financial Home Loans Limited	12.00	0.28%	0.00	0.00%
Partnership Firm in India				
Astute Investments	1.36	0.03%	5.34	0.82%
Subsidiaries outside India				
JM Financial Overseas Holdings Private Limited	89.87	2.07%	(8.75)	(1.35%)
JM Financial Singapore Pte. Ltd.	22.07	0.51%	12.98	2.00%
JM Financial Securities, Inc	7.86	0.18%	(0.04)	(0.01%)
Associates				
JM Financial Asset Reconstruction Company Limited [refer note A (iii)]	-	-	10.94	1.69%
JM Financial Trustee Company Private Limited	7.08	0.16%	1.04	0.16%
	3,227.04	**74.42%**	**470.20**	**72.46%**
Minority Interests in all subsidiaries	1,109.18	25.58%	178.67	27.54%
	4,336.22	**100.00%**	**648.87**	**100.00%**

*Net Assets have been arrived at after excluding inter company adjustments and Goodwill on consolidation.

2.28 CONTINGENT LIABILITY, PROVISIONS AND PENDING LITIGATIONS

(i) Contingent liability in respect of income tax demands for various years disputed in appeal is ₹34.85 Crore (previous year ₹29.73 Crore).

Disputed demands of service tax authorities is ₹ 1.27 Crore (previous year ₹ 0.31 Crore).

(ii) The Group at the year end, as a process, reviews and ensures to make adequate provisions for material foreseeable losses, if any, on all long term contracts, including derivative contracts.

(iii) The Group evaluates the impact of the pending litigations as at the date of the balance sheet and provides for or discloses its existence in the financial statements in terms of provisions of applicable accounting standards.

2.29 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 5.93 Crore (previous year ₹ 36.72 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹ 1.40 Crore (previous year ₹ 3.60 Crore).

2.30 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

During the financial year 2016-17, the Nomination and Remuneration Committee of the Board has granted stock options under Series 9, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee has granted 12,55,515 Options (previous year 14,44,440 Options) at an exercise price of ₹ 1/- per option to the Employees.

The details of options are as under:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Outstanding at the beginning of the year	1,04,61,226	2,40,49,622
Add: Granted during the year	12,55,515	14,44,440
Less: Exercised and shares allotted during the year	55,39,478	52,61,959
Less: Exercised but pending allotment	8,000	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,01,969	97,70,877
Outstanding at end of year	**60,67,294**	**1,04,61,226**
Exercisable at end of year	25,99,203	52,27,612

The Group follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 51.38% (previous year 55.42%), dividend yield of 3.55% (previous year 2.62%), Life of options 7 years (previous year 7 years), and a risk-free interest rate of 7.80% (previous year: 8%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of options granted		Vesting date		Fair value per option (₹)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
33.33%	4,18,505	4,81,480	May 12, 2017	April 16, 2016	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2018	April 16, 2017	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2019	April 16, 2018	32.33	42.20
	12,55,515	**14,44,440**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 4.33 Crore (previous year ₹ 6.56 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been higher by ₹ 2.78 Crore (previous year higher by ₹ 0.81 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amount as under:

Particulars	As reported		As adjusted	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net profit (₹ in Crore)	470.20	400.46	472.98	401.27
Basic earnings per share (in ₹)	5.93	5.08	5.96	5.09
Diluted earnings per share (in ₹)	5.89	5.04	5.92	5.05

Details of options granted under various series are as under:

	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9
Grant date	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016
Options granted	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515
Options exercised till March 31, 2017	19,55,000	66,20,122	62,42,297	26,90,487	22,06,750	3,05,081	N.A.
Options forfeited/ cancelled till March 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2017	10,00,000	7,56,734	7,21,857	3,76,054	3,54,527	87,462	Nil
Outstanding at end of year	7,95,000	1,23,144	3,38,515	5,79,233	19,23,990	10,51,897	12,55,515
Exercisable at end of year	7,95,000	1,23,144	3,38,515	5,79,233	6,02,898	1,60,413	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note[i] below)	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016

Notes:

(i) Additionally, an aggregate amount of ₹ 7.11 Crore being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.

(ii) In respect of Series 1 and 2, as no options were outstanding as on March 31, 2017, the details of options granted has not been included above.

2.31 EARNINGS PER SHARE (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Net consolidated Profit (₹ in Crore)	A	470.20	400.46
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Basic earnings per share (in ₹)	A/B	5.93	5.08
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Add: Weighted average number of potential equity shares on account of employee stock options	C	58,02,255	64,84,504
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,88,47,859	79,46,34,097
Diluted earnings per share (in ₹)	A/D	5.89	5.04

2.32 LEASE TRANSACTION

Finance lease

The Group has acquired vehicles under finance lease agreement. The tenure of lease agreements ranges between 36 and 60 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016
Not later than 1 year	1.50	0.31	1.19	1.50	0.36	1.14
Later than 1 year but not later than 5 years	1.29	0.22	1.07	1.52	0.27	1.25
Later than 5 years	-	-	-	-	-	-
TOTAL	**2.79**	**0.53**	**2.26**	**3.02**	**0.63**	**2.39**

Operating lease

i. The Group had taken assets under operating lease for the periods ranging between 22 months and 86 months. The same were non-cancellable for an initial period ranging between 11 months and 86 months.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

Particulars	Total lease payments outstanding as at March 31, 2017	Total lease payments outstanding as at March 31, 2016
Not later than 1 year	5.05	5.11
Later than 1 year but not later than 5 years	7.69	2.22
Later than 5 years	0.12	-
Expenditure debited to the statement of profit and loss	5.41	5.71

ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 7.19 Crore (previous year ₹ 5.95 Crore).

