

Value driven **GROWTH**

JM Financial Limited Annual Report 2012-13



VALUE-DRIVEN GROWTH

EVER STOOD ON THE BANK OF
A RIVER ON A WINDY DAY AND
WATCHED BOATS PLY? WONDERED
HOW A BOAT RACES AHEAD EVEN
AMID STRONG HEADWINDS?

It's the boatman, at the helm, who steers it skilfully through rough weather. The wind on the sail propels it forward, while the others in control keep an eye on the horizon.

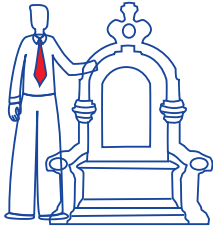
At JM Financial, we drive the organisation in the right direction amid challenging times. Our vision and values, which are the wind in our sail, help us move forward. We continue to create value by providing integrated financial

services to a wide range of customers, nationally and internationally. Our people drive growth by virtue of their industry experience and expertise, working in a team with passion and dedication.

Despite choppy waters, we performed commendably in the financial year 2012-13, creating an ecosystem of value-driven growth for clients, investors, employees and other stakeholders.

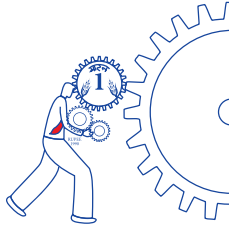
VALUES PROPEL OUR VOYAGE

Client focus



We always put the interest of our clients before our own. Understanding our client needs, seeking new opportunities for them, addressing them and delivering unique solutions as per their expectations is imperative to us. The success of our clients is the biggest reward for us.

Implementation



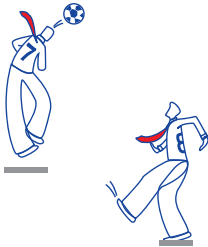
Our expertise, experience and continuous focus on the quality of execution ensure effective implementation of our strategies.

Innovation



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

Teamwork



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

Integrity



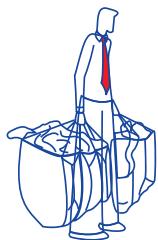
Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals, colleagues and corporate citizens. Our reputation based on our high standards of integrity is invaluable.

Partnership



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

Performance



We believe in the development of our human resource and continuously hone our skills by setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent in the industry and also ensure they get their well-deserved rewards.

CONTENTS

Corporate Information	03
Consolidated Performance Review	04
Consolidated Tax Information	05
Board of Directors	06
Firm Management	10
Our Evolution	11
Navigators at the helm	12
Corporate Functions	16
A Great Place to Work	17
Notice	19
Directors' Report	26
Management Discussion and Analysis	33
Report on Corporate Governance	47
General Shareholders' Information	56

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report	63
Balance Sheet	66
Statement of Profit and Loss	67
Notes to Financial Statements	68

Financial Information of Subsidiary Companies	94
-----------------------------------------------	----

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report	95
Balance Sheet	96
Statement of Profit and Loss	97
Notes to Financial Statements	98

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nimesh Kampani - Chairman & Managing Director

Mr. E A Kshirsagar

Mr. Darius E Udawadia

Mr. Paul Zuckerman

Dr. Vijay Kelkar

Mr. Keki Dadiseth (*w.e.f. October 30, 2012*)

Mr. Ashith Kampani (*up to June 30, 2012*)

Dr. Pravin P Shah (*up to December 3, 2012*)

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

REGISTERED OFFICE

141, Maker Chambers III

Nariman Point

Mumbai - 400 021

Tel.: 91-22-6630 3030

Fax: 91-22-2202 8224

Email: shareholdergrievance@jmfl.com

Website: www.jmfl.com

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited

13 AB, Samhita Warehousing Complex,

2nd Floor, Sakinaka Telephone Exchange Lane,

Off Andheri-Kurla Road, Sakinaka,

Andheri (E), Mumbai - 400 072

Tel: 91-22-6772 0300/400

Fax: 91-22-2859 1568 / 2850 8927

Email: sharepro@shareproservices.com

Website: www.shareproservices.com

CONSOLIDATED PERFORMANCE REVIEW

CONSOLIDATED GROSS INCOME [₹ in Crore]

12-13	1,042.23
11-12	873.97
10-11	895.92
09-10	628.79
08-09	464.92
07-08	742.29

CONSOLIDATED PROFIT / (LOSS) [₹ in Crore]

12-13	182.92
11-12	121.17
10-11	174.56
09-10	151.66
08-09	(105.21) ²
07-08	150.12 ¹

CONSOLIDATED NETWORTH [₹ in Crore]

12-13	1,975.97
11-12	1,864.77
10-11	1,814.42
09-10	1,702.03
08-09	1,592.60
07-08	1,762.62

CONSOLIDATED BOOK VALUE PER SHARE [₹]

12-13	26.29
11-12	24.87
10-11	24.20
09-10	22.70
08-09	21.24
07-08	23.52 ³

CONSOLIDATED EARNINGS PER SHARE [₹]

12-13	2.44
11-12	1.62
10-11	2.33
09-10	2.02
08-09	(1.40) ²
07-08	2.00 ³

DIVIDEND PER SHARE [₹]

12-13	0.90
11-12	0.60
10-11	0.60
09-10	0.25 ⁵
08-09	0.20
07-08	0.20 ^{3&4}

- ¹ The profit after tax for the year 2007 – 08 excludes ₹ 1,156.95 Crore being exceptional income earned upon termination of Joint venture with Morgan Stanley.
- ² As a matter of abundant caution, the Company and its subsidiaries had made a provision for diminution in value of long term investments aggregating ₹ 136.72 Crore resulting in a loss during the year.
- ³ Adjusted for split and bonus issue.
- ⁴ Excludes Special dividend of ₹ 0.80 per share.
- ⁵ Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

CONSOLIDATED TAX INFORMATION

CORPORATE TAX¹ [₹ in Crore]

12-13	74.93
11-12	59.55
10-11	52.78
09-10	47.37
08-09	29.50
07-08	455.53

DIVIDEND DISTRIBUTION TAX² [₹ in Crore]

12-13	16.87
11-12	7.97
10-11	7.89
09-10	6.68
08-09	2.83
07-08	12.75

SERVICE TAX³ [₹ in Crore]

12-13	37.48
11-12	40.56
10-11	42.54
09-10	39.41
08-09	44.81
07-08	68.42

PAYROLL TAX⁴ [₹ in Crore]

12-13	31.96
11-12	46.64
10-11	55.62
09-10	16.16
08-09	55.26
07-08	79.51

NON PAYROLL TAX⁵ [₹ in Crore]

12-13	14.23
11-12	16.30
10-11	19.21
09-10	22.39
08-09	17.20
07-08	22.56

SECURITIES TRANSACTION TAX⁶ [₹ in Crore]

12-13	76.08
11-12	97.06
10-11	101.18
09-10	77.78
08-09	39.23
07-08	70.54

¹ Comprises provision for taxes, including deferred tax.

² Comprises tax on corporate dividend distributed.

³ Comprises gross service tax liability.

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

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

⁶ Comprises tax collected from the clients and paid to the Stock exchanges.

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

TOTAL TAX BORNE AND PAID [₹ in Crore] (Corporate Tax & Dividend Distribution Tax)

12-13	92
11-12	68
10-11	61
09-10	54
08-09	32
07-08	468

Total Tax Borne - ₹ 775 Crore

TOTAL TAX DEDUCTED/COLLECTED AND PAID [₹ in Crore] (Service Tax, Payroll Tax, Non Payroll Tax & Securities Transaction Tax)

12-13	160
11-12	201
10-11	218
09-10	156
08-09	156
07-08	241

Total Tax Paid - ₹ 1,132 Crore

**Total Tax Borne & Paid
and Total Tax Deducted/
Collected & Paid for Last
6 Years - ₹ 1,907 Crore**

BOARD OF DIRECTORS



Mr. Nimesh Kampani
Chairman & Managing Director

Mr. Nimesh Kampani is the Founder and Chairman of the JM Financial group. He is a commerce graduate from Sydenham College, Mumbai and a qualified Chartered Accountant. In his career spanning nearly four decades, Mr. Kampani has made pioneering contributions to the development of Indian capital markets and has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions.

Mr. Kampani is currently:

- ▶ Member of the National Council of Confederation of Indian Industry (CII)
- ▶ Member of the CII National Council on Corporate Governance & Regulatory Affairs
- ▶ Member of the CII Task Force on Integrity and Transparency in Governance
- ▶ Member of the National Executive Committee of Federation of Indian Chambers of Commerce and Industry [FICCI]
- ▶ Member of the Selection Committee for Identification of Chair Professors in National Institute of Securities Markets, established by Securities and Exchange Board of India (SEBI)
- ▶ Member of the Governing Council of the Indian Institute of Capital Markets
- ▶ Member of the Governing Board of the Centre for Policy Research
- ▶ Member on the India Advisory Board of Bain & Company, Inc.
- ▶ Member on the Advisory Board of VentureStudio, promoted by Ahmedabad University

Mr. Kampani has served as a member of the Primary Market Advisory Committee and the Corporate Bond & Securitisation Advisory Committee of SEBI. He was also a member of the High Powered Expert Committee, constituted by the Ministry of Finance, on making Mumbai an International Finance Centre. Mr. Kampani was a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment, constituted by the Reserve Bank of India. He has also served as a member on several important committees constituted by the National Stock Exchange of India Limited, BSE Limited, Federation of Indian Chambers of Commerce and Industry (FICCI), CII and Institute of Chartered Accountants of India. He was the Chairman of the CII's National Committee on Capital Markets. He was also a member on the Bloomberg Asia Pacific Advisory Board and the Advisory Board of Rieter India Pvt. Ltd.

Mr. Kampani also serves as an independent director on the Board of some other leading Indian public companies.



Mr. E A Kshirsagar

Non Executive & Independent Director

Mr. E A Kshirsagar is a Fellow of the Institute of Chartered Accountants in England & Wales. Mr. Kshirsagar has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, Mergers & Acquisitions. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as the Senior Partner. Mr. Kshirsagar serves on the Board of other leading Indian public companies.



Mr. Darius E Udwadia

Non Executive & Independent Director

Mr. Darius E Udwadia is a Solicitor and Advocate of the Bombay High Court. He is also a Solicitor of the Supreme Court of England. Mr. Udwadia is the founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates since July, 1997. Consequent upon the reconstitution of the firm, its name was changed to Udwadia Udeshi & Argus Partners effective 1st April 2012. Prior to this, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates for over 20 years. He and his firm are legal advisors to many Indian companies, multinational companies and foreign banks having presence in India.

Mr. Udwadia has during his 48 years of active law practice acquired vast knowledge, experience and expertise in areas of corporate law, mergers and acquisitions, takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.

Mr. Udwadia also serves on the Board of other reputed Indian public Companies.

BOARD OF DIRECTORS



Dr. Vijay Kelkar

Non Executive & Independent Director

Dr. Vijay Kelkar is currently the Chairman of India Development Foundation, New Delhi. He was the Chairman of the board of the Forum of Federations, Ottawa, Canada, from January 2010 to March 2013. He was conferred the Padma Vibhushan by the President of India, the second highest Civilian Award, in January 2011, for his distinguished and exceptional service to the Nation.

Dr. Kelkar has held many senior level positions in the Government of India, including as the Chairman of the Finance Commission in the rank of Union Cabinet Minister until January 2010. Prior to this, he was also the Advisor to Minister of Finance, Government of India in the rank of a Minister of State, from August 2002 to September 2004; Finance Secretary to the Government of India, 1998-99; Chairman, Tariff Commission, Government of India, 1997-98; and Secretary, Ministry of Petroleum & Natural Gas, Government of India, 1994-1997.

Dr. Kelkar chaired the Task Force for implementation of the Fiscal Responsibility and Budget Management Act and Task Force on Direct Taxes as well as Task Force on Indirect Taxes. He recently chaired the Committee appointed by the Finance Minister to outline a roadmap for fiscal consolidation.

Internationally, Dr. Kelkar was the Executive Director at the International Monetary Fund for India, Sri Lanka, Bangladesh and Bhutan from 1999-2002. He was also the Director & Coordinator, International Trade Division of the United Nations Conference on Trade and Development, Geneva, Switzerland, from 1991-1994.

Dr. Kelkar has been member of Board of Directors, Advisory Council and Board of Governors of various global companies and organisations, including Tata Consultancy Services, CITI Group, Hero Honda Motors, Indian Council for Research on International Economic Relations, Administrative Staff College of India, Hyderabad, India National Innovation Foundation, Ahmedabad, Indian Society of Energy and Environment Economics, New Delhi, and Indian Institute of Technology, New Delhi, among many others.

He serves as a director on the Board of several other leading Indian public companies.



Mr. Paul Zuckerman

Non Executive & Independent Director

Mr. Paul Zuckerman holds a Ph.D in Agricultural Economics from Reading University, the United Kingdom and a M.A. in Economics from Cambridge University.

Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited and is a director of a number of companies around the world. He has been associated with various international organisations, including the World Bank. Mr. Zuckerman was the Vice Chairman of SG Warburg International, prior to its acquisition by UBS, and was responsible for business in India and Latin America. During his tenure at SG Warburg International, he was closely associated with a number of Indian companies and institutions in the early days of globalisation.



Mr. Keki Dadiseth

Non Executive & Independent Director

Mr. Keki Dadiseth is a Fellow Member of the Institute of Chartered Accountants of England & Wales.

He has to his credit an illustrious career of 27 years at Hindustan Lever Limited between 1973 and 2000, during which term he served as the Chairman of the Board between 1996 and 2000. Mr. Keki Dadiseth was also associated with the Unilever Group as a Director between 2000 and 2005.

Mr. Dadiseth serves as an independent director on the boards of Britannia Industries Limited, Piramal Healthcare Limited, Siemens Limited, The Indian Hotels Company Limited and Godrej Properties Limited. He is also on the boards of ICICI Prudential Life Insurance and ICICI Prudential Asset Management Trust. He is the Non-executive Chairman of Omnicom India, Chairman of the Convening Board of Marsh & McLennan Companies, India, a member of the International Advisory Board of Fleishman-Hillard Inc and a member of the Strategic Advisory Board of Atos India Private Limited. He is also a member of the Indian Advisory Board of Accenture India and PricewaterhouseCoopers.

Mr. Keki Dadiseth has been closely associated with various industry, educational, management and medical bodies. He serves as a Trustee of the Ratan Tata Trust and is the Chairman of the Managing Committee of Breach Candy Hospital Trust. He is also a Director on the Board of the Indian School of Business.

FIRM MANAGEMENT



Mr. Nimesh Kampani
Group Chairman

JM Financial has evolved over the years as one of the major players in India's financial services landscape. We have moved forward since our inception, driven by a set of values, which act as the wind in our sail. We will continue to work closely with all stakeholders such as our employees, the regulatory authorities, our customers and the society at large, to create sustainable value for all.



Dipti Neelakantan
Group Chief Operating Officer

In its decades rich journey, at times turbulent and at others smooth sailing, JM Financial has always been guided by its basic values supporting patient and honest growth. Adherence to our values and a firm focus on the long-term has helped us in our voyage to emerge as a sustainable and growing financial services conglomerate.



V P Shetty
Executive Chairman, JM Financial Products Ltd.

We focus on innovation in the diverse segments of our operations, driven by our basic values, for the common good of all our stakeholders. Team JM Financial is fully motivated to navigate through newer waters in its pursuit of excellence.

OUR EVOLUTION

1973-1990	1991 – 2002	2003 – 2007	2008 – 2010	2011 – 2013
				International Expansion
			Asset Reconstruction	Asset Reconstruction
			NBFC Debt Trading	NBFC Debt Trading
		NBFC Securities Backed Financing	NBFC Corporate/Securities Backed Financing	NBFC Corporate/Securities Backed Financing
			Alternative Asset Management Private Equity & Real Estate	Alternative Asset Management Private Equity & Real Estate
			Institutional Equities	Institutional Equities
			Asset Management Mutual Fund	Asset Management Mutual Fund
	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR
	Broking Equity	Broking Equity, Debt & Commodity	Broking Equity, Debt, Commodity & Currency	Broking Equity, Debt, Commodity & Currency
	Wealth Management Investment Advisory	Wealth Management Investment Advisory	Wealth Management Investment Advisory	Wealth Management Investment Advisory
	Financial Product Distribution	Financial Product Distribution	Financial Product Distribution	Financial Product Distribution
	Investment Banking	Investment Banking	Investment Banking	Investment Banking

NAVIGATORS AT THE HELM



Institutional Securities Group



Vishal Kampani, MD & CEO
Institutional Securities Group

The Institutional Securities Group offers comprehensive solutions to our clients, both for their financing requirements as well as their strategic initiatives.

Our reputation as an advisor of choice stems from our deep industry and product understanding and in particular, expertise in advising on highly-complex strategic transactions.

Our continuous and close engagement with our portfolio companies is yielding results in this rather challenging macro environment.



Atul Mehra, MD & Co-CEO
Investment Banking

In today's challenging environment, our teams have worked hard to establish strong & lasting client relationships. Our 'client focused' approach, an unwavering commitment to our values and our offerings across the entire suite of services has resulted in us being able to consolidate our leadership position.



Adi Patel, MD & Co-CEO
Investment Banking

At JM Financial, we provide insightful ideas and integrated strategies to our clients. We will continue with our efforts to build our business based on strong relationships and uncompromising ethical standards thus creating significant value.



Greg Terry, Executive Vice Chairman
Asia Pacific, Ex-India

We are adding value to our clients and helping them achieve sustainable growth by offering the full range of investment banking services, especially the identification of attractive targets and trustworthy and reliable partners.



Amitava Guharoy, MD & CEO
Investment Banking, Asia Pacific, Ex-India

We remain focused on developing strong, long-term relationships with all our clients through origination of value enhancing, proprietary and global ideas and flawless execution of these ideas.



Sameer Lumba, MD & CEO
Institutional Equities

We have focussed hard on bottom up stock picking for a number of years. This strategy has worked extremely well as we have identified a number of quality companies which has won us a lot of client appreciation.



Shashwat Belapurkar, MD & CEO
Fixed Income & Real Estate

The Fixed Income Business remains committed to providing a wide spectrum of credit solutions. We plan to further strengthen our position by exploring new product opportunities thus expanding the bouquet of services offered.



R K Narayan, ED & COO
Real Estate Fund Management

Given the challenges in the realty market, we have focused on active asset management in our portfolio companies. We will continue to work closely with our developer partners in managing risks that helps protect and enhance asset values for our investors.

NAVIGATORS AT THE HELM



Investment advisory and distribution



Our focus on always giving the best advice to our clients along with offering the widest range of third party products makes us the preferred choice of our clients.

With our offering of securities backed lending, we are able to ensure that our clients can take full advantage of available opportunities.

Rajeev Chitrabhanu, MD & CEO

Investment Advisory and Distribution



Our clients treat us as their trusted advisor for the genuine investment advice offered by us across asset classes and products. This coupled with financing options extended by us enables our clients to make most from the investment opportunities we show them. We endeavor to use our online technology platform as well as personal touch with customers to service them better.

Subodh Shinkar, MD & COO

Investment Advisory and Distribution



Our Wealth Management Business is based on a clear motto – "Money does not create Idea but an Idea creates the money". We have a culture of Innovation and Ideation; to create, grow and preserve wealth for our clients, by studying clients' needs from 360° and building comprehensive solutions.

Vipul Shah, Head

Private Wealth Group



We are recognised as a leader in providing customised and innovative solutions to clients ranging from their investments to their short term borrowings. We believe in raising the bar and providing exceptional and value added services to ensure long standing partnerships with our clients.

Ajay Mishra, Head

Corporate Wealth Group



Customer centric approach and commitment has played a key role in retaining and growing our client base over the years.

Sanjay Bhatia, Head

Equity Trading Group



Independent Financial Associates (IFAs) have been and will continue to remain the pillars of penetration of financial investment products among retail investors. Empowered with a diverse product range and technology, they are best placed to increase the retail and mass affluent class participation in the country.

Rohit Singh, Head

IFA Group



Dimplekumar Shah, Head
Equity Brokerage Group

Our core strength lies in the fact that we adopt a customer – centric approach and we continue in our endeavor to provide a superior multi product execution platform and expert advisory.

Mutual Fund



Bhanu Katoch, MD & CEO

The Mutual Funds industry is playing a critical role in channelising savings into the Capital Markets. We are geared up to capture the growth opportunities with our wide range of investment products that cover the entire risk spectrum, catering to the diverse needs of Investors.

Asset Reconstruction



Anil Bhatia, MD & CEO

As expected, this year we had increased level of activity, both in Acquisition of Non-performing Assets (NPAs) and Recovery/Resolution of the same. We anticipate higher NPAs in the financial system and thereby increased opportunities for our ARC. Backed by high capitalisation and further fund raising plans, JM Financial ARC is well placed to play a significant role in the distressed assets market.

CORPORATE FUNCTIONS



Prashant Choksi, Group Head

Compliance, Legal & Company Secretary

We believe in creating a compliance centric environment and endeavour to be a trusted advisor to the diversified businesses across the Group. Besides being accountable for adherence with the ever evolving regulatory requirements, our solutions complement the dynamic performance of business operations. Our aim has always been to protect the brand value and enhance the franchise.



Manish Sheth, Group Chief Financial Officer

We continuously adapt to the changing business complexities and work on strengthening the credibility of the organisation by maintaining adequate transparency. We also thrive to go beyond the responsibilities of the function we discharge, to provide multi-dimensional solutions suitable to the business needs thereby enabling growth.



Chaitanya Wagh, Group Head

Information Technology

Technology is a strong foundation for all businesses at JM Financial. We keep exploring new technologies to understand how best we can add value to the business. Our technology processes are benchmarked against industry best practices which are incorporated to suit our business requirements.



Anil Salvi, Group Head

Human Resources & Administration

Trust is an inherent part of the culture at JM Financial. This trust is created through credibility of leadership, integrity and fairness and works both ways. Our team driven culture leverages and rewards talent and our collaborative way of working enhances the pride of people for their team and the company; creating a unique sense of togetherness and shared objective. Trust in our people and people's trust in us, makes JM Financial a great place to work.

A GREAT PLACE TO WORK



JM Financial Consultants Private Limited
(now renamed JM Financial Institutional Securities Private Limited) ranked amongst Top 50 'Best Workplaces in India 2008'



JM Financial Consultants Private Limited
(now renamed JM Financial Institutional Securities Private Limited) ranked amongst Top 50 'Best Workplaces in India 2009'



JM Financial Services Limited

- ▶ Ranked amongst 'India's Best Companies to Work For' in the Investments industry.
- ▶ Ranked 6th among the Top 35 'India's Best Companies to Work For' in the up to 1000 employees' category
- ▶ Recognised amongst the Top 50 'India's Best Companies to Work For' - Overall
- ▶ Ranked amongst the Top 10 'India's Best Companies to Work For' in Rewards and Recognition

JM Financial Limited (representing its subsidiaries and associates) was ranked among Top 50 Companies having up to 1000 employees



JM Financial Services Limited is being recognised among Top 50 'India's Best Companies To Work For'

JM Financial Limited (representing its subsidiaries and associates) amongst Top 100 'India's Best Companies To Work For'

JM Financial Asset Management Private Limited

- ▶ Ranked among Top 100 in 'India's Best Companies to Work For'.
- ▶ Ranked among the best in the industry (Financial Services) in 'India's Best Companies to Work For'.



Harshal Chopde

Senior Analyst,
Asset Reconstruction
Mumbai



I joined JM Financial's Management Analyst Program through campus placement from IIM - Bangalore. This 9 month rotation program provided me exposure to various products that JM Financial Group offers. On seamless assimilation of learning from all businesses, I found my fitment with the Asset Reconstruction Business of the Firm.

Best part about working here is the flexibility and responsibility that you are given. The friendly culture provides a wonderful platform to learn from stalwarts in the industry.



Diana D'sa

Senior Vice President
Legal, Compliance and
Secretarial
Mumbai



JM Financial gives its employees the confidence and the opportunity to reach their potential. The culture is one of honest and open communication. A sense of camaraderie amongst the employees, respect and understanding for each other makes this a great place to work. The values of trust and integrity at JM Financial have remained intact over the years.

A GREAT PLACE TO WORK



TV Sumithra

Assistant Vice President
Operations
Chennai



Ravi Barla

Associate Director
Equity Brokerage Group
Bangalore



Rajesh Shah

Assistant Vice President
Finance & Accounts
Mumbai



Bhavesh Shah

Managing Director
Investment Banking
Mumbai



Nikhil Chandak

Director
Institutional Equities
Mumbai



JM Financial is known for its high level of ethical standards and offers an environment that promotes growth. There are no boundaries for learning and there is effective handholding in times of crisis. Here, I am a part of a team, in which everyone performs to the best of their ability towards a common goal.



I have enjoyed the nine years of working with JM Financial. While I appreciate the freedom, support and trust endowed upon me, it is also very satisfying to lead a vibrant team without having to compromise on ethics. For me, JM Financial truly is a great place to work.



What fascinates me the most is the presence of an environment conducive to independent thinking, to make us trust our own instincts and value our intuition, so as to foster a sense of achievement.



JM Financial is a top-of-the-league and an extremely value-driven firm with complete emphasis on clients' interest first. The firm fosters a culture of empowerment and rewards employees for their performance. I have been with the firm for several years now and cherish my growth as an individual here.



JM Financial offers a healthy work culture which encourages entrepreneurship, excellence and highest standards of integrity and client servicing. In addition, great colleagues have made the journey here fun and exciting.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON WEDNESDAY, JULY 31, 2013 AT 4.00 PM AT KAMALNAYAN BAJAJ HALL, GROUND FLOOR, BAJAJ BHAVAN, JAMNALAL BAJAJ MARG, NARIMAN POINT, MUMBAI-400 021 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare a final dividend.
3. To appoint a Director in place of Mr. E A Kshirsagar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Darius E Udwadia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Keki Dadiseth, who was appointed as an additional director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 ('the Act'), read with Article 117 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act signifying his intention to propose him as a candidate for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 309(4) read with Section 309(7) and other applicable provisions, if any, of

the Companies Act, 1956 ('the Act'), so long as the Company has a Managing Director or Whole-time Director or Manager, the Company do pay to its Directors (other than the Managing Director or Whole-time Director) commission not exceeding 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Act for each of the five financial years commencing April 1, 2012, such commission being divisible among the Directors in such proportion as the Board of Directors may from time to time determine."

"RESOLVED FURTHER THAT if, during the aforesaid five financial years, at any time, the Company does not have a Managing Director or Whole-time Director or Manager, then the Company do pay to its Directors commission not exceeding 3% of the net profits of the Company computed in the manner laid down in Section 198 of the Act for each of the five financial years commencing April 1, 2012, such commission being divisible among the Directors in such proportion as the Board of Directors may from time to time determine."

"RESOLVED FURTHER THAT during the aforesaid five financial years, the Company do pay to its Directors (other than the Managing Director or Whole-time Director) commission in excess of 1% of the net profits computed as aforesaid where the Company has a Managing Director or Whole-time Director or Manager and commission in excess of 3% of the net profits computed in the manner aforesaid where the Company does not have a Managing Director or Whole-time Director or Manager, subject in either case with the prior approval of the Central Government under Section 309 and other applicable provisions of the Act."

"RESOLVED FURTHER THAT the aforesaid resolutions shall remain in force for a period of five financial years commencing from the financial year 2012-13."

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 30, 2013

Registered Office:

141, Maker Chambers III
Nariman Point
Mumbai - 400 021

NOTES:

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

1. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 ('the Act'), in respect of the business item nos. 6 and 7 of the Notice set out above are annexed hereto.
 2. Additional information of the Directors who are proposed to be re-appointed/appointed forms part of the Notice.
 3. Members are requested to:
 - i bring their copies of the annual report and the attendance slip duly completed and signed at the meeting.
 - ii quote their respective folio numbers or DP ID and Client ID numbers for easy identification of their attendance at the meeting.
 4. Bodies Corporate members are requested to send a certified copy of the board resolution authorising their representatives to attend and vote at the meeting.
 5. The Register of Members of the Company will remain closed from Wednesday, July 24, 2013 to Wednesday, July 31, 2013 (both the days inclusive).
 6. The final dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid to those members:
 - i whose names appear in the Register of Members at the close of business hours on July 23, 2013 in respect of shares held in physical form; and
 - ii whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on July 23, 2013, in respect of shares held in dematerialised form.
 7. Pursuant to the provisions of sub-section (5) of Section 205A of the Act, the amount of dividend which remain unclaimed or unpaid for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) of the said Section is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the unclaimed dividend in respect of the financial year 2005-06 is due for transfer to the IEPF by October 5, 2013. The Company has sent reminder letters to those Members who have not claimed the dividend for the financial year 2005-06. Members, who have not yet claimed their dividend for the financial year 2005-06 or for any subsequent financial years, are requested to claim the same from the Company. No claims shall lie against the said Fund or the Company in respect of the amount of dividend remaining unclaimed or unpaid after the said transfer to IEPF.
 8. Pursuant to the provisions of Section 205A(5) of the Act, the Company has transferred an amount of ₹3,09,880/- being the unclaimed dividend for the financial year 2004-05 to IEPF on September 7, 2012.
 9. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nominations may send their request in Form 2B in duplicate (which will be made available on request) to the Registrars and Share Transfer Agents (RTA) of the Company.
 10. The Company has made necessary arrangements for the Members to hold their shares in dematerialised (Demat) form. Members are also entitled to make nomination in respect of the shares held by them in Demat form with their Depository Participants (DPs). Those Members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the DPs. In case any Member wishes to dematerialise his/her/its shares and needs any assistance, he/she/it may write to the Company Secretary at the Registered Office of the Company.
 11. Members are requested to immediately notify any change in their address to:
 - their DPs in case they hold shares in electronic form; and
 - RTA of the Company along with their bank account details in case they hold shares in physical form
- so as to enable the Company to despatch the dividend pay orders or the communication relating to the Electronic Clearing Services (ECS)/National Electronics Clearing Services (NECS) at their new address.

12. The annual listing fees for the financial year 2013-14 have been paid to the stock exchanges where the Company's shares are listed.

13. Members holding the equity shares under multiple folios in identical order of names are requested to consolidate their holdings into one folio.

14. Payment of dividend through ECS/NECS:

All companies are mandatorily required to use ECS/NECS

facility wherever available for distributing dividends, wherein the dividend amount would be directly credited to the Members' respective bank accounts.

The Members are advised to intimate their bank account details/change in their bank account details to their respective DPs or the RTA or to the Company, as the case may be. In absence of the above details, the Company will send the dividend pay orders/demand drafts to the address of the Members available with the Company.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The Companies are now permitted to send various notices/documents including annual reports to its Members through electronic mode to their registered e-mail address. To support this initiative of the Government, the Members are requested to notify their e-mail address, including any change thereof, to their DPs (for shares held in dematerialised form) or to the RTA (for shares in physical form) of the Company viz., Sharepro Services (India) Private Limited in order to enable the Company to send all the future notices and documents through electronic mode.

Request to Members

Members are requested to send their question(s), if any, to the Company Secretary / Chief Financial Officer at the Registered Office of the Company, on or before July 20, 2013 so that the answers / details can be kept ready at the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 6

Mr. Keki Dadiseth was appointed as an additional director of the Company at the meeting of the Board of Directors held on October 30, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 ('the Act') read with Article 117 of the Articles of Association of the Company. He holds office of a Director up to the date of the forthcoming Annual General Meeting. It is proposed to appoint him as a Director of the Company, liable to retire by rotation, at the Annual General Meeting.

The Company has received a notice in writing from a Member of the Company signifying his intention to propose Mr. Dadiseth as a candidate for the office of Director along with a deposit of ₹500/- in accordance with Section 257 of the Act, which will be refunded to the Member if he is elected as a Director.

A brief profile of Mr. Dadiseth is given as additional information of Directors, which forms part of the Notice.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Dadiseth and accordingly commends the passing of the ordinary resolution proposed at item no. 6 of the Notice.

Mr. Keki Dadiseth is concerned or interested in the resolution proposed at item no. 6 of the Notice since it relates to his own appointment.

Item no. 7

At the Twenty Third Annual General Meeting held on July 25, 2008, the Members had approved, through a special resolution, the payment of commission to all Non-Executive Directors of the Company up to 1% (where the Company has a Managing or Whole-time Director or Manager) or 3% (where the Company does not have a Managing or Whole-time Director or Manager) of the net profits for each of the five financial years commencing April 1, 2007, such commission to be computed under and in accordance with Section 309 read with Section 198 of the Act; the amount of commission and manner of its payment to be determined by the Board of Directors ('the Board') from time to time. The Members had also authorised the Board to pay, with the approval of the Central Government, commission in excess of 1% or 3% as the case may be, of the net profits of the Company for each of the aforesaid five financial years of the Company.

The above special resolution was for payment of commission to the Non-Executive Directors up to the financial year 2011-12. As per the provisions of the Act, the special resolution for payment of commission to the Non-Executive Directors may be renewed, from time to time, by special resolution for further periods of not more than five financial years at a time.

Accordingly, the special resolution proposed at item no. 7 of the Notice seeks the authority of the Members to continue to pay commission to the Non-Executive Directors for each of the five financial years commencing April 1, 2012 in accordance with the provisions of the Act. The approval of the Members is also sought to pay to the Non-Executive Directors, the commission in excess of 1% or 3% of the net profits, as the case may be, pursuant to Section 309(4) of the Act with the prior approval of the Central Government.

The Board commends the passing of the special resolution at item no. 7 of the Notice.

All of the Directors of the Company except Mr. Nimesh Kampani may be deemed to be concerned or interested in item no. 7 to the extent of the commission that may be paid to them in terms thereof.