2.33 SEGMENTAL REPORTING

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/ High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities/commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products. Fund based activities also include securitisation and reconstruction of financial assets.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure ‘I’.

II. Geographical segment

The Group does not have any reportable geographical segment.

2.34 Disclosure in respect of related parties is attached as Annexure ‘II’.

2.35 Statement of consolidated cash flow is attached as Annexure ‘III’.

2.36 The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

2.37 The notes to and disclosures in consolidated financial statements are being made in accordance with provisions of applicable Accounting Standard (AS-21 para 6) and General circular No. 39/2014 dated 14th October, 2014 issued by Ministry of Corporate Affairs - Government of India.

2.38 The Group has spent ₹ 11.41 Crore (previous year ₹ 7.77 Crore) towards Corporate Social Responsibility activities as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Crore)

		For the year ended March 31, 2017			For the year ended March 31, 2016		
		Holding Company and its subsidiaries*	Associates	Total	Holding Company and its subsidiaries	Associates	Total
a)	Gross amount required to be spent by the Group during the year.	11.36	-	11.36	6.35	1.38	7.73
b)	Amount spent during the year:						
	In cash	11.41	-	11.41	6.39	1.38	7.77
	Yet to be paid in cash	-	-	-	-	-	-
	Total	11.41	-	11.41	6.39	1.38	7.77
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	On purposes other than (i) above	**11.41**	-	**11.41**	**6.39**	**1.38**	**7.77**

* JM Financial Asset Reconstruction Company Limited became a subsidiary of the Company w.e.f. September 30, 2016.

2.39 The Board of Directors of the Company has recommended a final dividend of ₹ 0.85 per equity share for the year ended March 31, 2017 (previous year ₹ 0.85 per equity share). The said dividend will be paid after the approval of shareholders at the thirty second Annual General Meeting. During the previous year, the Company had made a provision for the dividend recommended by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend recommended by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its surplus in Statement of Profit and Loss would have been lower by ₹ 87.31 crore and Short Term Provision would have been higher by ₹ 87.31 crore (including dividend distribution tax of ₹ 19.22 crore).

2.40 Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	**1,84,500**	**6,93,306**	**8,77,806**
(+) Permitted receipts	-	13,19,500	13,19,500
(-) Permitted payments	-	9,78,520	9,78,520
(-) Amount deposited in Banks	1,84,500	26,086	2,10,586
Closing cash in hand as on 30.12.2016	-	**10,08,200**	**10,08,200**

2.41 Figures of the previous year have been regrouped/reclassified /rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

Annexure 'I' to note 2.33

Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Segment revenue			
A	Investment banking and securities business	638.75	494.69
B	Fund based activities	1,625.02	1,078.93
C	Alternative asset management	4.40	12.85
D	Asset management	89.29	85.54
E	Others	213.01	193.97
Total segment revenue		**2,570.47**	**1,865.98**
Less: Inter-segmental revenue		(211.21)	(181.32)
Total revenue		**2,359.26**	**1,684.66**
Segment results			
A	Investment banking and securities business	143.69	79.44
B	Fund based activities	778.75	548.60
C	Alternative asset management	(8.56)	4.38
D	Asset management	57.43	56.34
E	Others	0.42	4.09
Total segment results		**971.73**	**692.85**
		As at March 31, 2017	**As at March 31, 2016**
Segment assets			
A	Investment banking and securities business	2,409.91	1,378.16
B	Fund based activities	13,136.66	8,494.78
C	Alternative asset management	89.72	99.57
D	Asset management	241.12	196.77
E	Unallocated	575.31	786.39
Total segment assets		**16,452.72**	**10,955.67**
Segment liabilities			
A	Investment banking and securities business	1,771.07	817.66
B	Fund based activities	9,895.90	5,936.43
C	Alternative asset management	9.04	16.51
D	Asset management	12.61	13.56
E	Unallocated	427.88	698.75
Total segment liabilities		**12,116.50**	**7,482.91**
		For the year ended March 31, 2017	**For the year ended March 31, 2016**
Capital expenditure incurred during the year			
A	Investment banking and securities business	7.23	10.58
B	Fund based activities	4.54	2.21
C	Alternative asset management	0.18	0.12
D	Asset management	1.40	5.17
E	Unallocated	50.06	1.68
Total capital expenditure		**63.41**	**19.76**
Depreciation/amortisation for the year			
A	Investment banking and securities business	7.49	7.12
B	Fund based activities	2.93	1.64
C	Alternative asset management	0.06	0.04
D	Asset management	1.71	1.33
E	Unallocated	11.13	10.16
Total depreciation/amortisation		**23.32**	**20.29**

Annexure 'II' to Note 2.34

Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

I. List of related parties

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Limited (ARC) (Upto September 30, 2016)
JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel

Mr. Vishal Kampani (VNK)

C Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

D Relatives of key management personnel

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

E Enterprise over which relative of key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J.M. Assets Management Private Limited (JM Assets)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Kampani Properties & Holdings Limited (KPHL)
Capital Market Publishers India Private Limited (CMPL)
Financial Engineering Solutions Pvt. Ltd.

II. Related party relationships have been identified by the management and relied upon by the auditors. Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
ICD taken from										
Trustee	-	5.00	-	-	-	-	-	-	-	5.00
ICD placed with										
ARC	194.71	669.00	-	-	-	-	-	-	194.71	669.00
ICD repaid by										
ARC	242.46	507.00	-	-	-	-	-	-	242.46	507.00
Investments Purchased from										
ARC	-	25.75	-	-	-	-	-	-	-	25.75
Employee related transfers to										
ARC	-	0.53	-	-	-	-	-	-	-	0.53
JMFICS	-	-		-		-	0.39	0.39	0.39	0.39
Interest income on ICD from										
ARC	10.73	16.88	-	-	-	-	-	-	10.73	16.88
Interest paid on ICD from										
Trustee	1.54	1.23	-	-	-	-	-	-	1.54	1.23
Secondary brokerage received from										
JMFICS	-	-	-	-	-	-	0.05	0.09	0.05	0.09
KCL	-	-	-	-	-	-	-	0.01	-	0.01
PICPL	-	-	-	-	-	-	-	0.01	-	0.01
JM Assets	-	-	-	-	-	-	0.01	0.07	0.01	0.07
Trustee	-	#	-	-	-	-	-	-	-	#
Others	-	-	-	-	-	#	-	#	-	#
Recovery of expenses from										
ARC	0.34	0.60	-	-	-	-	-	-	0.34	0.60
JMFICS	-	-		-	-	-	-	-	-	-
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.07	0.08	0.07	0.08
CMPL	-	-	-	-	-	-	0.03	0.03	0.03	0.03
Remuneration paid to										
NNK	-	-	-	5.79	-	-	3.10	-	3.10	5.79
VNK	-	-	12.52	-	-	8.50	-	-	12.52	8.50
AMNK	-	-	-	-	0.32	0.68	-	-	0.32	0.68
Dividend paid to										
JMFICS	-	-	-	-	-	-	30.51	28.48	30.51	28.48
J.M. Assets	-	-	-	-	-	-	15.37	14.32	15.37	14.32
JSB	-	-	-	-	-	-	0.98	0.91	0.98	0.91
PICPL	-	-	-	-	-	-	0.25	0.23	0.25	0.23
KCL	-	-	-	-	-	-	0.10	0.10	0.10	0.10
SNK	-	-	-	-	-	-	1.75	1.63	1.75	1.63

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
NNK	-	-	-	18.95	-	-	20.30	-	20.30	18.95
ARNK	-	-	-	-	5.77	5.38	-	-	5.77	5.38
VNK	-	-	1.52	-	-	1.39	-	-	1.52	1.39
AMNK	-	-	-	-	1.20	1.12	-	-	1.20	1.12
Rent income from										
ARC	1.02	2.05	-	-	-	-	-	-	1.02	2.05
Rent paid to										
JMFICS	-	-	-	-	-	-	1.36	1.36	1.36	1.36
KCL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
JSB	-	-	-	-	-	-	1.10	-	1.10	-
Subscription charges paid to										
CMPL	-	-	-	-	-	-	0.01	0.01	0.01	0.01
Support service fees received from										
ARC	0.90	1.80	-	-	-	-	-	-	0.90	1.80
Support service fees paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Demat charges received from										
Others	-	-	-	#	-	#	-	-	-	#
Property deposit paid										
JSB	-	-	-	-	-	-	1.20	-	1.20	-
Property deposit refund										
JSB	-	-	-	-	-	-	0.60	-	0.60	-
Property deposits received from										
NNK	-	-	-	-	-	-	0.60	-	0.60	-
Balance outstanding at the year end										
Property deposit (paid)										
JSB	-	-	-	-	-	-	0.60	-	0.60	-
JMFICS	-	-	-	-	-	-	0.74	-	0.74	-
Property deposits(received)										
NNK	-	-	-	-	-	-	0.60	-	0.60	-
Investment in										
ARC	-	201.74	-	-	-	-	-	-	-	201.74
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Receivables from										
ARC	-	168.31	-	-	-	-	-	-	-	168.31
Payables to										
NNK	-	-	-	4.00	-	-	1.75	-	1.75	4.00
VNK	-	-	10.00	-	-	7.50	-	-	10.00	7.50
AMNK	-	-	-	-	0.62	0.67	-	-	0.62	0.67
Trustee	15.00	15.00	-	-	-	-	-	-	15.00	15.00

# Denotes amount below ₹ 50,000/-

ANNEXURE 'III' TO NOTE 2.35
STATEMENT OF CONSOLIDATED CASH FLOW
for the year ended March 31, 2017

(₹ in Crore)