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 30, 2013

Registered Office:

141, Maker Chambers III
Nariman Point
Mumbai - 400 021

ADDITIONAL INFORMATION OF DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT AT THE TWENTY EIGHTH ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	Mr. E A Kshirsagar		
Date of Appointment	May 28, 2004		
Date of Birth	September 10, 1941		
Qualification	B.Sc, FCA (England & Wales)		
Expertise in specific functional areas	Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments and Mergers & Acquisitions		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> • Batliboi Limited • HCL Infosystems Limited • Manappuram Finance Limited • Merck Limited • Rallis India Limited • Tata Chemicals Limited • JM Financial Products Limited 		
Membership of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	<ul style="list-style-type: none"> • Batliboi Limited • HCL Infosystems Limited • Merck Limited • Rallis India Limited • Tata Chemicals Limited • JM Financial Products Limited • Manappuram Finance Limited 	Chairman Chairman Member Chairman Member Chairman Member	— — — Member — — —
Shareholding in the Company	Mr. Kshirsagar did not hold any shares of the Company as on March 31, 2013		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Name of the Director	Mr. Darius E Udwadia		
Date of Appointment	June 1, 2006		
Date of Birth	September 27, 1939		
Qualification	B.A, M.A, LL B Solicitor & Advocate, Bombay High Court and Solicitor of the Supreme Court of England		
Expertise in specific functional areas	Solicitor & Advocate. Senior Partner of the law firm of Udwadia Udeshi & Argus Partners. Has over 48 years of active law practice, acquired knowledge, experience and expertise in corporate law, mergers and acquisition, joint ventures, project finance and conveyancing.		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> • ABB Limited • AstraZeneca Pharma India Limited • Bombay Burmah Trading Corporation Limited • Development Credit Bank Limited • ITD Cementation India Limited • IRD Mechanalysis Limited • JM Financial Products Limited • MPS Limited • Wyeth Limited • WABCO India Limited 		
Membership of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	<ul style="list-style-type: none"> • ABB Limited • AstraZeneca Pharma India Limited • Bombay Burmah Trading Corporation Limited • ITD Cementation India Limited • MPS Limited • Wyeth Limited • WABCO India Limited 	Member Member Member Member Member Member Member	Chairman — — — — — —
Shareholding in the Company	Mr. Udwadia did not hold any shares of the Company as on March 31, 2013		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Name of the Director	Mr. Keki Dadiseth		
Date of Appointment	October 30, 2012		
Date of Birth	December 20, 1945		
Qualification	FCA (England & Wales)		
Expertise in specific functional areas	Finance		
Brief Profile	<p>Mr. Keki Dadiseth has to his credit an illustrious career of 27 years at Hindustan Lever Limited between 1973 and 2000, during which term he served as the Chairman of the Board between 1996 and 2000. Mr. Keki Dadiseth was also associated with the Unilever Group as a Director between 2000 and 2005.</p> <p>He is the Non-Executive Chairman of Omnicom India, Chairman of the Convening Board of Marsh & McLennan Companies, India, a member of International Advisory Board of Fleishman-Hillard Inc and a member of Strategic Advisory Board of Atos India Private Limited. Mr. Keki Dadiseth is also a member of the Indian Advisory Board of Accenture India and PricewaterhouseCoopers.</p> <p>Mr. Keki Dadiseth has been closely associated with various industry, educational, management and medical bodies. He serves as a Trustee of Ratan Tata Trust and is the Chairman of the Managing Committee of Breach Candy Hospital Trust. He is also a Director on the Board of Indian School of Business.</p>		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> ● Britannia Industries Limited ● Godrej Properties Limited ● ICICI Prudential Life Insurance Company Limited ● ICICI Prudential Trust Limited ● JM Financial Services Limited ● Piramal Enterprises Limited ● Siemens Limited ● The Indian Hotels Company Limited 		
Membership of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	<ul style="list-style-type: none"> ● Britannia Industries Limited ● Godrej Properties Limited ● ICICI Prudential Life Insurance Company Limited ● Piramal Enterprises Limited ● Siemens Limited ● The Indian Hotels Company Limited 	Member Chairman Chairman Member Member Chairman	— — — — — —
Shareholding in the Company	Mr. Dadiseth did not hold any shares of the Company as on March 31, 2013		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

DIRECTORS' REPORT

To The Members,

The Directors of your Company take pleasure in presenting the Twenty Eighth Annual Report together with the annual audited statement of accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

A summary of the Company's financial performance, both on consolidated and standalone basis, for FY 2012-13 as compared to the previous financial year is given below:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Gross income	1,042.23	873.97	56.19	63.31
Profit before depreciation and amortisation expenses, finance costs & tax expenses	643.01	490.25	49.04	46.21
Less: Depreciation & amortisation expenses	12.16	11.47	0.26	0.54
Finance costs	376.92	296.07	0.03	0.05
Profit before tax	253.93	182.71	48.75	45.62
Current tax	74.68	56.26	2.60	3.15
Deferred tax	(1.75)	3.19	(0.14)	(0.03)
Tax adjustment of earlier years (net)	2.00	0.10	1.48	—
Profit after tax but before minority interest and share in associate companies	179.00	123.16	44.81	42.50
Less: Share of minority interest	15.94	9.49	—	—
Add: Share in profit of associates	19.86	7.50	—	—
Net Profit	182.92	121.17	44.81	42.50
Add: Balance profit brought forward from previous year	1,315.92	1,269.52	1,108.77	1,117.25
Profit available for appropriation	1,498.84	1,390.69	1,153.58	1,159.75
Less: Appropriations				
Interim dividend	30.06	—	30.06	—
Proposed final dividend	37.71	45.04	37.71	45.04
Dividend on equity shares issued after the adoption of previous years' accounts	0.03	—	0.03	—
Dividend distribution tax	15.94	7.31	4.88	0.44
Transferred to General reserve	6.54	6.22	5.00	5.50
Transferred to Statutory reserve	25.30	16.20	—	—
Transferred to Capital redemption reserve	3.75	—	—	—
Surplus carried to balance sheet	1,379.51	1,315.92	1,075.90	1,108.77

DIVIDEND

The Board of Directors had declared and paid an interim dividend of ₹0.40 per equity share of ₹1/- each in February 2013. Your Directors are now pleased to recommend a final dividend of ₹0.50 per share for the financial year 2012-13. With this recommendation, the total dividend for the financial year 2012-13 works out to ₹0.90 per share (Previous year ₹0.60 per share). The total outgo on account of dividend would be ₹67.77 Crore for the year under review as against ₹45.04 Crore in the previous year. The total outgo on account of dividend distribution tax on a consolidated basis, is ₹15.94 Crore as against ₹7.31 Crore in the previous year.

The final dividend, if declared at the forthcoming Annual General Meeting, will be paid on and from August 2, 2013 to those members whose names appear in the Register of Members at the close of the business hours on July 23, 2013. In respect of shares held in dematerialised form, dividend will be credited to the bank account of the members as per the data furnished by the Depositories as on July 23, 2013.

FINANCIAL PERFORMANCE

Consolidated

The Company crossed the ₹1,000 Crore mark in total revenue for the first time on a consolidated basis. The consolidated turnover of JM Financial Group stood at ₹1,042.23 Crore for the financial year ended March 31, 2013 as against ₹873.97 Crore for the previous year. The group made a net profit of ₹182.92 Crore for the year ended March 31, 2013 as compared to the net profit of ₹121.17 Crore in the previous year.

The consolidated financials reflect the cumulative performances of various businesses of JM Financial Group that are housed in various subsidiaries and associates for primarily regulatory reasons. Detailed discussion about these businesses is contained in the Management Discussion and Analysis section forming part of this report.

Standalone

The turnover of the Company on a standalone basis stood at ₹56.19 Crore for the year ended March 31, 2013 as against ₹63.31 Crore in the previous year. On Standalone basis, the Company made a net profit of ₹44.81 Crore for the year ended March 31, 2013 as compared to the net profit of ₹42.50 Crore in the previous year.

SHARE CAPITAL

Issue of shares arising out of Employee Stock Option Scheme

The paid-up share capital of your Company increased by ₹17,45,162 in FY 2012-13, on account of allotment of 17,45,162 equity shares of ₹1/- each on exercise of stock options by the eligible employees under Employees Stock Option Scheme – Series 4. As on March 31, 2013, the issued, subscribed and paid-up capital of the Company stood at ₹75,16,14,662 as against ₹74,98,69,500 in the previous year comprising 75,16,14,662 equity shares of ₹1/- each as compared to 74,98,69,500 equity shares of ₹1/- each in the previous year.

Proposed issuance of Warrants

The Board of Directors, at its meeting held on May 16, 2013, has approved issuance of 2,32,93,878 Warrants on a preferential basis to Mr. Vikram Shankar Pandit (1,16,46,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants) and Mrs. Aparna Murthy Aiyar (58,23,469 Warrants) subject to the approval of shareholders and such other regulatory approvals as may be required. The warrant holders shall have a right to apply for and be allotted the equity shares at an exercise price of ₹19.05 per share of the face value of ₹1/- each within a period of 18 months from the date of allotment of the Warrants to them. The Extraordinary General Meeting of the Members of the Company is scheduled to be held on June 14, 2013 to pass the necessary special resolution approving the above issue. The said preferential issue is proposed to be made in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended as of date.

EMPLOYEE STOCK OPTION SCHEME

The Members of the Company had approved at the 22nd Annual General Meeting held on September 6, 2007, the issuance of stock options to the extent of shares representing 5% of the equity shares outstanding on that date. The Company has instituted Employee Stock Option Scheme for the benefit of the employees/directors of the Company and/or its subsidiaries ('the Employees') which is in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) as amended from time to time.

During the year under review, the Compensation Committee of the Board of your Company had on April 16, 2012 granted 73,02,669 stock options to the Employees under the Employees' Stock Option Scheme – Series 5. Out of 3,11,90,169 stock options so far granted under Series 1 to 5, 23,92,100 stock

options have lapsed due to the resignation of the Employees. The aggregate number of stock options outstanding as on March 31, 2013 is 2,70,52,907. The particulars of the total options granted, options exercised and options lapsed till March 31, 2013 is given hereunder:

Particulars	No. of Options
Total No. of Stock Options granted upto March 31, 2013	3,11,90,169
Less: No. of Stock Options exercised upto March 31, 2013	17,45,162
Less: No. of Stock Options lapsed upto March 31, 2013	23,92,100
No. of Stock Options outstanding as on March 31, 2013	2,70,52,907

The Compensation Committee has further granted 36,45,774 stock options to the Employees under the Employees' Stock Option Scheme - Series 6 on May 6, 2013. These options will vest in three equal tranches at the end of first, second and third year from the date of grant.

The disclosures required to be made under Clause 12.1 of the SEBI Guidelines are given in Annexure I to this Report.

DEPOSITS

Your Company has neither invited nor accepted any deposits from Public under Section 58A of the Companies Act, 1956 during the year under review.

APPLICATION FOR BANKING LICENSE

The Reserve Bank of India (RBI) announced the guidelines for licensing of new banks in the private sector on February 22, 2013. Your Company meets the criteria laid out in the said guidelines and hence the Board of Directors has accorded its 'in principle' approval to the Company making an application to RBI for acquiring a banking license in accordance with the guidelines for licensing of new private sector banks.

Additionally, the Board has also accorded its 'in principle' consent for appointment of Mr. Vikram Shankar Pandit, Ex-CEO Citi Group Inc and Ex President & COO of Morgan Stanley's institutional securities and investment banking businesses, as the Non-Executive Chairman of the proposed bank subject to the regulatory and other approvals including the approval of RBI, as may be required.

NBFC BUSINESS AND DISTRESSED ASSETS FUND

The Board of Directors of your Company has accorded its 'in principle' approval to the proposal for investment of up to USD 100 mn in JM Financial Group's NBFC business out of the funds to be raised by Mr. Vikram Pandit.

Additionally, JM Financial Group proposes to form the Distressed Assets Fund jointly with Mr. Vikram Pandit with an initial target capitalisation of USD 100 mn.

SUBSIDIARY COMPANIES

Your Company had 14 subsidiaries (including step down subsidiaries) viz., JM Financial Institutional Securities Private Limited, JM Financial Products Limited, JM Financial Asset Management Private Limited, JM Financial Investment Managers Limited, Infinite India Investment Management Private Limited, JM Financial Properties and Holdings Limited (formerly known as JM Financial GILTS Limited), JM Financial Services Limited, JM Financial Commtrade Limited, JM Financial Insurance Broking Private Limited, CR Retail Malls (India) Limited, JM Financial Overseas Holdings Private Limited (*Mauritius*), JM Financial Singapore Pte Ltd. (*Singapore*), JM Financial Securities, Inc. (*Delaware - United States of America*) and PT JM Financial Securities Indonesia (*Indonesia*).

During the year, JM Financial Securities Inc and PT JM Financial Securities Indonesia were incorporated as step down subsidiaries.

As per the provisions of Section 212 of the Companies Act, 1956, the Company is required to attach, inter alia, the Directors' Report, Balance Sheet and Statement of Profit and Loss of the subsidiaries to its annual report. The Ministry of Corporate Affairs, Government of India vide its circular No. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with the provisions of Section 212 subject to fulfillment of certain conditions as mentioned in the said circular. Accordingly, the annual report of the Company for the FY 2012-13 does not contain the financial statements of the subsidiaries. As required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the consolidated financial statements of the Company duly audited by the statutory auditors form part of this Annual Report. Your Company shall make available, the audited annual accounts and related information of its subsidiaries, to those members who wish to have copies of the same and these documents will also be kept open for inspection by any member at the Registered Office of the Company on any working day, except on Saturdays,

between 3.00 p.m. and 5.00 p.m. up to the date of the ensuing Annual General Meeting.

AWARDS AND RECOGNITIONS

Your Company, represented by its subsidiaries and associates has been ranked among Top 100 in "India's Best Companies to Work for 2013" conducted by Great Place to Work Institute. Your Company's subsidiaries have also received various other awards, recognitions and certifications during the year under review, the details of which are:

JM Financial Institutional Securities Private Limited

- Featured in India's best dealmakers 2012 (Business World) under Qualified Institutional Placement category for Mahindra & Mahindra Financial Services Limited.

JM Financial Services Limited

- Ranked among the Top 50 in "India's Best Companies to Work for 2013" conducted by Great Place to Work Institute.

JM Financial Asset Management Private Limited

- Ranked among Top 100 in "India's Best Companies to Work for 2013" conducted by Great Place to Work Institute.
- Ranked among the best in the industry (Financial Services) in "India's Best Companies to Work for 2013" conducted by Great Place to Work Institute.

REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

The reports on Corporate Governance and Management Discussion & Analysis for the year under review, as stipulated under Clause 49 of the Listing Agreement are forming part of the Annual Report. The certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is annexed to the Corporate Governance Report.

BOARD OF DIRECTORS

In accordance with Article 130 of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. E A Kshirsagar and Mr. Darius E Udawadia, Independent Directors, retire by rotation at the forthcoming Annual General Meeting (AGM) and, being eligible, have offered themselves for re-appointment as Directors of your Company.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 117, Mr. Keki Dadiseth was appointed as

an additional director by the Board of Directors of the Company with effect from October 30, 2012. He holds office as a Director up to the date of the forthcoming AGM. Your Company has received a notice in writing from a Member proposing his candidature for the office of Director.

Additional Information and brief profile, as stipulated under the Listing Agreement for each of the above Directors seeking re-appointment / appointment, is annexed to the Notice of the AGM. Further, the business items relating to the re-appointment/ appointment of above directors have been included in the Notice of the AGM.

During the year, Mr. Ashith Kampani, a Non-Executive Director resigned from the Board and accordingly ceased to be a Director of your Company with effect from June 30, 2012. The Board of Directors places on record its appreciation for the valuable services rendered by Mr. Kampani during his tenure as a Director of the Company.

Dr. Pravin P Shah, an Independent Director, passed away on December 4, 2012 whereupon he ceased to be a Director of your Company with effect from that date. The Directors place on record their deep appreciation for the valuable contribution made by Dr. Shah during his tenure as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013, and of the profit or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956, up to the conclusion of the forthcoming Annual General Meeting. They have sought their re-appointment and have confirmed that their re-appointment, if made, will be within the limits prescribed under sub-section (1B) of Section 224 of the Companies Act, 1956 and that they are not beneficially holding any security of the Company as defined under Section 226(3)(e) of the said Act. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement. Members are requested to consider their re-appointment.

The Audit committee and Board of Directors have recommended the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for the year 2013-14.

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

In view of the nature of activities which are being carried on by your Company, the particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy and Technology Absorption are not applicable to the Company.

During the year under review, your Company has not earned any foreign exchange and the details of the amount spent in foreign exchange is provided in note number 2.28 of the notes to the standalone financial statements which forms part of the audited annual accounts.

CORPORATE SOCIAL RESPONSIBILITY

At JM Financial, an essential component of our Corporate Social Responsibility (CSR) is to care for our community. Your Company has always been a responsible corporate citizen and have partnered with various NGOs and supported organisations which work for relevant social causes. Detailed information on the initiatives by the Company towards CSR activities is provided in the Corporate Social Responsibility section of the Management Discussion and Analysis Report.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the Annexure II to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the aforesaid information. The said Annexure is available for inspection at the registered office of the Company. Any shareholder interested in the said information may write to the Company Secretary at the registered office of the Company.

Your Company had 12 employees as on March 31, 2013. Out of the total number of employees, 3 employees employed throughout the year were in receipt of remuneration of more than ₹60.00 Lakh per annum and 1 employee employed for part of the year was in receipt of remuneration of more than ₹5.00 Lakh per month.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude to the Reserve Bank of India, the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, Forward Markets Commission, Multi Commodity Exchange of India Limited, Depositories, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. Your Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year.

On behalf of the Board of Directors

Place: Mumbai
Date: May 30, 2013

Nimesh Kampani
Chairman & Managing Director

Annexure I

Details of Employee Stock Option Scheme as stipulated under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

1.	Options granted during the year (FY 2012-13)	:	73,02,669
2.	Pricing formula	:	Discount to Market Price
3.	Options vested during FY 2012-13	:	61,45,591
4.	Options exercised during FY 2012-13	:	17,45,162
5.	Total number of shares arising as a result of exercise of Options during FY 2012-13	:	17,45,162
6.	Options lapsed during FY 2012-13	:	6,53,873
7.	Variation of terms of Options	:	None
8.	Money realised from the Employees by exercise of Options during FY 2012-13	:	₹17,45,162
9.	Total Options in force as on March 31, 2013	:	2,70,52,907
10.	Employee wise details of Options granted to:		
	(i) senior managerial personnel	:	41,30,319 Stock Options have been granted to 23 senior managerial personnel (eligible employees/directors of the Company and/or its subsidiaries) out of 73,02,669 Stock Options granted during FY 2012-13.
	(ii) any other employee who received a grant in any one year of Option amounting to 5% or more Options granted during that year	:	None
	(iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	None
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'.	:	Standalone - ₹0.59 Consolidated - ₹2.43

12. Difference between the employee compensation cost using intrinsic value method and fair value method.

The impact of this difference on profits and on EPS of the Company.

a. **On Standalone basis**

₹3.23 Crore

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	44.81	41.58
Basic EPS (₹)	0.60	0.55
Diluted EPS (₹)	0.59	0.55

b. **On Consolidated basis**

₹ (0.53) Crore

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	182.92	183.45
Basic EPS (₹)	2.44	2.44
Diluted EPS (₹)	2.43	2.43

13. Weighted-average exercise prices and weighted average fair values of Options for Options whose exercise price is either equal or exceeds or is less than the market price of the stock Options.