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from operating activities**		
	Profit before tax	**971.73**	**692.85**
	Adjustment for:		
	Depreciation and amortisation expense	23.32	20.29
	Amortisation of deferred employee compensation (ESOP)	7.11	7.38
	Provision for gratuity	3.67	2.91
	Provision for compensated absences	1.52	1.47
	Provision for bad & doubtful debts and assets written off	12.52	2.28
	Provision for standard assets	7.71	7.97
	Provision for diminution in value of investments (net)	20.05	0.10
	Loss on sale of fixed assets	0.29	0.07
	Profit on sale of investments	(55.71)	(6.09)
	Dividend income	(5.75)	(30.64)
	Interest income	(91.07)	(97.42)
	Finance costs	781.96	512.09
	Operating profit before working capital changes	**1,677.35**	**1,113.26**
	Adjustment for:		
	(Increase)/decrease in trade receivables	(793.87)	(130.52)
	(Increase)/decrease in short term loans and advances	(1,872.04)	(162.26)
	(Increase)/decrease in long term loans and advances	(1,617.25)	(1,727.87)
	(Increase)/decrease in securities held as stock in trade	247.04	102.11
	(Increase)/decrease in assets held for arbitrage activities	(61.33)	(59.14)
	(Increase)/decrease in other current assets	61.28	(45.95)
	Increase/(decrease) in trade payables	511.24	103.63
	Increase/(decrease) in other current liabilities	14.51	108.03
	Increase/(decrease) in provisions	(10.45)	(2.56)
	Increase/(decrease) in other long term liabilities	14.10	12.63
	Cash generated from/(used in) operations	**(1,829.42)**	**(688.64)**
	Direct taxes paid	(320.05)	(229.50)
	Net cash from/(used in) operating activities	**(2,149.47)**	**(918.14)**
B	**Cash flow from investing activities**		
	Purchase of investments	(801.06)	(104.92)
	Sale of investments	157.82	34.20
	Purchase of fixed assets	(63.29)	(19.78)
	Sale of fixed assets	0.05	0.93
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(51.54)	218.60
	Currency fluctuation	(3.23)	6.94
	Interest income	91.07	97.42
	Dividend income	5.75	30.64
	Net cash from /(used in) investing activities	**(664.43)**	**264.03**

ANNEXURE 'III' TO NOTE 2.35
STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2017

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) on exercise of options	11.07	7.79
	Minority interest	(10.20)	-
	Proceeds from borrowings (net)	3,252.08	1,949.33
	Finance costs paid	(781.96)	(512.09)
	Dividend paid (including dividend distribution tax)	(144.86)	(140.15)
	Net cash from/(used in) financing activities	**2,326.13**	**1,304.88**
	Net increase/(decrease) in Cash and cash equivalents before Consolidation Adjustment	**(487.77)**	**650.77**
	Cash and cash equivalents of ARC as on September 30, 2016 [Refer Note iii]	40.24	-
	Net increase/(decrease) in Cash and cash equivalents after Consolidation Adjustment	**(447.53)**	**650.77**
	Cash and cash equivalents - opening	843.18	192.41
	Cash and cash equivalents - closing	395.65	843.18
Notes:			
i.	The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 on "Cash Flow Statement" notified in Companies (Accounting Standards) Rules, 2006 (as amended).		
ii.	Cash and bank balances as per note 2.19	869.06	1,265.05
	Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	473.41	421.87
	Cash and cash equivalents as shown in Cash Flow Statement	**395.65**	**843.18**
iii.	Additions due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited (ARC) w.e.f. September 30, 2016.		
iv.	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 02, 2017

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN - 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT ON UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED STANDALONE FINANCIAL INFORMATION

The Board of Directors
JM Financial Limited

Introduction

1. We have reviewed the attached unaudited special purpose interim condensed standalone financial information of **JM Financial Limited** ("the Company"), which comprises of the Condensed Standalone Balance Sheet as at December 31, 2017 and the related Condensed Standalone Statement of Profit and Loss and Condensed Standalone Cash Flow Statement for the nine month period then ended, and selected notes (collectively, the "Unaudited Special Purpose Interim Condensed Standalone Financial Information"). The Unaudited Special Purpose Interim Condensed Standalone Financial Information have been prepared on the basis stated in Note 2 to the Unaudited Special Purpose Interim Condensed Standalone Financial Information.

Management Responsibility

2. The preparation of the Unaudited Special Purpose Interim Standalone Condensed Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 6 below. The Management's responsibility includes preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Unaudited Special Purpose Interim Condensed Standalone Financial Information.

Scope of review

3. Our responsibility is to issue a report on the Unaudited Special Purpose Interim Condensed Standalone Financial Information based on our review.

   We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the Unaudited Special Purpose Interim Condensed Standalone Financial Information have not been prepared, in all material respects, in accordance with the basis set out in Note 2 to the Unaudited Special Purpose Interim Condensed Standalone Financial Information.

Other matter

5. The comparative financial information of the Company as at March 31, 2017 and for the nine month period ended December 31, 2016 included in the Unaudited Special Purpose Interim Condensed Standalone Financial Information were audited / reviewed by previous auditors and had issued unmodified report on that financial information.

   Our report is not modified in respect of this matter.

Basis of Accounting and Restriction on use

6. Without modifying our opinion, we draw attention to Note 2 to the Unaudited Special Purpose Interim Condensed Standalone Financial Information, which describes the basis of accounting. This report is addressed to and is provided to enable the Company to include this report in the Preliminary Placement Document and the Placement Document (together, the "Placement Documents") in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement, to be filed by the Company with Securities and Exchange Board of India and Stock Exchanges and that these Unaudited Special Purpose Interim Condensed Standalone Financial Information may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W / W-100018)

Sd/-
Abhijit A. Damle
Partner
(Membership No. 102912)

Place: Mumbai
Date: January 30, 2018

CONDENSED STANDALONE BALANCE SHEET AS AT 31ST DECEMBER, 2017

(₹ in Million)

Particulars	As at 31.12.2017 Unaudited	As at 31.03.2017 Audited
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	797.6	794.5
Reserves & surplus	16,935.2	16,460.7
	17,732.8	**17,255.2**
Share application money pending allotment	0.1	#
Non-current liabilities		
Deferred tax liabilities (net)	1,091.6	1,099.3
Other long term liabilities	10.0	10.0
Long term provisions	2.9	2.8
	1,104.5	**1,112.1**
Current liabilities		
Short-term borrowings	6,214.3	2,065.6
Trade payables		
Due to micro, small and medium enterprises	-	-
Others	18.6	9.3
Other current liabilities	51.5	85.6
Short term provisions	27.0	6.1
	6,311.4	**2,166.6**
TOTAL	**25,148.8**	**20,533.9**
ASSETS		
Non-current assets		
Property, plant and equipment	29.6	21.5
Intangible assets	0.7	1.0
Non-current investments	17,018.3	17,691.5
Long term loans and advances	1,502.4	1,490.1
Other non-current assets	146.2	20.1
	18,697.2	**19,224.2**
Current assets		
Current investments	23.0	-
Cash and bank balances	123.8	117.3
Short term loans and advances	6,154.7	1,047.4
Other current assets	150.1	145.0
	6,451.6	**1,309.7**
TOTAL	**25,148.8**	**20,533.9**

# Denotes amount below Rs.50,000/-
See accompanying selected notes
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Abhijit A. Damle
Partner

Place: Mumbai
Date: January 30, 2018

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTH PERIOD ENDED 31ST DECEMBER, 2017

(₹ in Million)

Particulars	Nine Month Period Ended 31.12.2017 Unaudited	Nine Month Period Ended 31.12.2016 Unaudited
Income:		
Revenue from Operations	344.4	385.1
Other Income	948.4	662.8
Total Revenue	**1,292.8**	**1,047.9**
Expenses:		
Employee benefits expense	52.3	72.1
Finance costs	292.5	325.8
Depreciation and amortization expense	5.5	5.0
Other expenses	78.0	57.3
Total Expenses	**428.3**	**460.2**
Profit before tax	**864.5**	**587.7**
Tax Expense:		
Current tax	-	-
Deferred tax	(7.7)	(3.6)
Tax adjustment of earlier years (net)	-	0.7
	(7.7)	**(2.9)**
Profit for the period	**872.2**	**590.6**
Earnings per equity share (EPS)		
(face value of ₹ 1/- each)		
Basic EPS (in Re.) (Not annualised)	1.09	0.75
Diluted EPS (in Re.) (Not annualised)	1.09	0.74

See accompanying selected notes
In terms of our report attached

For Deloitte Haskins & Sells LLP	**For and on behalf of the Board of Directors**
Chartered Accountants	
Sd/-	Sd/-
Abhijit A. Damle	**Vishal Kampani**
Partner	Managing Director
	DIN – 00009079
Place: Mumbai	**Place:** Mumbai
Date: January 30, 2018	**Date:** January 30, 2018

CONDENSED STANDALONE CASH FLOW STATEMENT FOR THE NINE MONTH PERIOD ENDED 31ST DECEMBER, 2017

(₹ in Million)

Particulars	Unaudited
Net cash (used in) operating activities	(4,865.0)
Net cash generated from investing activities	1,573.7
Net cash generated from financing activities	3,294.2
Net increase in Cash and cash equivalents	2.9
Cash and cash equivalents at the beginning of the period	73.9
Cash and cash equivalents at the end of the period	**76.8**
Cash and bank balances as presented in Condensed Standalone Balance Sheet	123.8
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	47.0
Cash and cash equivalents at the end of the period	**76.8**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Abhijit A. Damle
Partner

Place: Mumbai
Date: January 30, 2018

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

SELECTED EXPLANATORY NOTES TO THE UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED STANDALONE FINANCIAL INFORMATION FOR THE NINE MONTH PERIOD ENDED 31ST DECEMBER, 2017

1. The above Unaudited Special Purpose Interim Condensed Standalone Financial Information for the nine month period ended December 31, 2017 have been approved by the Board of Directors vide circular resolution dated January 30, 2018.

2. **T**hese Unaudited Special Purpose Interim Condensed Standalone Financial Information for the nine month period ended December 31, 2017 have been prepared in accordance with the recognition and measurement principles of Accounting Standard 25, 'Interim financial reporting' and other accounting principles generally accepted in India for the purpose of inclusion in the Preliminary Placement Document and the Placement Document (together, the "Placement Documents") prepared in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement (QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exchange Board of India (SEBI).

   The accounting policies adopted for preparation of these Unaudited Special Purpose Interim Condensed Standalone Financial Information are consistent with those used for preparation of annual financial statements for year ended March 31, 2017.

3. The certified copy of the Order passed by the Honorable National Company Law Tribunal, Mumbai Bench sanctioning the Scheme of Amalgamation ('the Scheme') between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited ('the Scheme') has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. Consequent upon the Scheme becoming effective, the Company ceases to be a Core Investment Company and has become a SEBI registered Category I merchant banker subject to completion of necessary regulatory formalities. The Scheme does not have an impact on the Unaudited Special Purpose Interim Condensed Standalone Financial Information as at and for the nine months period ended December 31, 2017.

4. During the nine months period ended December 31, 2017, the Allotment Committee of the Board has allotted 30,62,636 equity shares of the face value of Re. 1/- each to the eligible employees upon exercise of stock options by them. Consequent upon this allotment, the total paid up equity share capital of the Company has increased to Rs. 79,75,87,750/- from Rs. 79,45,25,114/-. Further, the Allotment Committee of the Board at its meeting held on January 19, 2018 has allotted 86,717 equity shares of the face value of Re. 1/- each to the eligible employees upon exercise of stock options by them.