Weighted average exercise price – ₹1.00

Weighted average value of option – ₹13.50

14. A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:

Black-Scholes-Merton model

- i. Risk-free interest rate : 8.36%
- ii. Expected life : 4.5 years
- iii. Expected volatility : 60.86%
- iv. Expected dividend yield : 1.48%
- v. The price of the underlying share in market at the time of Option grant : ₹15.15

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ENVIRONMENT

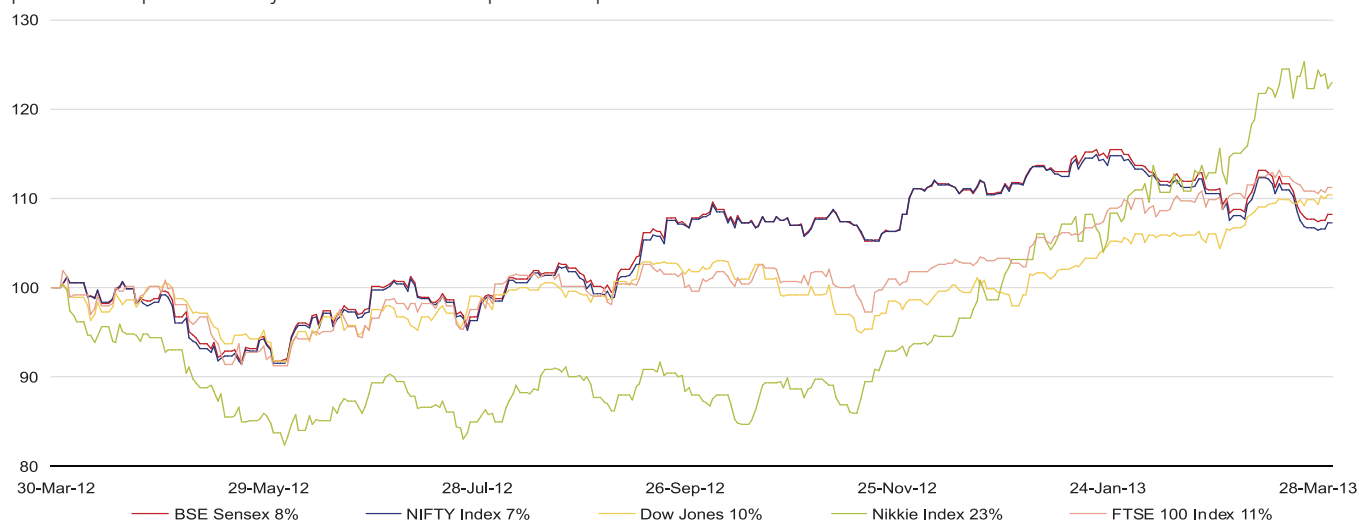
After a weak 2011, global prospects improved in 2012 especially in the latter half of the year as activity stabilised in advanced economies while the emerging market and developing economies saw renewed vigor supported by policy stimulus. This pickup followed the slowdown in the first half of 2012, which was manifested in industrial production and global trade. Investment in major economies dipped while consumption varied with sluggishness in many advanced economies constrained by high unemployment and buoyancy in many emerging and developing markets with labor continuing to perform well. However, since mid-2012 strong actions by European policymakers and the avoidance of the "fiscal cliff" in US helped improve confidence and financial conditions. Japan adopted more expansionary macroeconomic policies in response to a larger-than-expected slowdown. In the meantime, emerging markets also eased policy supporting internal demand. Financial markets have driven this reacceleration in activity, though markets may have moved ahead of the real economy. Fiscal consolidation was broadly on expected lines in 2012. In advanced economies, general government deficits as a percent of Gross Domestic Product (GDP) were brought down below 6% in 2012, despite weak activity. However, debt-to-GDP ratios continued to rise. In emerging markets, deficit ratios rose modestly in response to weaker activity, while debt ratios fell.

Inflationary expectations remain well anchored with no excess demand pressures in the major advanced economies and inflation rates broadly under control in emerging markets. According to the International Monetary Fund (IMF), global inflation has fallen to about 3.25% from 3.75% in early 2012, and it is projected to stay around these levels through 2014. Food and fuel supply developments will help contain upward pressure on prices of major commodities despite the expected

reacceleration in global activity. In advanced economies, inflation will ease though Japan should come out of deflation on the back of Bank of Japan's new quantitative and qualitative easing framework to support a steady acceleration of inflation. Inflationary pressures are expected to remain contained in emerging markets, supported by the recent slowdown and lower food and energy prices. However in certain pockets, inflationary pressures are still fairly high, spurred by food prices in some cases.

The IMF in its World Economic Outlook expects world economy to grow at 3.25% in 2013 and 4% in 2014. Growth is likely to be led by emerging and developing economies again, which are seen growing at 5.3% in 2013 and 5.7% in 2014. Advanced economies are expected to grow only by 1.2% in 2013 and 2.2% in 2014. However, divergences in the pace of growth exist. In the euro area, balance sheet repair and still tight credit conditions will continue to weigh on growth prospects, whereas underlying conditions in the United States are more supportive of a recovery, even with the sequester inducing a larger-than-expected fiscal consolidation. In many developing economies, activity has already picked up following the sharper-than-expected slowdown in the middle of 2012. The short-term risk picture has improved as policy action has lowered some immediate risks especially those relating to the breakup of the euro area and an economic contraction resulting from the U.S. fiscal cliff. In addition, risks for a hard landing in key emerging economies have abated.

Stock markets of advanced nations had strong returns for FY 2013, closing the year close to their highs. The Dow Jones Industrial Average closed the year on a high of 14,579 after touching a low of 12,101 during FY 2013, up 10.34% YoY. Japan's



Nikkei 225 rose 22.95% YoY, touching a high of 12,636 and a low of 8,296 during FY 2013. UK's FTSE100 Index rose 11.15% YoY, touching a high of 6,529 and a low of 5,260 during FY 2013. India's BSE Sensex touched a high of 20,104 and a low of 15,948 during FY 2012, closing at 18,836 on March 31, 2013, up 8.23% YoY and Nifty touched a high of 6,082 and a low of 4,836 during FY 2012, closing at 5,683 on March 31, 2013, up 7.31% YoY.

INDIAN ECONOMY

The Indian economy witnessed a sharper than expected slowdown in FY 2013. After GDP growth averaging 8.5% for the period FY 2005-2011, growth decelerated to 6.2% in FY 2012. However the worst was not over, with FY 2013 first quarter GDP growth slowing down to 5.5%, and falling below 5% for the first time since March 2009 to 4.5% in third quarter of FY 2013. For the full year, official advance estimates indicate growth to be at a decade low of 5.0%. The slowdown has been across all components. Disappointing monsoon season dragged agriculture growth down with sector growth at 1.7% for the first three quarters compared to 3.6% in FY 2012. Services sector which held up in FY 2012 has slowed down sharply in FY 2013, with growth at 6.7% in the first three quarters compared to 8.2% in FY 2012. Industrial sector growth continues to be lackluster with growth in the first three quarters averaging at 3.2% vis-a-vis 3.5% for FY 2012. Manufacturing sector grew at 1.2%, while mining grew only 0.1% despite favorable base (-1.4% in FY 2012). The index of industrial production indicates only a modest pickup in manufacturing in the fourth quarter of FY 2013. The eight item core sector (which includes coal, steel, cement, natural gas, refinery production, electricity, fertilisers and crude oil) with a 37.8% weightage in the Index of Industrial Production (IIP) continues to be a drag on the economy with cumulative growth of 2.6% upto February 2013 compared to 5.0% in FY 2012. As per the use-based classification of industrial production, cumulative growth in the consumer segment was only at 2.5% upto February 2013 compared to 4.4% in FY 2012 with consumer durables growth at 2.7%, similar to FY 2012, but there was a sharper slowdown in non-durables, growing 2.3% vs 5.9% in FY 2012. Investment demand was weak with capital goods segment under the IIP contracting by 7.6% in FY 2013 compared to a contraction of 4% in FY 2012.

Fiscal balances improved with Government's fiscal deficit falling to 5.2% of GDP in FY 2013 from 5.8% of GDP in FY 2012, this was marginally higher than the budgeted 5.1%. FY 2013 deficit slippage curtailed to 10bps on account of savings through plan expenditure cuts (+90bps) despite weaker revenue receipts (-63bps) and higher non plan expenditure (-32bps) on larger than expected subsidy burden. The fiscal situation is budgeted to

improve in FY 2014 to 4.8% of GDP. However, it is important to note that fiscal consolidation as envisaged is subject to risks; especially with respect to lower tax revenues if the economy does not grow on expected lines.

The bigger pressure point for India in FY 2013 was the sharp widening of current account deficit and its emergence as a significant policy concern. According to Reserve Bank of India's (RBI) official data, Current Account Deficit (CAD) for the first three quarters of FY 2013 was around US\$ 72.5 billion. CAD as a proportion of GDP has widened from -1.3% in fourth quarter of FY 2011 to -6.7% in the third quarter of FY 2013. Full year data on merchandise trade shows export growth falling by 1.76% to US\$ 300 billion, while imports held up, growing 0.44% to US\$491 billion. Oil imports continue to be the biggest driver for imports, growing 9.2% in FY 2013 to touch US\$169 billion. Despite the high CAD, Balance of Payment deficit for the first three quarters of FY 2013 was US\$ 0.3 billion, compared to a deficit of US\$12.8 billion in FY 2012, as reforms initiated by the government from September 2012 coupled with a benign global environment led to a surge in portfolio inflows in FY 2013 (US\$ 25 billion). The exchange rate was relatively stable averaging ₹54.23 per US\$ after touching an all-time low of ₹57.2 per US\$ on June 24, 2012. Foreign exchange reserves were US\$ 292.6 billion at the end of March 2013.

FY 2014 is likely to be a year when the economy recovers from a lower base. However, with agriculture growth contingent on a normal monsoon and government spending expected to slow down on account of fiscal consolidation, sustainable recovery hinges on improvement in investment cycle. Reforms are essential both for a revival of the investment cycle and financing of our high deficits.

INFLATION

FY 2013 saw diverging trends emerging from inflation indices. Wholesale Price Index moderated over the course of the year, averaging 7.35% in FY 2013 compared to 8.8% in FY 2012. Core inflation moderation was even sharper, averaging 4.8% in FY 2013 compared to 7.2% in FY 2012. This was despite increases in administered prices coupled with increases in freight rates, service and excise taxes, indicating weak pricing power. However, retail price acceleration continued unabated with Consumer Price Index averaging 10% in FY 2013. Latest data shows that wage pressures remain. RBI expects the headline inflation to be range-bound around current levels over FY 2014 as (a) sectoral demand-supply imbalances remain, and (b) the ongoing correction in administered prices coupled with its second-round effects plays out on inflation. Also, the risk of elevated food prices stemming from Minimum Support Price increases and the wedge between wholesale and retail inflation

are having adverse implications for inflationary expectations. External balances remain high notwithstanding the likely improvement in fourth quarter of FY 2013 over an expected sharp deterioration in third quarter of FY 2013. Given the above macro setup, RBI's guidance emphasises limited headroom on further policy easing.

MONETARY CONDITIONS

After raising the policy rate by 375 basis points during March 2010- October 2011, with inflation moderating and growth slowing down sharply, the RBI eased policy rates by 100 bps in FY 2013, cutting the repo rate by 50bps in April 2012 and further 25bps each in January 2013 and March 2013. The RBI also cut Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) by 75bps and 100bps in FY 2013 to ease liquidity tightness. However, liquidity conditions remained in a deficit mode throughout FY 2013 preventing the transmission of rate cuts. This deficit was largely structural caused by the divergence between deposits mobilised and credit extended by commercial banks. During FY 2013, RBI injected primary liquidity through OMO purchases, aggregating around ₹1.5trn, and ₹0.5trn through CRR cuts. Broad money (M3) growth fell sharply to 12.4% which could be attributed to strained external balances of India.

As on March 31, 2013, CRR was at 4%, SLR at 23%, repo rate at 7.5%, reverse repo at 6.5% and MSF/bank rate at 8.5%.

CAPITAL MARKETS

SECONDARY EQUITY MARKET

With the government initiating reforms towards the end of 2012 coupled with improvement in global sentiment, sentiment improved domestically. Indian markets were also affected with the Foreign Institutional Investors (FIIs) inflows. FIIs invested US\$31 billion in the Indian markets including debt instruments during FY 2013, up 64% from US\$19 billion in FY 2012.

The total market capitalisation of the companies listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as on March 31, 2013, stood at ₹6,387,887 Crore and ₹6,239,035 Crore respectively as compared to ₹6,214,941 Crore and ₹6,096,518 Crore as on March 31, 2012. The average daily turnover on the cash segment of BSE and NSE further dropped to ₹2,195 Crore and ₹10,833 Crore during FY 2013 as compared to ₹2,681 Crore and ₹11,289 Crore respectively during FY 2012. However, there was a marginal improvement in the volumes on the derivatives segment of NSE where the average daily turnover increased to ₹126,639 Crore during FY 2013 as compared to ₹125,903 Crore during FY 2012. Whereas the volumes of

derivatives segment on BSE increased substantially from ₹3,247 Crore in FY 2012 to ₹28,769 Crore in FY 2013.

(₹ in Crore)

Average Daily Turnover	2012-13	2011-12
Cash		
BSE	2,195	2,681
NSE	10,833	11,289
Derivatives		
BSE	28,769	3,247
NSE	1,26,639	1,25,903

PRIMARY MARKETS

The capital raising activity remained subdued during the year as in the previous year. The Initial/Follow-on Public Offer (IPO/FPO) market witnessed 33 IPOs of equity for a total amount of ₹6,529 Crore and 11 Debt issuances raising ₹15,386 Crore in FY 2012-13 as against 35 IPO/FPO of equity aggregating ₹10,482 Crore and 20 Debt issuances aggregating ₹35,611 Crore in FY 2011-12. The corporates preferred to raise funds through qualified institutional placement raising ₹15,996 Crore from 45 issuances in FY 2012-13 as against ₹2,163 Crore from 16 issuances in FY 2011-12. The corporates also raised ₹8,945 Crore through Rights Issues in FY 2012-13 as against ₹2,375 Crore in FY 2011-12.

The breakup of the funds raised during FY 2012-13 as compared to FY 2011-12 is as follows:

Primary market	2012-13		2011-12	
	No.	₹ in Crore	No.	₹ in Crore
IPO	33	6,529	34	5,904
FPO	—	—	1	4,578
Rights Issue	16	8,945	16	2,375
QIP	45	15,996	16	2,163
Total Equity Raised	94	31470	67	15,020
Public issue of Debt	11	15,386	20	35,611
Total Amount Raised	105	46,856	87	50,631

Large secondary sale of equity through Offer for Sale (OFS) route held center stage during the year, given the impending deadline for minimum public holding of 25% of issued capital by listed companies for meeting continuing listing norms. The Capital Markets witnessed 35 transactions of OFS for aggregate amount of ₹28,024 Crore during the year.

MUTUAL FUNDS

During the FY 2012-13, the mutual funds industry witnessed another challenging year losing more than 36 lakh investors, measured in terms of individual folios. The equity schemes were the biggest losers with a decline of 44.73 lakh folios due to profit booking and various merger schemes in the mutual fund industry among other factors.

The net mobilisation of resources by the mutual funds was ₹76,539 Crore (₹63,790 Crore in private sector and ₹12,749 Crore in public sector) as against a net redemption from the mutual funds of ₹22,024 Crore (₹15,446 Crore in private sector and

₹6,578 Crore in public sector) in FY 2011-12. The mobilisation was mainly on account of inflow of ₹91,600 Crore in the income/debt oriented schemes, balanced funds and exchange traded funds, whereas, given the market sentiments, equity funds and funds investing overseas remained out of favour resulting in net outflow of ₹15,061 Crore. The cumulative market value of assets under management of mutual funds was ₹701,443 Crore as on March 31, 2013 as against ₹587,217 Crore on March 31, 2012, an increase of 19.45% YoY.

The following tables illustrate the mobilisation of resources in the Indian Mutual Fund Industry and mobilisation according to scheme objectives:

(₹ in Crore)

Period	Gross Mobilisation			Redemption			Net Inflow / (Outflow)		
	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total
2012-13	5,892,356	1,375,529	7,267,885	5,828,566	1,362,780	7,191,346	63,790	12,749	76,539
2011-12	5,683,743	1,135,935	6,819,679	5,699,189	1,142,513	6,841,702	(15,446)	(6,578)	(22,024)

(₹ in Crore)

Nature of Scheme	Gross Mobilisation		Redemption		Net Inflow/(Outflow)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Income / Debt Oriented Schemes	7,213,578	6,754,113	7,123,396	6,779,766	90,182	(25,653)
Growth / Equity Oriented Schemes	43,364	50,619	57,951	50,498	(14,587)	121
Balanced Schemes	5,205	5,027	4,989	4,645	216	382
Exchange Traded Funds	5,052	8,563	3,850	5,540	1,202	3,024
Fund of funds (investing overseas)	686	1,356	1,160	1,254	(474)	102

Source: Various reports and websites of RBI, SEBI, IMF, Bloomberg, CMIE and other print & electronic media.

PRIVATE EQUITY

In FY 2012-13, as per our estimate, the Private Equity (PE) investments decreased by 18% to ₹31,965 Crore (309 deals) as compared to ₹39,177 Crore (368 deals) during FY 2011-12.

Year	Private Equity Investment (₹ in Crore)	Number of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2012-13	31,965	309	137	IT / ITES, Financial Services and Healthcare
2011-12	39,177	368	135	Financial Services, Real Estate and Infrastructure

(Source: JM Financial estimates)

IT / ITES, Financial Services and Healthcare sectors witnessed the highest activities in terms of deal value accounting for 27%, 14% and 12% respectively of the total PE investments.

Total PE exits, however, increased to ₹19,941 Crore (64 deals) in FY 2012-13 as compared to ₹15,397 Crore (66 deals) in FY 2011-12. The secondary market remained the preferred exit route for PE Investors. In the absence of robust primary markets in the near term PE Investors are likely to explore exits through the PE to PE and strategic sale routes.

DISCUSSION ON BUSINESSES AND OPERATIONAL PERFORMANCE

JM Financial Limited ('the Company') is a Core Investment Company having investments in subsidiaries and associates which are engaged in the business of investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, fixed income products structuring, investments, portfolio management, asset management, commodity broking, Non Banking Financial Services (NBFC), private equity, real estate fund management and asset reconstruction.

JM Financial Group offers a wide range of financial products to a significant clientele that includes public and private sector corporations, multinational corporations, financial institutions, institutional investors, high net-worth individuals and retail investors as well as market intermediaries. The values of integrity, teamwork, innovation, client focus, performance, execution and partnership form the foundation of our corporate vision and drive our purpose.

The businesses of subsidiaries are categorised into the following four broad segments:

INVESTMENT BANKING AND SECURITIES BUSINESS

Our **Investment Banking** business provides a wide range of services and is among the most experienced and well regarded in the industry. We provide advisory services for capital market transactions including fund raising in public markets and from Private Equity investors, mergers, acquisitions, restructuring, financial advisory to a diversified client base across geographies globally.

During the year, we were appointed as one of the book running lead managers to several marquee transactions. Some of the key transactions we handled during the year include:

Initial Public Offer: Repco Home Finance Limited (₹270 Crore).

Rights Issue: Bajaj Finserv Limited (₹940 Crore) and **Bajaj Finance Limited** (₹744 Crore).

Qualified Institutional Placement: Indusind Bank Limited (₹2,001 Crore), **Mahindra and Mahindra Financial Services Limited** (₹867 Crore), **South Indian Bank Limited** (₹443 Crore) and **Cholamandalam Investment and Finance Company Limited** (₹300 Crore).

Public offer of Debt: Shriram Transport Finance Company Limited (₹600 Crore), **Shriram City Union Finance Limited** (₹434 Crore) and **Religare Finvest Limited** (₹332 Crore).

We were also advisors to the following private equity deals concluded during the year:

- i. Investment by **KKR** in TVS Logistics Services – ₹242 Crore
- ii. Partial stake sale by **Carlyle** in Repco Home Finance to WCP Holdings III – ₹95 Crore
- iii. Partial stake sale by **Carlyle** in Repco Home Finance to Creador – ₹74 Crore

We have been recognised as the India's best dealmakers of 2012 for our role in the Qualified Institutional Placement of ₹867 Crore by Mahindra & Mahindra Financial Services Limited by Business World.

On the Mergers & Acquisitions side, we are acting as advisor to **Diageo Plc** for acquisition of shareholding in **United Spirits Limited**, a leading Indian spirits company. We also advised **Wipro Limited** for achieving the minimum public float criteria of 25% through a combination of demerger and independent trust. We also acted as advisors to the **Future Group** for acquisition of a controlling stake by **Aditya Birla group** in 'Pantaloon's' fashion format business post its demerger from **Future Retail Limited** (formerly known as Pantaloon Retail (India) Limited) (PRIL) and consolidation of the fashion businesses of PRIL and Future Ventures India Limited into a new to be listed entity. We acted as the advisor to **Aditya Birla Group** for the Open Offer made under the court approved scheme of arrangement to the shareholders of **Pantaloon's Fashion Retail Limited**. We also acted as manager to the Open Offer by **Gujarat State Petroleum Corporation** for acquisition of shares of **Gujarat Gas Company Limited** and Open Offer by **RHI AG** to the shareholders of **Orient Refractories Limited**.

Our **Institutional Equities** business offers broking services for equities in both cash and derivatives segments to Indian and global institutional clientele. We strive to provide high quality research with a focus on new stock ideas, intensive client servicing and efficient trade execution complemented by hassle free post-trade settlement. Over the years, our research has been making a mark in the investor community by identifying ideas for investments.

We currently cater to 136 institutional clients that include FIIs, domestic mutual funds and insurance companies. Our research covers over 160 companies across sectors which together account for nearly 56% of the total market capitalisation.

Our focus in this business has been on developing an integrated practice around credible corporates and investors who, while being focused on profits are committed to do the business with long term best practice view. The sales and research teams have received very good client reviews and we rank among the top ten brokers with many domestic mutual funds and insurance companies registered as clients.

During the year, we hosted a number of investor meets, road shows and conferences including:

- The flagship India conference, hosted in Mumbai in November 2012 with participation of 79 corporates and 301 investors.
- Conference in London in May 2012, attended by 50 investors and 12 corporates.
- Conference in New York in March 2013, attended by 42 investors and 13 corporates.

Apart from our secondary market activities, during the year we also acted as the selling broker to the Offer For Sale of ₹148 Crore by Kennametal Inc.

Our **Investment Advisory and Distribution** business focuses on research based investment advisory, broking and distribution catering to corporates, ultra high and high net-worth investors, banks and institutions. We offer a wide range of products and services to our clients ranging from broking services for equity, derivatives, fixed income products, portfolio management services and distribution of financial products including public issues, mutual funds, corporate bonds, fixed deposits. We operate in open architecture model for distribution and are among the largest distributors of third party products.

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

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

The Equity Brokerage Group offers research based equity advisory and trading services to high net-worth individuals and corporate investors. Retail clients are serviced through a network of franchisees. The Investment Advisory business has its presence in 117 top cities in India through its branches and franchisee network. The combination of branches and franchisee has helped us in achieving a de-risked business model and a widespread presence.

Independent Financial Associates (IFA) division has a network of over 8,500 active IFAs who distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds etc. In the public issues of equity and fixed income securities, we have mobilised around ₹2,400 Crore during the year with a market share of 8.23% in the non-institutional category (i.e. Retail and HNI) and are among the top 3 players in terms of mobilisation in equity public issues. We also mobilised more than ₹3,500 Crore in various company fixed deposits and fixed income products during the year and have established a clear leadership position in this segment.

In the **Commodity Broking** business our focus is to provide research based advice to clients on bullion, base metals, crude and other commodities. The commodity business with its strong research base and excellent execution platform with membership of Multi Commodity Exchange of India Limited (MCX), National Commodity and Derivatives Exchange Limited (NCDEX) and National Spot Exchange Limited (NSE) is well positioned to be the preferred broker for corporates and high net-worth individuals.

INTERNATIONAL BUSINESS

We have established subsidiaries in Singapore, Indonesia, Mauritius and U.S.A. to cater to and service overseas clients / investors and carry out permitted business activities in these jurisdictions.

During the year, we successfully closed our first transaction from our subsidiary in Singapore, of a buy side advisory to **Everstone Capital Partners II LLC** for investments in Harry's Holdings Ltd, a firm owning chain of Bars / Restaurants.

FUND BASED ACITIVITIES

The **Fixed Income** business continued its focus on lending to select corporates against tangible collateral and liquid security. The loan book of fixed income business increased from ₹717 Crore in FY 2011-12 to ₹1,624 Crore during FY 2012-13 driven by a thrust on lending against mortgages and wholesale securities backed loans among others.

The treasury book stood at ₹598 Crore at the end of the financial year. During the year, we actively transacted in Government securities and Non SLR securities.

The **Securities Backed Financing** activities cover IPO Funding, Loan against Shares / Margin Funding, ESOP Financing and Sponsor Financing. During the year we also started offering Loan against Commodities and exploring new product opportunities such as Loan against Property. The level of activities in the IPO

Funding was subdued during the year due to very few public issuances and low subscription levels. Fresh financing of ₹1,432 Crore was done during the year in equity / debt issuances as compared to ₹4,284 Crore for the relevant period in the previous year.

Our NBFC has been very selective and has remained focussed on the asset quality and net interest margins (NIM). Our overall NIM on the total lending book marginally increased to 4.23% in the current year from 4.21% in the previous year.

As a part of our continuing de-risking strategy, we continued raising medium-term funding by issue of non-convertible debentures (NCD) and further supported it by setting up and availing bank lines with a view to diversify the borrowing portfolio. We have maintained our grip on the lending portfolio and have been extremely disciplined about maintaining margins, recoveries and client follow up, which ensured the stress level on its portfolio has been minimal. CRISIL re-affirmed the "CRISIL A1+" (highest grading) rating for the short-term debt program which indicates a very strong degree of safety with regard to timely payment of financial obligations. CRISIL also re-affirmed "CRISIL AA- / Stable" rating for long term NCD issuance and bank loan rating, which indicates high degree of safety with regard to timely payment of interest and principal on the instrument. Both instruments are considered to carry very low credit risk.

The **Asset Reconstruction** business, engaged in acquisition of non-performing and distressed assets (NPAs) from Banks and Financial Institutions (FIs), completed four full years of operations. The strategy of acquisition of corporate and retail portfolios and subsequent resolution / recovery was continued during the financial year 2012-13.

The Asset Reconstruction industry saw consummation of relatively higher number of deals during the year compared to last year. This was primarily due to an increased activity by banks, particularly in the last quarter, with respect to sale of NPAs. Many Banks and Financial Institutions declared sale of NPAs and also managed to close a few transactions. We participated in various portfolio auctions conducted by the Banks and Financial Institutions and successfully closed a few transactions. We also made acquisition with a few banks on a bilateral basis.

During the year, we made multiple acquisitions from 11 banks with total outstanding dues of ₹887 Crore for a gross consideration of ₹477 Crore, thereby taking the total outstanding dues acquired to ₹5,978 Crore for a gross consideration of ₹1,329 Crore. Resolution strategies were initiated for majority of the assets acquired. As of March 31, 2013, accounts worth

₹345 Crore were restructured and Security Receipts worth ₹153 Crore held by us and other investors were redeemed during the year after which the outstanding Security Receipts stood at ₹1,083 Crore comprising of Corporate, SME and Retail portfolios.

Indian banks continued to face multiple challenges on the NPA front. Most Indian banks saw an increase in NPA levels along with an increase in restructured assets. Gross NPA ratio of all banks rose sharply to 3.6 per cent as at end September 2012 from 2.9 per cent as at end March 2012. The total value of cases under Corporate Debt Restructuring was estimated at ₹1.8 Lakh Crore as of September 30, 2012. The Reserve Bank of India has also laid special thrust on the role played by Asset Reconstruction Companies (ARC) in reduction of the rising NPA levels in the banking system. The Finance Ministry has also suggested selling of NPAs to ARCs in order to check the rising levels of NPAs in the system. On the regulatory front, the year saw many reforms which should positively impact the business of ARCs.

ALTERNATIVE ASSET MANAGEMENT

JM Financial India Fund is a private equity fund, focused on providing growth capital to dynamic, fast growing companies in India. The Fund has fully drawn down and deployed its corpus and has made investments in companies in various business segments and at different stages of life-cycle. During the year, the Fund has distributed to the investors the proceeds received from the sale of investments along with dividend income earned by it. The Fund has Assets under Management (AUM) of ₹904 Crore as at March 31, 2013. The Fund is presently working closely with its portfolio companies in helping them grow their businesses as well as to seek exit opportunities.

JM Financial Property Fund ('Fund') is a real estate focused private equity fund that has invested in residential, hospitality and mixed use development assets at the individual project or at holding level development companies. The Fund has two schemes viz. JM Financial Property Fund I (JMFPF – I) and JM Financial Property Fund II (JMFPF – II) of which JMFPF – I is for domestic investors and JMFPF – II is for offshore investors. The Fund has an AUM of ₹390 Crore as at March 31, 2013. JMFPF – I has made two rounds of distribution to the investors upon realisation from some of its portfolio investments.

The Fund continues with its focus towards active monitoring of the project development and maximise the returns from the investments and make realisations within the stipulated tenure of the respective schemes.

ASSET MANAGEMENT

At JM Financial Mutual Fund, we offer a wide range of investment options that cover the entire risk spectrum, catering to the diverse needs of the Institutional and the Non-institutional Investors.

The Mutual Fund industry has shown some signs of improvement from the previous year's slow down. During the year, SEBI came out with wide-ranging reforms enhancing the retail participation and also provided incentives to fund houses. The government has also allowed mutual funds to invest in Rajiv Gandhi Equity Savings Scheme which will help the industry to increase the base. The Indian Mutual Fund industry grew at healthy pace of 22% during the financial year 2012-13. The quarterly average assets under management (QAAUM) of the Mutual Fund industry increased from around ₹6.65 Lakh Crore as at March 31, 2012 to around ₹8.17 Lakh Crore as at March 31, 2013.

(Source: Association of Mutual Funds of India website)

JM Financial Mutual Fund also posted a growth of 26%. The QAAUM of the JM Financial Mutual Fund increased from ₹5,885 Crore (₹646 Crore in equity and ₹5,239 Crore in debt) as at March 31, 2012 to ₹7,411 Crore (₹506 Crore in equity and ₹6,905 Crore in debt) as on March 31, 2013.

ANALYSIS OF FINANCIAL PERFORMANCE

During the financial year 2012-13, the Indian economy demonstrated remarkable resilience as compared to the other global economies. Despite the strong resilience, the continuing uncertainty in the light of the stressful and negative experiences on the domestic front including but not limited to high inflation, a large current account deficit, a growth rate projected at below 6% and consequent lack of confidence has held back investments and capital formation.

Despite the domestic challenges and the competitive environment, your Company crossed the ₹1,000 Crore mark in total revenue for the first time on a consolidated basis for the year ended March 31, 2013. The consolidated gross income stood at ₹1,042.23 Crore as against ₹873.97 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹643.01 Crore as against ₹490.25 Crore, in the previous year. The Profit before tax stood at ₹253.93 Crore and Profit after tax stood at ₹182.92 Crore as against the Profit before tax of ₹182.71 Crore and Profit after tax of ₹121.17 Crore in the previous year.

Fees and commission earned during the year were ₹219.15 Crore as against ₹199.07 Crore during the previous year, constituting 21% of the total revenue. Brokerage income earned during the year was ₹107.61 Crore as against ₹118.96 Crore during the previous year, constituting 10% of the total revenue. Interest and other income on fund based activities continued to be a major contributor of the gross revenue at ₹470.50 Crore as against ₹356.14 Crore during the previous year, constituting 45% of the total revenue. Revenue from treasury operations and investment income was ₹244.97 Crore as against ₹199.80 Crore during the previous year, representing 24% of the total revenue.

The following table exemplifies the expenditure that your Company has incurred:

(₹ in Crore)

Particulars	For the year ended	
	March 31, 2013	March 31, 2012
Employee benefits expense	197.99	175.52
Finance costs	376.92	296.07
Depreciation and amortisation expenses	12.16	11.47
Other expenses	201.23	208.20
Total	788.30	691.26

Employee benefits expense:

The increase in employee costs by 13% mainly relates to normal yearly increments and due to expansion of international operations.

Depreciation and amortisation expenses:

The increase in depreciation and amortisation expenses was on account of ongoing capital expenditure.

Other expenses

Other expenses comprises sub-brokerage, fees & commission and administrative costs. The sub-brokerage, fees & commission mainly relates to secondary market business and distribution business. Administrative costs mainly comprise expenses incurred on rent, legal & professional fees, information technology, manpower, membership & subscription, rates & taxes, travelling, hotel & conveyance, electricity, communication, printing & stationery and provisions.

The segment wise break-up of revenues and results are as follows:

(₹ in Crore)

Particulars	For the year ended		Growth (%)
	March 31, 2013	March 31, 2012	
Segment Revenue			
Investment banking and securities business	429.05	404.43	6.09%
Fund based activities	551.75	413.77	33.35%
Alternative asset management	27.36	45.90	(40.39%)
Asset management	28.89	30.25	(4.50%)
Others	61.09	63.31	(3.51%)
Total Segment Revenue	1,098.14	957.66	14.67%
Less: Inter-segmental revenue	(55.91)	(83.69)	—
Total Revenue	1,042.23	873.97	19.25%
Segment Results			
Investment banking and securities business	49.36	35.27	39.95%
Fund based activities	182.53	133.11	37.13%
Alternative asset management	16.30	9.48	71.94%
Asset management	2.23	(2.26)	198.67%
Others	3.51	7.11	(50.63%)
Total Results	253.93	182.71	38.98%

All our major businesses have registered steady growth and posted higher revenues. The investment banking and securities business as well as securities funding business have been significant contributors to our overall growth.

On a standalone basis, the Company earned a gross income of ₹56.19 Crore during the year as against ₹63.31 Crore in the previous year. The gross income includes ₹42.35 Crore on account of dividend received from subsidiaries as against ₹38.50 Crore in the previous year. The profit before tax stood at ₹48.75 Crore as against ₹45.62 Crore in the previous year and the profit after tax stood at ₹44.81 Crore as against ₹42.50 Crore in the previous year.

We have included historical details of various taxes borne and paid and various taxes deducted / collected and paid by the

Company, its subsidiaries and associate companies, including FY 2012-13, on page no. 5 of this Annual Report. The group has made a provision of ₹74.93 Crore towards corporate income taxes during the year (previous year ₹59.55 Crore) representing 25.82% increase as compared to previous year.