5. The Board of Directors has declared the interim dividend of Re. 0.70 per share of the face value of Re. 1/- each. This will result in cash outflow of Rs. 558.4 million. The Record Date fixed by the Board for the purpose of payment of the interim dividend is February 1, 2018. The amount of dividend shall be paid/credited to the shareholders holding shares on the said Record Date on and after February 5, 2018.

6. On a stand-alone basis, the Company is engaged in making investments in, and/or lending funds to its group companies as a Core Investment Company registered with the Reserve Bank of India, which in the context of AS 17 on "Segment Reporting" is considered as the only segment.

7. The comparative financial information of the Company as at March 31, 2017 and for the nine month period ended December 31, 2016 included in the above Unaudited Special Purpose Interim Condensed Standalone Financial Information were audited / reviewed by the previous statutory auditors of the Company.

8. Figures in respect of the previous year / period have been rearranged / regrouped wherever necessary to correspond with the figures of the current period.

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

INDEPENDENT AUDITOR'S REPORT ON UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
JM Financial Limited
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400025

Introduction

1. We have reviewed the attached Unaudited Special Purpose Interim Condensed Consolidated Financial Information of **JM Financial Limited** ("the Company") which comprises of the Condensed Consolidated Balance Sheet as at December 31, 2017 and the related Condensed Consolidated Statement of Profit and Loss and Condensed Consolidated Cash Flows Statement for the nine month period then ended, and a summary of significant accounting policies and other explanatory information (collectively, the "Unaudited Special Purpose Interim Condensed Consolidated Financial Information"). The Unaudited Special Purpose Interim Condensed Consolidated Financial Information have been prepared on the basis stated in Note 2 to the Unaudited Special Purpose Interim Condensed Consolidated Financial Information.

Management Responsibility

2. The preparation of the Unaudited Special Purpose Interim Consolidated Condensed Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 9 below. The Management's responsibility includes preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Unaudited Special Purpose Interim Condensed Consolidated Financial Information.

Scope of review

3. Our responsibility is to issue a report on these Unaudited Special Purpose Interim Condensed Consolidated Financial Information based on our review.

   We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The Unaudited Special Purpose Interim Condensed Consolidated Financial Information includes the interim financial information of following entities:

   Subsidiaries:
   a. JM Financial Institutional Securities Limited
   b. JM Financial Services Limited
   c. JM Financial Commtrade Limited
   d. JM Financial Products Limited
   e. JM Financial Capital Limited
   f. JM Financial Properties and Holdings Limited
   g. JM Financial Investment Managers Limited
   h. Infinite India Investment Management Limited
   i. JM Financial Asset Management Limited

j. CR Retail Malls (India) Limited
k. JM Financial Credit Solutions Limited
l. JM Financial Home Loans Limited
m. JM Financial Asset Reconstruction Company Limited
n. JM Financial Overseas Holdings Private Ltd
o. JM Financial Singapore Pte Ltd
p. JM Financial Securities, Inc
q. JM Financial Securities Limited
r. M/s. Astute Investments

Associate:

a. JM Financial Trustee Company Private Limited

Conclusion

5. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the basis set out in Note 2 to the Unaudited Special Purpose Interim Condensed Consolidated Financial Information, or that it contains any material misstatement.

Other matters

6. We did not review the unaudited special purpose interim condensed financial information of seven subsidiaries included in the Unaudited Special Purpose Interim Condensed Consolidated Financial Information, whose unaudited special purpose interim condensed financial information reflect total assets of Rs. 26,532.38 million as at December 31, 2017, total revenues of Rs. 6,227.19 million and total profit after tax of Rs. 1395.14 million for the nine month period ended December 31, 2017 as considered in the Unaudited Special Purpose Interim Condensed Consolidated Financial Information. These unaudited special purpose interim condensed financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Unaudited Special Purpose Interim Condensed Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

   Our report on the Unaudited Special Purpose Interim Condensed Consolidated Financial Information is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

7. The Unaudited Special Purpose Interim Condensed Consolidated Financial Information include the interim financial information of seven subsidiaries which have not been reviewed by their auditors / us, as applicable, whose interim financial information reflect total assets of Rs. 9,193.58 million as at December 31, 2017, total revenue of Rs. 730.60 million and total profit after tax of Rs. 183.10 million for the nine months ended December 31, 2017 as considered in the Unaudited Special Purpose Interim Condensed Consolidated Financial Information. The Unaudited Special Purpose Interim Condensed Consolidated Financial Information also includes the Group's share of profit after tax of Rs. 8.98 million for the nine months ended December 31, 2017 as considered in the Unaudited Special Purpose Interim Condensed Consolidated Financial Information, in respect of an associate, based on its interim financial information which have not been reviewed by us. According to the information and explanations given to us by the Management, this financial information is not material to the Group.

   Our report on the Unaudited Special Purpose Interim Condensed Consolidated Financial Information is not modified in respect of our reliance on the interim financial information certified by the Management.

8. The comparative financial information of the Company as at March 31, 2017 and for the nine month period ended December 31, 2016 included in these unaudited special purpose interim condensed consolidated financial information are audited / reviewed by previous auditors and

had issued unmodified report on that financial information.