While India has tremendous potential to sustain a high-growth and inclusive economy, the appropriate policy action needed to achieve the same, has to be addressed on a priority at any cost. We continue to remain committed in building a strong financial service franchise.

OUTLOOK AND STRATEGY

After growing strongly before and after the global financial crisis, India's economy has slowed substantially. Growth decelerated throughout 2011, and may slump to only 5% in FY 2012-13 as per the advanced government estimates. Though India's growth rate remains among the highest in the world, the recent slowdown due to structural factors such as policy constraints, supply and infrastructure bottlenecks and lack of sufficient demand continued to keep industrial growth below trend. Subdued growth in other sectors and weak external demand pulled down the growth of services sector. At the same time, the financial position of banks and corporates, both strong before 2009, have deteriorated. The current account deficit (CAD) widened to -6.7% in third quarter of FY 2012-13 and other external vulnerability indicators have also deteriorated.

However, improved global sentiments coupled with recent policy reforms by the government beginning September 2012, and market expectations of a cut in the policy rate in the face of moderation in inflation, aided FII flows into the domestic market. Continuity of the policy reforms initiated by the government will ensure strengthening of the economy and good performance of the Indian capital markets. Sustained commitment to curtail the fiscal and current account deficits and nurture growth without fuelling inflation will enhance investors' confidence.

With the long term India growth story intact, we continue to remain enthused about the growth prospects of financial services sector in India. However, given the inherent linkage of most of our businesses with the economy and capital markets, our financial performance is subject to fluctuations depending on the pace of economic growth and activity in the capital market.

We seek long-term, stable growth supported by a strong financial discipline, with the goal of achieving sustainable superior returns while assuming prudent operating risks. We will continue to take advantage of the opportunities presented by the economy to consolidate our position as one of the premier financial services group in India. Our strategy for achieving this goal is to slowly

and steadily expand and diversify our portfolio of financial services and products, provide effective financial solutions to navigate through complex day to day business situations, turbulent market cycles and building a business model that caters to multiple requirements of our clients. Our continued focus on delivering client centric solutions, investing in human capital and strong risk management capabilities will help sustain and indeed enhance our operations in uncertain times.

In order to diversify our operations and as a part of the Group's strategy to expand internationally, we have already commenced financial services activities in Singapore.

The Reserve Bank of India announced the guidelines for licensing of new banks in the private sector on February 22, 2013. The opportunity for a new player in the banking space is huge with over 40% of the adult Indian population still without access to banking services, as per India Knowledge@Wharton. We believe that an entry into banking is the logical next step in the evolution of the Group. JM Financial meets the criteria laid out in the said guidelines and hence the Board of Directors of the Company has accorded its 'in principle' approval for making of an application to the RBI to promote a bank in accordance with the guidelines for licensing of new private sector banks. As a part of our strategy towards getting a banking license, the Board has also accorded its 'in principle' consent for the appointment of Mr. Vikram Shankar Pandit, Ex-CEO Citi Group Inc and Ex-President & COO of Morgan Stanley's institutional securities and investment banking businesses, as the Non-Executive Chairman of the proposed bank subject to the regulatory and other approvals including the approval of RBI as may be required.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Sustainable positive growth of the Indian economy has presented ongoing opportunities for financial intermediaries to spread and benefit from the investment culture across the country. The following factors present specific opportunities across our businesses:

- i Focus on sustainable growth of Indian economy leading to investment / capital requirement;
- ii Young demographic profile of the country;
- iii Focus on financial inclusion by the government, channelizing the untapped savings currently lying in the form of bank deposits and change in attitude from safeguarding wealth to growing wealth;
- iv Low penetration of financial services and products in India;
- v Globalisation - corporates are looking at expanding in

overseas / domestic markets through mergers & acquisitions;

- vi Acquisitions / consolidations / restructuring by corporates provides greater opportunities for corporate advisory business;
- vii Regulatory reforms aiding greater participation by all classes of investors.

THREATS

Despite great opportunities, there are significant factors presenting threats to our businesses viz.

- i Impact on economic growth of rising fiscal and current account deficit, continued high inflation, decelerating investment demand and political instability;
- ii Regulatory changes across the world impacting the landscape of business;
- iii Increased competition from local and global players operating in India;
- iv Attrition of employees caused by strong demand from ever increasing number of market participants;
- v Continuous downward pressure on the fees, commissions and brokerages caused by heightened competition and willingness of most players to deliver services at very low fees.

RISKS AND CONCERNS

Financial services organisations function in a dynamic, complex and competitive environment while having to look for ways to sustain and grow business profitably. Hence, risk is an integral part of the business and almost every business decision requires executives and managers to balance risk and reward. The ability to manage risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation which helps in delivering superior shareholder value by achieving an appropriate tradeoff between risks and returns. The inability to manage these risks can cause irreparable damage. Globalisation with increasing integration of world markets, newer and more complex products and transactions and an increasingly stringent regulatory framework have posed innumerable and hitherto unprecedented challenges for the financial services industry. As a result, today's operating environment demands a rigorous and integrated approach to risk management.

Regulatory framework, focused on maintaining controls on domestic businesses but even inadvertently creating more favourable regulatory environment for global entities operating in India is a matter of concern. We actively participate in dialogue

in industry bodies and with regulators to point these out and to recommend appropriate changes.

The Company, on a standalone basis derives its income mainly from dividends and other income categories and hence is not directly exposed to risks. However, major risks for JM Financial emanate from the businesses of various companies within the group.

Timely and effective risk management is of prime importance to our continued success. We believe that risk assessment is the first step in a sound risk management procedure. We, at JM Financial, have developed comprehensive risk management policies and processes to deal with the risks that are encountered in conducting business activities in an effective manner.

A team of experienced and competent professionals at business level as well as group level identify and monitor the risks on an

ongoing basis and evolve processes / systems to monitor and control the same to contain the risks to minimum levels. Ongoing monitoring by our officials helps in identifying risks early. A risk event update report is periodically placed before the Board of Directors of the Company. The Directors review the risk update reports and the course of action taken or to be taken to manage and mitigate the risks. Additionally, independent Internal Audit firms, not from within the JM Financial Group, are appointed to review and report on the business processes and policies in all operating companies of the group. The report of internal auditors is reviewed and discussed by the Audit Committee of the respective operating companies on a quarterly basis to review compliance with the set processes and any risk events.

Risks relevant to our businesses are classified in the following categories:

Risk Type	Risk Description	Risk Mitigation
Credit Risk	Credit risk is the risk of failure of our borrowers to meet their financial obligations to us in accordance with agreed terms.	A comprehensive credit approval and review process by the senior most team, extensive credit appraisal, proper documentation, periodic reviews, etc., is conducted in order to mitigate the credit risk. The loan portfolio is monitored on an ongoing basis post disbursement of funds.
Market Risk	The risk that overall market or asset class will change in value when impacted by economic conditions or other factors that may modify characteristics specific to a particular stock, bond, commodity, currency or other collateral. The value of investments are vulnerable to factors such as changes in economic conditions, interest rates, exchange rates, credit spreads, investor sentiments, developments in global markets, availability and cost of capital, international and domestic political events and acts of war or terrorism.	Our portfolios and collaterals / securities are continuously monitored to minimise the impact of market risk.
Liquidity Risk	Liquidity and solvency are very critical to our business. Liquidity risk is the current and prospective risk to earnings or capital arising from an organisation's inability to meet its obligations when they fall due without incurring unacceptable losses.	We have a strong financial position and all our businesses are adequately capitalised, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain sufficient part of our capital in liquid assets to manage any sudden liquidity risk.
Operational Risk	The risk of loss that arises from shortcomings or failures in internal processes or systems and arises on account of inadequate systems, controls or human errors.	We manage the operational risks through well defined operational processes, policies and systems which are reviewed on a periodical basis. Regular audits by internal auditors ensure that the operating teams adhere to the defined processes and policies.

Regulatory and Compliance Risk	The risk arising out of a change in laws and regulations governing our business. It could also arise on account of inadequate addressal of regulatory requirements or differences in interpretation of regulations vis-à-vis the regulators.	We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which ensures compliance with applicable laws, rules, regulations and guidelines affecting our businesses. The team also monitors on a continuous basis the regulatory changes and evaluates the impact and prospects they present for our businesses.
Reputation Risk	Reputation Risk is related to the trustworthiness of the business. It is the current or prospective risk to business, earnings and capital arising from adverse perception of our Company and / or its practices on the part of various stakeholders.	We conduct our business with high levels of diligence, using best practices and in fair and transparent manner and endeavour to disseminate timely information to the clients, shareholders, investors and regulators.
Competition Risk	Strong growth prospects combined with liberalisation of financial services sector have prompted the entry of newer foreign and domestic financial services companies thereby increasing the competition faced by us. This also increases the risk of attrition of key personnel to our competitors.	Our strong brand image, wide and ever expanding distribution network, diversified and innovative suite of products and services, fair and transparent business practices enable us to differentiate ourselves from our competitors.
Business Continuity Risk	The disruption in the conduct of business in the event of incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. In such cases, 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We maintain appropriate systems of internal control, including monitoring procedures commensurate with the nature of our business and size of operations, to provide assurance regarding the effectiveness and efficiency of operations, the adequacy of the safeguard of all assets against loss from unauthorised use or disposition, reliability of financial controls and compliance with applicable laws and regulations. Policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provide for adequate checks and balances.

The internal control system is supplemented by an extensive program of internal audits and reviews by the senior management. In addition to external audit, we have appointed independent internal audit firms for the Company and all our operating subsidiary companies to assess and improve the effectiveness of risk management, control and governance process. They are empowered to examine the adequacy of and compliance with policies, plans and statutory requirements.

Significant deviations are brought to the notice of the Audit Committee of the Board of the respective companies and corrective measures are recommended for implementation.

The existing audit procedures are reviewed periodically by the senior management and Audit Committee of the Board to enhance their effectiveness, usefulness and timeliness to match the organisation's pace of growth and increasing complexity of operations as well as to meet the changes in statutory and accounting requirements. They also review the findings and recommendations of the internal auditors and ensure that corrective measures are taken. This system enables us to capture a precise reflection of the organisation's position at all times and also facilitates timely detection and plugging of anomalies by various business groups. Continuous monitoring and evaluation of internal control system provides an objective assurance regarding its efficiency and effectiveness and completeness of financial and management information.

CORPORATE SOCIAL RESPONSIBILITY

Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc.

are still ubiquitous and the government has limited resources to tackle these challenges. At JM Financial, we believe that Corporate Social Responsibility (CSR) is coming out of the purview of 'doing social good' and is fast becoming a 'business necessity'. The 'business case' for CSR is gaining ground and corporate houses are realising that 'what is good for stakeholders - their community, health and environment, is also good for the business'.

At JM Financial, an essential component of our *corporate social responsibility* is to care for the community. We endeavor to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Some of the community projects and programs are driven by active participation from our employees.

CSR through Philanthropic Arms

We took a conscious decision in respect of the Company's responsibility to make a positive contribution towards the lesser privileged communities quite early and much before the wide spread talks about CSR started doing rounds. We have an organised structure in the form of two philanthropic arms - JM Financial Foundation established in the year 2001 and Kampani Charitable Trust established in the year 1982 to support an array of socio-economic, educational and health initiatives.

The Foundation identifies and works alongside several NGOs on a number of outreach programs in various fields such as education, health and disaster relief.

Education

Education has been a primary focus area of our CSR activities. This includes building of classroom blocks, providing classroom furniture / stationery and payment of fees / providing transport / funding Balwadis. We have partnered with various organisations such as, K. C. Mahindra Education Trust, Powai Senior Citizens' Association, Kherwadi Social Welfare Association, KSB Care and Charitable Trust, The Akanksha Foundation, Yuvak Pratishthan, Vishwas, The Lepa India Trust, Room to Read Trust, etc. in various ways to achieve our goal of promoting education.

Entrepreneurship Development

As an extension of our focus on education, we believe that development of entrepreneurship is very important part of the long term goal of nation building. In our endeavor to support the objective of development of entrepreneurship, JM Financial, together with a few like minded entities, supports the initiative called VentureStudio of Ahmedabad University.

Ahmedabad University in collaboration with Centre for Design Research at Stanford University, California, USA has set up a centre known as VentureStudio. The objective of the

VentureStudio is to create entrepreneurship in young generation and provide them opportunities to start up new ventures.

Healthcare

As part of the healthcare initiatives, a number of focused initiatives have been implemented. We have supported organisations such as Society for Rehabilitation of Crippled, Research Society for the Care, Treatment & Training of Children, Ratna Nidhi Charitable Trust, Akshay Patra Foundation, Tata Medical Centre, Shivanand Mission, Sankara Nethralaya, Ummeed Child Development Centre, Retina India, India Head Injury Foundation, Bhagwan Mahaveer Viklang Sahayata Samiti (Jaipur foot), Institute of Ayurveda and Integrative Medicine, Narayan Hrudalaya Hospital Trust, Shri Shatrunjaya Hospital Trust, etc. to further our health care initiatives.

Disaster Relief

JM Financial Foundation has, on a continuous basis, endeavoured to provide aid and relief to victims affected by various natural catastrophes. Recently, the State of Maharashtra has been reeling under severe drought. Relief measures were provided twice in this financial year – through Samast Mahajan (water tankers and fodder for cattle) and the Chief Minister's Relief Fund (drought relief and prevention efforts). Also, when South India was hit by a cyclone, aid in the form of shelter intervention was given to rehabilitate victims, through Habitat for Humanity.

Others

Apart from the above, we have also supported Pragiti Pratishthan to facilitate installation of solar lighting in villages without electricity and also the Foundation for Promotion of Sports & Games for training athletes for the Olympic Games. Aid was provided to Wildlife Conservation Trust towards the 'Save our tigers' campaign, promotion of art and cultural activities was done through Ibaadat Foundation and women's empowerment was supported through Women's India Trust.

The ongoing programmes include Drishti and Sparsh. Under Project Drishti all glossy magazines from within the JM Financial Group offices are accumulated and sent to the Kamla Mehta School for the blind, where the paper from these magazines is used for preparing reading and learning material in Braille.

Sparsh is the employee volunteering initiative at JM Financial. Employees pledge financial aid on a periodic basis towards the lesser privileged, aged members of society through the 'Support a Gran' programme of Helpage India. Employees also actively volunteer for the Akanksha Mentoring Programme wherein they mentor and counsel children from the Akanksha Foundation centers career options, self confidence, academic help, etc.

Walkathon

JM Financial Foundation organises an annual "Walkathon" which is supported by employees and clients both by way of participation in the walk as well as monetary contributions, in the form of donations. The donations received are used for charitable purposes.

HUMAN RESOURCES

JM Financial is a dynamic and progressive group that actively fosters a challenging work environment and encourages entrepreneurship. With trust being the critical part of our business belief, we lay a strong emphasis on integrity, teamwork, innovation, performance and partnership.

Our professional staff with diverse backgrounds brings varied talent, knowledge and experience to the Group, helping our businesses to remain competitive, achieve greater success and newer milestones.

At JM Financial, we offer a well-defined career path in the financial services sector, with ample opportunities to think, explore, learn and grow. Additionally, we give the flexibility to our employees of moving within the Group across various businesses and locations.

The Human Resources (HR) function aims to achieve mutually rewarding association with its human capital and thus facilitate optimum return on investment. HR plays the role of an effective business partner in building the Group HR strategy and supports all our businesses by delivering best HR practices, processes and systems. HR coverage team members responsible for individual business units support employee engagement, resourcing, data analysis, employee relations and guidance, performance management, compensation and benefits and learning & development services.

HR function plays a critical role in managing the Group's most important asset, our people. HR team's broad range of activities include:

- Talent Management
- Retention programs
- Succession planning
- Workforce diversity
- Progressive compensation and benefits design and implementation
- Employee relations and Employee engagement
- Learning & Development
- Performance Management System
- Rewards & Recognition

At JM Financial, we participate in a year on year employee satisfaction study conducted by Great Place To Work Institute (GPTW Institute) in partnership with the Economic Times. Your Company represented by its subsidiaries and associates has been ranked among Top 100 companies in "India's Best Companies to Work For 2013" conducted by GPTW Institute. GPTW Institute has also recognised our subsidiaries with the following awards:

JM Financial Services Limited

- Ranked among the Top 50 in "India's Best Companies to Work for 2013" conducted by GPTW Institute.

JM Financial Asset Management Private Limited

- Ranked among Top 100 in "India's Best Companies to Work for 2013" conducted by GPTW Institute.
- Ranked among the best in the industry (Financial Services) in "India's Best Companies to Work for 2013" conducted by GPTW Institute.

Our HR policies make us an innovative and attractive employer in the market place. Promoting internal mobility, recruiting talent, encouraging sustained employee development and offering competitive compensation and engaging work environment are all factors that make JM Financial an innovative and attractive employer. Our people work together across regions and divisions leading to a lively collaborative exchange of information and experience which results in increasing value to stakeholders. Our total employee strength as on March 31, 2013 was 1,007 compared to 1,070 a year before.

SAFE HARBOUR

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

REPORT ON CORPORATE GOVERNANCE

Corporate governance is the current buzzword in India as well as the world over. It has gained tremendous importance in the recent past especially in the last decade with economic liberalisation, deregulation of industry and businesses and demand for new corporate ethos and stricter compliance with the laws of land. Exposure of corporate sector to a new paradigm for corporate governance is in tune with the changing times and demand for greater accountability of companies to their shareholders and customers.

Corporate governance means the way in which a corporation is directed, administered and controlled and a commitment to conduct business in a fair, transparent and ethical manner within the existing rules and regulations. Corporate governance also concerns the relationships among the various internal and external stakeholders involved as well as the governance processes designed to help a company achieve its goals. This is accomplished by establishing a framework of rules and practices by which the board of directors ensures accountability, fairness and transparency in a company's relationship with its stakeholders viz., financiers, customers, management, employees, government and the society.