Basis of Accounting and Restriction on use

9. Without modifying our opinion, we draw attention to Note 2 to the Unaudited Special Purpose Interim Condensed Consolidated Financial Information, which describes the basis of accounting. This report is addressed to and is provided to enable the Company to include this report in the Preliminary Placement Document and the Placement Document (together, the "Placement Documents") in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement, to be filed by the Company with Securities and Exchange Board of India and Stock Exchanges and that these Unaudited Special Purpose Interim Condensed Consolidated Financial Information may not be meaningful for any other purpose.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W / W-100018)

Sd/-
Abhijit A. Damle
Partner
(Membership No. 102912)

Place: Mumbai
Date: January 30, 2018

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

(₹ in Million)

	As at 31.12.2017 Unaudited	As at 31.03.2017 Audited
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	797.6	794.5
Reserves & surplus	34,443.9	30,783.0
Capital reserve on consolidation	1,749.5	1,749.5
Minority interest	12,402.3	11,091.8
	49,393.3	**44,418.8**
Share application money pending allotment	0.1	#
Non-current liabilities		
Long term borrowings	56,798.9	40,643.9
Deferred tax liabilities (net)	613.3	683.2
Other long term liabilities	432.8	294.3
Long term provisions	789.0	665.7
	58,634.0	**42,287.1**
Current liabilities		
Current maturities of long term borrowings	26,933.1	13,590.5
Short term borrowings	59,740.9	53,781.7
Trade payables	4,525.5	8,233.6
Other current liabilities	4,660.2	3,177.8
Short term provisions	102.9	94.3
	95,962.6	**78,877.9**
TOTAL	**2,03,990.0**	**1,65,583.8**
ASSETS		
Non-current assets		
Property, Plant and Equipment	3,647.6	3,725.8
Intangible assets	85.6	88.6
Capital work-in-progress	18.8	13.6
Goodwill on consolidation	1,260.1	1,056.6
Non-current investments	4,480.6	5,139.1
Long term loans and advances	99,895.5	64,280.2
	1,09,388.2	**74,303.9**
Current assets		
Current investments	21,617.5	19,580.7
Debt securities held as stock-in-trade	-	98.6
Assets held for arbitrage activities	5,598.6	1,204.7
Trade receivables	6,743.1	11,789.1
Cash and bank balances	8,607.1	8,690.6
Short term loans and advances	48,475.8	49,871.8
Other current assets	3,559.7	44.4
	94,601.8	**91,279.9**
TOTAL	**2,03,990.0**	**1,65,583.8**

See accompanying selected notes

# Denotes amount below ₹50,000/-

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date: January 30, 2018

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079
Place: Mumbai
Date: January 30, 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2017

(₹ in Million)

	For the Nine month period ended 31.12.2017 Unaudited	For the Nine month period ended 31.12.2016 Unaudited
Income:		
Revenue from operations	21,007.1	14,844.2
Other operating income	2,015.4	1,498.8
Total Revenue	**23,022.5**	**16,343.0**
Expenses:		
Employee benefits expense	2,974.1	2,259.6
Finance costs	8,377.2	5,681.5
Depreciation and amortisation expense	194.0	170.4
Other expenses	2,409.0	1,776.7
Total Expenses	**13,954.3**	**9,888.2**
Profit before tax	**9,068.2**	**6,454.8**
Tax expense:		
Current tax	3,047.1	2,220.5
Deferred tax	(69.9)	(27.2)
Tax adjustment of earlier years (net)	#	(4.9)
	2,977.2	**2,188.4**
Profit for the period	**6,091.0**	**4,266.4**
Add: Share in profit of associates	9.0	117.6
	6,100.0	**4,384.0**
Less: Profit for the period attributable to :		
Minority interest	1,678.8	1,190.5
Net consolidated profit for the period	**4,421.2**	**3,193.5**
Earnings per equity share (EPS)		
(face value of ₹ 1/- each)		
Basic EPS (in ₹) (Not annualised)	5.55	4.04
Diluted EPS (in ₹) (Not annualised)	5.52	4.01

See accompanying selected notes

# Denotes amount below ₹50,000/-

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: January 30, 2018

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2017

(₹ in Million)

Particulars	Unaudited
Net Cash (used in) Operating Activities (A)	(25,671.4)
Net Cash (used in) Investing Activities (B)	(1,881.2)
Net Cash generated from Financing Activities (C)	25,701.3
Net (decrease) in Cash and Cash Equivalents (A+B+C)	(1,851.3)
Cash and Cash Equivalents at the Beginning of the Period	3,956.5
Cash and Cash Equivalents at the end of the Period	**2,105.2**
Cash and bank balances as presented in Condensed Consolidated Balance Sheet	8,607.1
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	6,501.9
Cash and Cash Equivalents at the end of the Period	**2,105.2**

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: January 30, 2018

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

SELECTED EXPLANATORY NOTES TO THE UNAUDITED SPECIAL PURPOSE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTH PERIOD ENDED 31ST DECEMBER, 2017

1. The above Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine month period ended December 31, 2017 have been approved by the Board of Directors vide circular resolution dated January 30, 2018.

2. These Unaudited Special Purpose Interim Condensed Consolidated Financial Information for the nine month period ended December 31, 2017 have been prepared in accordance with the recognition and measurement principles of Accounting Standard 25, 'Interim financial reporting' and other accounting principles generally accepted in India for the purpose of inclusion in the Preliminary Placement Document and the Placement Document (together, the "Placement Documents") prepared in connection with the proposed offerings of the equity shares pursuant to the Qualified Institutions Placement (QIP) of the Company and will be submitted/ filed with the stock exchanges where the Company's equity shares are listed and the Securities and Exchange Board of India (SEBI).