1. OUR PHILOSOPHY

At JM Financial, we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values of integrity, teamwork, partnership, innovation, implementation, performance and client focus. Our vision is to be the most trusted partner for every stakeholder and we are committed to provide fair, transparent and equitable treatment to all our stakeholders. Our core value system is guided by the principles of accountability, transparency, timely disclosure and dissemination of price sensitive information and matters of interest to the investors ensuring thorough compliance with the applicable acts, laws, rules and regulations and conducting business in a best ethical manner. Accordingly, corporate governance stands on our broad pillars of transparency, fairness in action, accountability and responsibility towards the stakeholders.

Securities and Exchange Board of India regulates the corporate governance for all listed companies through Clause 49 of the

Listing Agreement. At JM Financial, we are not only committed to follow the prescribed corporate practices embodied in various regulatory provisions, but are constantly striving to adopt emerging best practices.

2. BOARD OF DIRECTORS ("THE BOARD")

The Company's board of directors are the guardians of fairness, transparency and accountability and provide appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. The board also provides directions and exercises appropriate control to ensure that the Company fulfils stakeholders' aspirations and societal expectations.

Commensurate with the size of the Company, complexity and nature of various underlying businesses, our board consists of persons having professional background, varied experience, knowledge and commitment to discharge their responsibilities and duties. Considering the nature and complexities of business, we believe that the size of the board is optimal. The Company's board plays a pivotal role in creation of stakeholder value by ensuring that the Company is run on sound ethical business practices and that the resources of the Company are optimally used. The board reviews and approves the strategy and monitors the actions of the management.

Composition of the Board of Directors

The composition of the board is in conformity with the Clause 49 of the Listing Agreement, as amended from time to time. Currently, the board consists of 6 Directors out of which 5 are independent directors. All the Independent Directors have confirmed to the board that they qualify to be independent as per the definition of 'Independent Director' stipulated in Clause 49 (I)(A)(iii) of the Listing Agreement. These confirmations are placed before the board on an annual basis. The details of the composition of the board, number of meetings held during the year and attended by them, other directorships and memberships of committees held by each of them is provided in the table below:

Sr. No.	Name of the Director	Executive/ Non-Executive / Independent Director	Number of board meetings attended during the FY 2012-13	Whether attended the last AGM held on August 13, 2012	Number of directorships in other public companies as on March 31, 2013*	Number of Committee memberships in other public companies as on March 31, 2013**	
						Chairman	Member
1.	Mr. Nimesh Kampani	Chairman & Managing Director	7	Yes	7	2	3
2.	Mr. Darius E Udawadia	Non Executive & Independent Director	5	Yes	10	1	7
3.	Mr. E A Kshirsagar	Non Executive & Independent Director	7	Yes	7	4	4
4.	Mr. Paul Zuckerman	Non Executive & Independent Director	5	Yes	3	-	2
5.	Dr. Vijay Kelkar	Non Executive & Independent Director	5	Yes	7	1	1
6.	Mr. Keki Dadiseth [§]	Non Executive & Independent Director	2	—	8	3	3
7.	Mr. Ashith N Kampani [#]	Non Executive Director	1	—	—	—	—
8.	Dr. Pravin P Shah ^{##}	Non Executive & Independent Director	4	Yes	—	—	—

Note: The Company held 7 board meetings during the year.

* The directorships held do not include directorships of foreign companies and Section 25 companies.

** Represents chairmanship/membership only of Audit Committee and/or Shareholders' Grievance Committee.

§ Appointed as an additional director with effect from October 30, 2012.

Ceased to be a director with effect from June 30, 2012, upon his resignation.

Ceased to be a director with effect from December 4, 2012, upon his demise.

None of the above Directors holds directorships in more than 15 public companies or is a member of more than 10 committees or the Chairman of more than 5 committees.

Board meetings and procedure

The Company plans and prepares the schedule of the board and committee meetings in advance to assist the Directors in scheduling their program. To consider any specific/urgent agenda, urgent meetings are called at a shorter notice. In case of exigencies or urgency, resolutions are passed by circulation in due compliance with the applicable provisions of the Companies Act, 1956 ('the Act').

The Company's board met seven times during FY 2012-13 on May 24, 2012, August 13, 2012, September 21, 2012, October 30, 2012, December 14, 2012, February 7, 2013 and March 26, 2013. The Company held minimum one board meeting in each quarter.

With regard to matters requiring the approval of the board, all

the concerned persons in the Company communicate with the Company Secretary in advance to enable inclusion of such matters in the agenda for the board meetings. The detailed agenda as approved by the Chairman together with the relevant attachments is circulated among the Directors in advance. The agenda for the board meeting inter alia, includes the items set out as guidelines in Clause 49 of the Listing Agreement to the extent these are relevant and applicable. All major agenda items are backed by comprehensive background information to enable the board to take the informed decision. Where it is not practicable to circulate any document or if the agenda is of the confidential nature, the same is tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the permission of the Chairman. Senior Management Personnel are invited to the

board meetings to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The board members interact with the CEOs of the various operating subsidiary companies frequently both at the board meetings and outside the board meetings.

As part of its function, the board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets and capital expenditure. The Company Secretary also places the gist of amendments as they take place in various laws applicable to the Company together with the implications of such amendments on the Company, its directors and employees.

Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each board and committee meeting. Draft minutes are circulated to the members of the board/committee for their comments.

Post meeting follow-up mechanism

The Company has an effective post meeting follow-up, review and reporting process for the decisions taken by the board and committees thereof. The important decisions taken at the board/committee meetings are communicated to the concerned persons promptly. Action taken report on the decisions/minutes of the previous meetings is placed at the immediately succeeding meeting of the board/committee for noting by the board/committee.

Code of Conduct

The Code of Conduct, which has been formulated for the Board Members and Senior Management Personnel of the Company, is posted on the website of the Company, viz. www.jmfl.com. All the Board Members and Senior Management Personnel have confirmed compliance with the said Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is given below:

Declaration

I confirm that the Company has obtained confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2012-13.

Place: Mumbai

Date: May 30, 2013

Nimesh Kampani

Chairman & Managing Director

3. BOARD COMMITTEES

The board committees focus on specific areas and make informed decisions within the authority delegated. Each such committee is guided by its terms of reference and also makes specific references to the board on various matters when required. All the minutes of committee meetings are placed before the board for its noting. The Board of Directors has constituted following committees of the board with specific terms of reference assigned to each such committee.

a. AUDIT COMMITTEE

The scope, terms of reference and working of the Audit Committee are in conformity to the requirements of Clause 49 of the Listing Agreement and Section 292A of the Act.

Constitution of Audit Committee

The Audit Committee consists entirely of Non executive and independent directors comprising Mr. E A Kshirsagar, Dr. Vijay Kelkar and Mr. Paul Zuckerman. During the year Dr. Pravin P Shah (upon his demise) and Mr. Ashith Kampani (upon his resignation) ceased to be the members of the Audit Committee. Mr. Paul Zuckerman was appointed as a member of the Audit Committee with effect from December 14, 2012. Mr. Kshirsagar, is the Chairman of the Committee. All members have the requisite qualifications as prescribed under Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company, are invited to the meetings of the Audit Committee.

Scope/Functions of Audit Committee

The Audit Committee observes and controls the Company's financial reporting process with a view to provide accurate, timely and proper disclosures. It provides direction to the Statutory and Internal audit functions of the Company and monitors the quality of such audits. The Committee's role includes overseeing the accounting and financial reporting process of the Company, audit of the Company's financial statements, appointment, independence, performance and remuneration of the statutory auditors and performance of internal auditors. The recommendation of the Audit Committee on any matter relating to financial management including the audit report, is communicated to the board. The Audit Committee of the board also reviews the financial statements of and material investments made by the unlisted subsidiary companies. The Chairman of the Audit

Committee briefs the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

Meetings and Attendance of the Members

Name of the Member	May 24, 2012	August 13, 2012	October 30, 2012	February 7, 2013
Mr. E A Kshirsagar	✓	✓	✓	✓
Dr. Vijay Kelkar	✓	✓	✗	✗
Mr. Paul Zuckerman*	–	–	–	✓
Mr. Ashith N Kampani **	✓	–	–	–
Dr. Pravin P Shah ***	✓	✓	✓	–

✓ Present ✗ Absent

* Appointed as a member of Audit Committee with effect from December 14, 2012.

** Ceased to be a member of the Audit Committee with effect from June 30, 2012, upon his resignation as a Director of the Company.

***Ceased to be a member of the Audit Committee with effect from December 4, 2012, upon his demise.

b. COMPENSATION COMMITTEE

Constitution of Compensation Committee

The board has constituted the Compensation Committee presently comprising Mr. Nimesh Kampani, Mr. E A Kshirsagar and Mr. Darius E Udawadia. During the year, Dr. Pravin P Shah ceased to be a member of the Compensation Committee upon his demise. Mr. Kampani acts as the Chairman of the Compensation Committee. All members other than Mr. Kampani are Non executive and independent directors. The Group Head - Human Resources is invited to the meetings of the Compensation Committee.

Meeting and Attendance of Members

Name of the Member	April 16, 2012
Mr. Nimesh Kampani	✓
Mr. E A Kshirsagar	✓
Mr. Darius E Udawadia	✓
Dr. Pravin P Shah*	✓

✓ Present

* Ceased to be a member of the Compensation Committee with effect from December 4, 2012, upon his demise.

Terms of reference

The Compensation Committee of the board, inter alia, recommends and/or approves the compensation terms of the Executive and Non Executive Directors and senior employees of the Company and its subsidiaries/associates and performs such other functions as may be delegated to it by the Board of Directors from time to time. The Committee also has the responsibility of formulation of the Employee Stock Option Scheme of the Company and grant of stock options to the eligible employees in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

c. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee of the board oversees redressal of shareholders and investor grievances pertaining to share transfers, non-receipt of annual reports, dividend, share certificates and other miscellaneous grievances. It also considers the matters which can aid better investor services and relations.

Constitution of Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises Dr. Vijay Kelkar and Mr. Nimesh Kampani. During the year Mr. Ashith N Kampani ceased to be a member of the Shareholders' Grievance Committee upon his resignation.

Dr. Vijay Kelkar, Non executive and independent director, is the Chairman of the Committee. The Company Secretary of the Company acts as the Compliance Officer and takes the Committee through each of the grievances, the steps taken and the responses given by the Company to the shareholders/investors.

Meetings and Attendance of Members

Name of the Member	May 24, 2012	August 13, 2012	March 26, 2013
Dr. Vijay Kelkar	✓	✓	✓
Mr. Nimesh Kampani	✓	✓	✓
Mr. Ashith N Kampani*	✓	–	–

✓ Present

* Ceased to be a member of the Shareholders' Grievance Committee with effect from June 30, 2012, upon his resignation as a Director of the Company.

The number of grievances received and resolved during the year and their break-up is as under:

Type of Grievances	Number of Grievances received	Number of Grievances resolved
Non-Receipt of Annual Reports	3	3
Non-Receipt of Dividend	33	33
Total	36	36

No grievance was outstanding as on March 31, 2013.

d. NOMINATION COMMITTEE

The Nomination Committee of the board has been constituted to review and recommend the appointment of Executive, Non executive and Independent Directors and determining the process for evaluating the skills, knowledge, experience and effectiveness of individual directors as well as the board as a whole.

The Nomination Committee comprises Mr. Nimesh Kampani, Mr. Darius E Udawadia and Dr. Vijay Kelkar. Mr. Nimesh Kampani acts as the Chairman of the Committee. The name of the members of the Nomination Committee and details of the meetings attended by them are given below:

Meeting and Attendance of Members

Name of the Member	October 30, 2012
Mr. Nimesh Kampani	✓
Mr. Darius E Udawadia	✓
Dr. Vijay Kelkar	X
Dr. Pravin P Shah*	✓

✓ Present X Absent

* Ceased to be a member of the Nomination Committee with effect from December 4, 2012, upon his demise.

e. ALLOTMENT & SHARE TRANSFER COMMITTEE

The Allotment & Share Transfer Committee comprising Mr. Nimesh Kampani and Mr. Ashith Kampani met six times upto June 30, 2012 to approve the share transfer / transmission requests received from the shareholders / investors in physical mode.

The Board of Directors of the Company at its meeting held on August 13, 2012 decided to dissolve the Allotment & Share Transfer Committee and authorised the Chairman & Managing Director and/or the Company Secretary to consider and approve the share transfer / transmission

requests received from the shareholders / investors in physical mode. The Chairman and Managing Director and / or the Company Secretary approves the share transfer / transmission requests received from the shareholders / investors from time to time.

4. REMUNERATION TO DIRECTORS

Remuneration of the Chairman & Managing Director

Mr. Nimesh Kampani, the Chairman & Managing Director of the Company was paid remuneration during the financial year as per the terms and conditions of the Agreement entered into by the Company with Mr. Kampani and in accordance with the special resolution passed by the shareholders at the Twenty Seventh Annual General Meeting held on August 13, 2012. The details of the remuneration paid to Mr. Kampani during the FY 2012-13 is given below:

Salary	Perquisites	Total
₹7,200,000/-	₹50,16,433/-	₹1,22,16,433/-

Additionally, Mr. Kampani was also entitled to receive the Company's contribution to provident fund as per the rules of the Company. Mr. Kampani was not paid any sitting fees for attending meetings of the board or any committees of the board.

Remuneration Policy for Non executive Directors

The Company follows transparent process for determining the remuneration of Non executive Directors. Their remuneration is governed by the role assumed, number of meetings of the board and the committees thereof attended by them, the position held by them as the Chairman and member of the committees of the board. Besides this, the board also takes into consideration the external competitive environment, track record, individual performance of such directors and performance of the Company as well as the industry standards in determining the remuneration of Non executive Directors.

In the backdrop of growing complexities and increasing regulatory requirements, the Non executive Directors have contributed significantly and given constructive and useful feedback from time to time. Taking into consideration their contribution, an aggregate amount of ₹50 Lakh is proposed to be paid as commission to the Non executive Directors of the Company for the FY 2012-13, subject to the approval of the members of the Company at the ensuing Annual General Meeting.

Remuneration to Non Executive Directors

Details of sitting fees/commission paid/payable to the Non Executive Directors of the Company are given below:

(Amount in ₹)

Name of the Director	No. of shares held in the Company	No. of Stock Options granted	Sitting fees paid during FY 2012-13				Commission for FY 2012-13
			Board Meeting	Audit Committee Meeting	Compensation Committee Meeting	Nomination Committee Meeting	
Mr. E A Kshirsagar	–	150,000	140,000	80,000	10,000	–	1,200,000
Mr. Darius E Udwadia	–	150,000	100,000	–	10,000	10,000	1,000,000
Mr. Paul Zuckerman	–	75,000	100,000	20,000	–	–	1,000,000
Dr. Vijay Kelkar	–	–	100,000	40,000	–	–	1,200,000
Mr. Keki Dadiseth	–	–	40,000	–	–	–	600,000
Mr. Ashith N Kampani*	NA	–	20,000	20,000	–	–	–
Dr. Pravin P Shah**	NA	NA	80,000	60,000	10,000	10,000	–

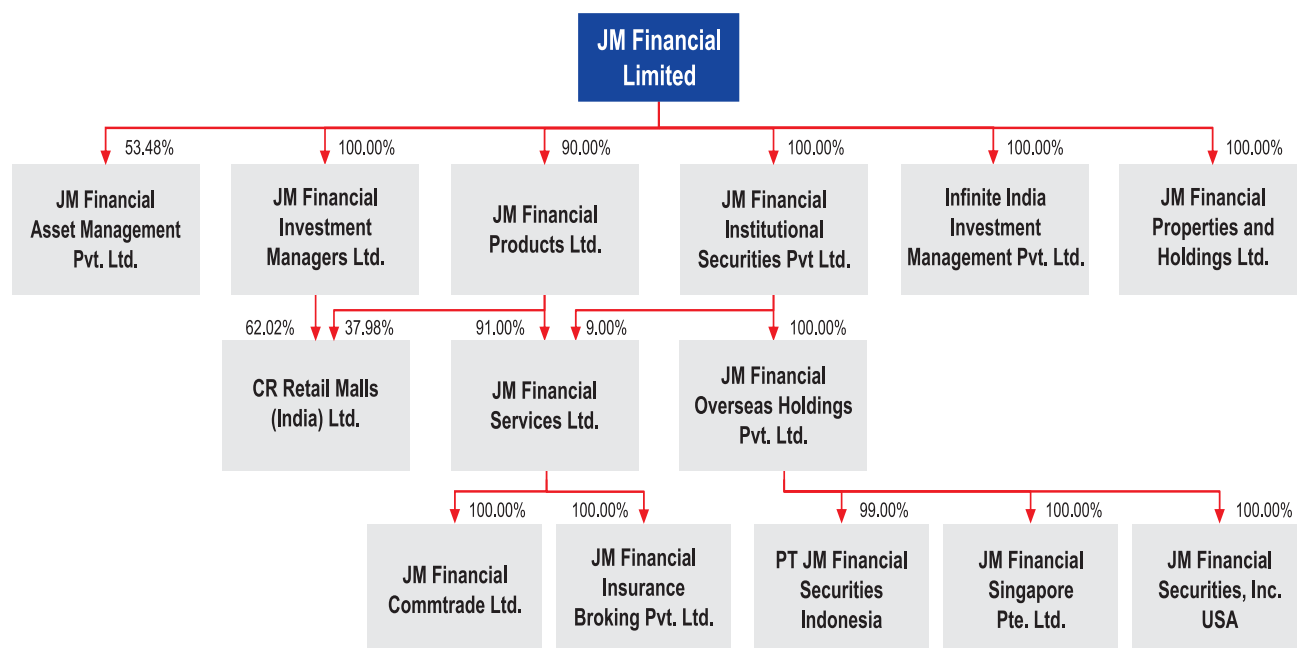
*Ceased to be a Director and member of the Audit Committee with effect from June 30, 2012, upon his resignation as a Director of the Company.