   The accounting policies adopted for preparation of these Unaudited Special Purpose Interim Condensed Consolidated Financial Information are consistent with those used for preparation of annual financial statements for year ended March 31, 2017.

3. The certified copy of the Order passed by the Honorable National Company Law Tribunal, Mumbai Bench sanctioning the Scheme of Amalgamation ('the Scheme') between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited ('the Scheme') has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. Consequent upon the Scheme becoming effective, the Company ceases to be a Core Investment Company and has become a SEBI registered Category I merchant banker subject to completion of necessary regulatory formalities. The Scheme does not have an impact on the Unaudited Special Purpose Interim Condensed Consolidated Financial Information as at and for the nine months period ended December 31, 2017.

4. During the nine months period ended December 31, 2017, the Allotment Committee of the Board has allotted 30,62,636 equity shares of the face value of Re. 1/- each to the eligible employees upon exercise of stock options by them. Consequent upon this allotment, the total paid up equity share capital of the Company has increased to Rs. 79,75,87,750/- from Rs. 79,45,25,114/-. Further, the Allotment Committee of the Board at its meeting held on January 19, 2018 has allotted 86,717 equity shares of the face value of Re. 1/- each to the eligible employees upon exercise of stock options by them.

5. During the nine months period ended December 31, 2017, the Company's shareholding in one of its subsidiaries, namely, JM Financial Asset Management Limited (AMC) has increased from 53.21% to 59.54%, consequent upon the buy-back of shares by AMC and acquisition of shares by the Company.

6. The Board of Directors has declared the interim dividend of Re. 0.70 per share of the face value of Re. 1/- each. This will result in cash outflow of Rs. 558.4 million. The Record Date fixed by the Board for the purpose of payment of the interim dividend is February 1, 2018. The amount of dividend shall be paid/credited to the shareholders holding shares on the said Record Date on and after February 5, 2018.

7. The comparative financial information of the Company as at March 31, 2017 and for the nine month period ended December 31, 2016 included in the above Unaudited Special Purpose Interim Condensed Consolidated Financial Information were audited / reviewed by the previous statutory auditors of the Company.

8. On a consolidated basis, the Company has identified four reportable segments, namely, (i) Investment banking and securities business, (ii) Fund based activities, (iii) Alternative asset management and (iv) Asset management. Details of reportable segments are as under:

(₹ in Million)

Particulars	For the Nine Month Period ended 31.12.2017 Unaudited	For the Nine Month Period ended 31.12.2016 Unaudited
Segment revenue		
A Fund based activities	16,090.9	11,468.1
B Investment banking and securities business	5,866.5	4,159.5
C Alternative asset management	196.7	34.4
D Asset management	850.1	634.3
E Others	1,840.3	1,386.3
Total segment revenue	**24,844.5**	**17,682.6**
Less: Inter - segmental revenue	(1,822.0)	(1,339.6)
Total revenue	**23,022.5**	**16,343.0**
Segment results (Profit before tax)		
A Fund based activities	6,961.5	5,392.3
B Investment banking and securities business	1,348.4	745.5
C Alternative asset management	78.3	(66.7)
D Asset management	607.1	387.6
E Others	72.9	(3.9)
Total segment results	**9,068.2**	**6,454.8**

	As at 31.12.2017 Unaudited	As at 31.03.2017 Audited
Segment assets		
A Fund based activities	1,61,770.0	1,31,366.6
B Investment banking and securities business	26,269.7	24,099.1
C Alternative asset management	972.9	897.2
D Asset management	2,335.2	2,411.2
E Unallocated	11,382.1	5,753.1
Total segment assets	**2,02,729.9**	**1,64,527.2**
Segment liabilities		
A Fund based activities	1,25,424.8	98,959.0
B Investment banking and securities business	19,465.7	17,710.7
C Alternative asset management	69.1	90.4
D Asset management	139.7	126.1
E Unallocated	9,497.4	4,278.8
Total segment liabilities	**1,54,596.7**	**1,21,165.0**
Segment Capital Employed		
A Fund based activities	36,345.2	32,407.6
B Investment banking and securities business	6,804.0	6,388.4
C Alternative asset management	903.8	806.8
D Asset management	2,195.5	2,285.1
E Unallocated	1,884.7	1,474.3
Total Capital Employed	**48,133.2**	**43,362.2**

9. Figures in respect of the previous year / period have been rearranged / regrouped wherever necessary to correspond with the figures of the current period.

For and on behalf of the Board of Directors

Sd/-
Vishal Kampani
Managing Director
DIN – 00009079

Place: Mumbai
Date: January 30, 2018

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

____

-Sd-
Mr. Vishal Kampani
(Managing Director)

Date: January 30, 2018 Place: Mumbai

DECLARATION

We, the Directors of our Company, certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

-Sd-
Mr. Vishal Kampani
(Managing Director)

We are severally authorised by the Committee of Directors, a committee of the Board of Directors of our Company, by way of resolution number 5 dated January 30, 2018, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

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-Sd-
Mr. Vishal Kampani
(Managing Director)

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-Sd-
Mr. Prashant Choksi
(*Group Head- Compliance, Legal and Company Secretary*)

Date: January 30, 2018
Place: Mumbai

JM FINANCIAL LIMITED

Registered and Corporate Office
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400025
Website: www.jmfl.com
CIN: L67120MH1986PLC038784

Compliance Officer: Mr.Prashant Choksi
Group Head-Compliance, Legal & Company Secretary
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