**Ceased to be a Director and member of the Audit Committee, Compensation Committee and Nomination Committee with effect from December 4, 2012, upon his demise.

During the financial year 2012-13, the Company paid ₹75,695/- as professional fees to M/s. Udwadia Udeshi & Argus Partners, a legal firm, of which Mr. Darius E Udwadia is a founder partner. The Company also made an aggregate payment of ₹417,500/- up to November 2012, as professional fees to M/s. Pravin P Shah & Associates, a sole proprietorship firm of which Dr. Pravin P Shah was the sole proprietor. Other than the above, no payments have been made to the Non executive Directors by the Company.

5. SUBSIDIARY COMPANIES

The Company has the following subsidiary companies:



Out of the aforesaid subsidiary companies, the following are material non-listed Indian subsidiaries of the Company. In accordance with the provisions of the Listing Agreement, the following independent directors of the Company are also independent directors on the boards of the material non-listed Indian subsidiaries as on March 31, 2013:

Name of the Subsidiary Company	Name of the Independent Director
JM Financial Institutional Securities Private Limited	Mr. Paul Zuckerman* Dr. Pravin P Shah [#]
JM Financial Products Limited	Mr. E A Kshirsagar Mr. Darius E Udwardia [§]
JM Financial Services Limited	Mr. Keki Dadiseth [@] Dr. Pravin P Shah [#]

*Mr. Paul Zuckerman was appointed as a director on the board of JM Financial Institutional Securities Private Limited with effect from June 12, 2012.

[#]Dr. Pravin P Shah ceased to be a director of JM Financial Institutional Securities Private Limited and JM Financial Services Limited with effect from December 4, 2012, upon his demise.

[§]Mr. Darius E Udwardia has been appointed as a director of JM Financial Products Limited with effect from May 14, 2012.

[@]Mr. Keki Dadiseth has been appointed as a director of JM Financial Services Limited with effect from January 18, 2013.

The minutes of the board meetings of all the unlisted Indian subsidiary companies are placed at the board meetings of the Company. The management also periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered into by all the unlisted subsidiary companies.

6. GENERAL BODY MEETINGS

All the resolutions moved at the last Annual General Meeting (AGM) were passed by show of hands with requisite majority of Members attending the meeting. The following Special Resolutions were passed at the last three AGMs:

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary
July 28, 2010	Y.B. Chavan Centre, Gen. J.B. Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai – 400 021	3.30 p.m.	Yes	Alteration of the Articles of Association of the Company for insertion of new article relating to buy back of shares.
July 28, 2011	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020	4.00 p.m.	Yes	Re-appointment of Mr. Nimesh Kampani as the Managing Director of the Company for a period of 1 (one) year.
August 13, 2012	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> Approval pursuant to Section 314(1) of the Companies Act, 1956 for Ms. Amishi Kampani, daughter of Mr. Nimesh Kampani, Kampani, the Chairman and Managing Director, to hold an office or place of profit in JM Financial Institutional Securities Private Limited, a wholly owned subsidiary of the Company. Re-appointment of Mr. Nimesh Kampani as the Managing Director of the Company for the period of 5 (five) years.

No Extraordinary General Meeting was held during the financial year 2012-13. No Special Resolution has been passed through postal ballot during the financial year 2012-13. None of the businesses proposed to be transacted at the ensuing AGM require passing a special resolution through Postal Ballot.

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2012-13, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

8. MEANS OF COMMUNICATION

Website

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company **www.jmfl.com**. The information disseminated through the website inter alia, include the Quarterly/Half Yearly/Annual Results, Shareholding Pattern, Quarterly Compliance Report on Corporate Governance, press releases, etc.

Quarterly Results

Quarterly/Annual Results of the Company are generally published in 'Business Standard' and 'Sakal' and are displayed on the Company's website www.jmfl.com.

Annual Report

The Annual Report which includes the audited annual financial statements, Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Shareholders' Information and Auditors' Report is sent to all the shareholders of the Company prior to the AGM. It is also displayed on Company's website www.jmfl.com.

Reminders to Shareholders

Individual reminders are sent each year to those shareholders whose dividends have remained unclaimed, before transferring the amount thereof to the Investors' Education & Protection Fund (IEPF).

Corporate Filing and Dissemination System (CFDS)

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

Designated Exclusive Email-id

The Company has designated

shareholdergrievance@jmfl.com as an email id for the purpose of registering complaints by investors and the same is displayed on the Company's website.

Price Sensitive information

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders are promptly intimated to the Stock Exchanges.

9. MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements as stipulated in Clause 49 of the Listing Agreement.

10. NON-MANDATORY REQUIREMENTS

The board has taken cognizance of the non-mandatory requirements and shall consider adopting the same at an appropriate time.

11. DISCLOSURES

a) Related Party Transactions

The Company has not entered into any transactions of material nature with its promoters, directors, management and their relatives. The disclosure with respect to the related party transactions is set out in the Notes to Accounts. None of these transactions are likely to have a potential conflict with the interest of the Company and are being carried out on arm's length basis at fair market value. The details of all significant transactions with related parties are periodically placed before the Audit Committee.

b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006 (as amended), as applicable.

c) Disclosures on Risk Management

The Company has laid down procedures for risk management, assessment and its minimisation. The risk management team periodically places before the board, the report giving an update on the risk management.

d) Reconciliation of Share Capital Audit Report

In line with the requirements stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

e) No penalty or strictures

No strictures / penalties were imposed on the Company by Stock Exchanges or the SEBI or any statutory authority for non-compliances during the FY 2012-13.

f) Code of Conduct for prevention of Insider Trading

The Company has framed its own Code of Conduct including inter alia, provisions for prevention of Insider Trading for monitoring adherence to the rules for the preservation of price sensitive information, pre clearance and monitoring of trade in the Company's securities. The Company has appointed the Company Secretary as the compliance officer to ensure compliance of the said Code by all the Directors, senior management personnel and employees likely to have access to price sensitive information.

GENERAL SHAREHOLDERS' INFORMATION

This section, *inter alia*, provides information to the shareholders pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and other information as required under the Listing Agreement.

Twenty Eighth Annual General Meeting (AGM)

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Wednesday, July 31, 2013	4.00 p.m.	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021

Financial Calendar (FY 2013-14) (Provisional / Subject to change)

Particulars	Period
Financial Year	April 1 to March 31
For consideration of Unaudited / Audited Financial Results	
First quarter ending June 30, 2013	On or before August 15, 2013
Second quarter and half year ending September 30, 2013	On or before November 15, 2013
Third quarter and nine months ending December 31, 2013	On or before February 15, 2014
Fourth quarter and annual year ending March 31, 2014	On or before May 30, 2014
AGM	July / August 2014

Book Closure

The Register of Members of the Company will remain closed from Wednesday, July 24, 2013 to Wednesday, July 31, 2013 (both the days inclusive).

Dividend Payment Date

The Dividend, if declared, will be remitted/dispatched on or after August 2, 2013.

Dividend history commencing from FY 2008-09

Year	Date of declaration	Date of payment	Dividend per share of the face value ₹1/- each (₹)	Total amount paid (₹ in Crore)
2008-09	September 10, 2009	September 12, 2009	0.20	14.99
2009-10	July 28, 2010	August 2, 2010	0.50	37.49
2010-11	July 28, 2011	July 30, 2011	0.60	44.99
2011-12	August 13, 2012	August 16, 2012	0.60	45.04
2012-13 (Interim Dividend)	February 7, 2013	February 25, 2013	0.40	30.06
2012-13	July 31, 2013*	On or after August 2, 2013	0.50*	37.71

*Final dividend proposed

Registrars and Share Transfer Agents

The Company's share transfer services are handled by Sharepro Services (India) Private Limited (Sharepro). Sharepro is SEBI registered Category I – Registrar to an issue and Share Transfer Agents. The shareholders may contact them at the following address:

Registered Office

13 AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai-400072

Contact Person:

Ms. Indira Karkera/Mr. Gopal Poojari
Tel. No. 91 22 6772 0300

Counter Timings:

On Weekdays - 10.00 a.m. to 5.00 p.m.
On Saturdays - 10.00 a.m. to 4.00 p.m.

Investor Relations Office

912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021

Contact Person:

Mr. Joseph Miranda
Tel. No. 91 22 6772 0700

Counter Timings:

On Weekdays - 10.00 a.m. to 5.00 p.m.
On Saturdays - 10.00 a.m. to 4.00 p.m.

Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of documents, provided the documents are valid and complete in all respects. Mr. Nimesh Kampani, the Chairman & Managing Director and Mr. P K Choksi, the Company Secretary have been authorised by the Board to consider and approve the share transfer/ transmission requests received from the shareholders/investors from time to time.

Half Yearly Audit of Share Transfer

As required under Clause 47(c) of the Listing Agreement, a certificate is obtained every six months from a Practicing Company Secretary, confirming that the request for share transfers, transmission, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been effected within fifteen days of their date of lodgment subject to all the documents being in order. The certificate received from a Practicing Company Secretary is forwarded to the BSE and NSE within the stipulated time period.

Listing on Stock Exchanges along with the Security Code/Symbol

The Company's shares are listed on the following Stock Exchanges;

Name of the Stock Exchange	Address	Security Code/Symbol
BSE Limited (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233 / 4 Fax: 91 22 2272 2041 www.bseindia.com	523405
National Stock Exchange of India Limited (NSE)	Exchange Plaza, Plot No. C-I, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051 Tel : 91 22 26598100 /14 Fax: 91 22 26598120, www.nseindia.com	JMFINANCIL

Listing fees to Stock Exchanges

Annual Listing Fees for the FY 2013-14 have been paid by the Company to BSE and NSE.

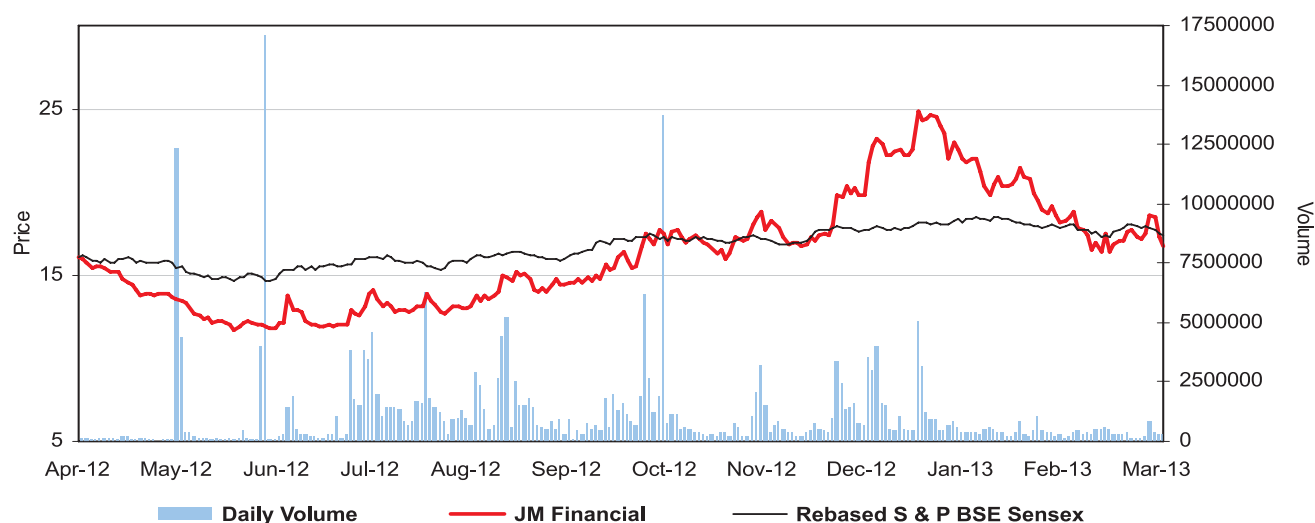
Market price data

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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
Apr-12	16.00	16.60	13.60	13.85	2,410,504
May-12	14.09	14.10	11.51	11.98	23,829,920
Jun-12	12.11	14.18	11.50	12.66	30,837,359
Jul-12	12.99	14.66	12.51	13.10	40,954,246
Aug-12	13.27	15.84	12.40	13.94	35,556,355
Sep-12	14.00	16.70	14.00	15.57	16,805,557
Oct-12	15.85	18.90	15.75	16.25	35,266,741
Nov-12	16.35	19.30	16.25	17.40	15,672,819
Dec-12	17.50	23.95	17.20	22.20	30,200,929
Jan-13	22.65	25.85	19.25	20.45	19,593,884
Feb-13	20.55	22.00	16.05	16.40	8,417,717
Mar-13	16.95	19.25	15.45	16.25	6,162,385

Source: www.bseindia.com

The performance of the share price of JM Financial Limited in comparison with S & P BSE Sensex is given below:



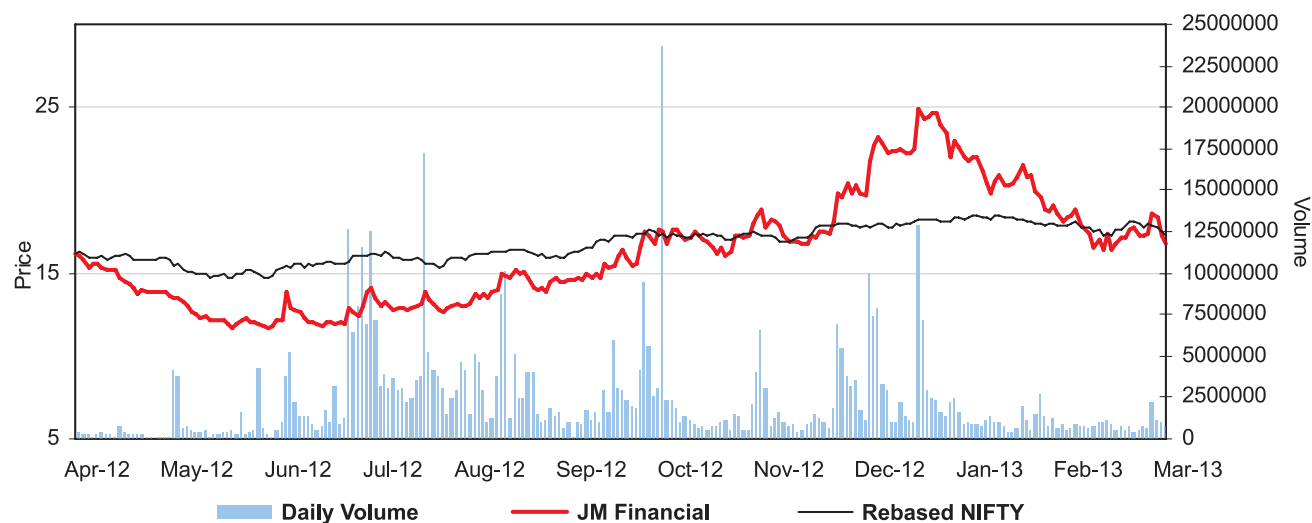
Source: www.bseindia.com

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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
Apr-12	15.45	16.40	13.55	13.90	4,897,648
May-12	13.90	14.10	11.35	11.95	20,256,947
Jun-12	12.05	14.20	11.50	12.60	46,382,096
Jul-12	12.75	14.70	12.40	13.05	114,968,081
Aug-12	13.25	15.85	12.25	13.85	73,365,183
Sep-12	14.05	16.65	14.00	15.60	35,815,861
Oct-12	15.90	18.90	15.60	16.30	64,882,911
Nov-12	16.30	19.50	16.15	17.45	30,899,564
Dec-12	17.50	23.90	17.10	22.25	67,271,699
Jan-13	22.60	25.30	19.20	20.45	47,953,472
Feb-13	20.60	21.90	16.00	16.35	19,550,259
Mar-13	16.90	19.20	15.40	16.15	14,325,128

Source: www.nseindia.com

The performance of the share price of JM Financial Limited in comparison with Nifty is given below:



Source: www.nseindia.com

Distribution of Shareholding

Distribution of Shareholding as on March 31, 2013

Number of shares held	Shareholders		Shares	
	Number	%	Number	%
1 - 5,000	52,327	94.98	37,877,185	5.04
5,001 - 10,000	1,299	2.36	10,450,500	1.39
10,001 - 20,000	656	1.19	9,834,101	1.31
20,001 - 30,000	279	0.51	7,111,312	0.95
30,001 - 40,000	119	0.21	4,214,177	0.56
40,001 - 50,000	86	0.16	4,066,777	0.54
50,001 - 100,000	143	0.26	10,434,614	1.39
100,001 and above	182	0.33	667,625,996	88.82
	55,091	100.00	751,614,662	100.00

Categories of Shareholders as on March 31, 2013

Category	No. of shares	% to total paid-up equity share capital
Shareholding of Promoter & Promoter Group:		
Promoter	203,406,600	27.06
Person having control over the Company	135,357,500*	18.01
Promoter Group and Persons acting in concert	180,530,290	24.02
Total (A)	519,294,390	69.09
Public Shareholding		
Individuals	120,727,721	16.06
Banks and Financial Institutions	324,096	0.04
Bodies Corporate	31,027,660	4.13
Mutual Funds	6,845,816	0.91
Trusts	380,450	0.05
Foreign Shareholding		
Non-resident Indians	1,942,853	0.26
Foreign Institutional Investors (FIIs)	71,071,676	9.46
Total (B)	232,320,272	30.91
Total (A) + (B)	751,614,662	100.00

*Including 12,50,000 equity shares held by Nimesh Kampani HUF.

List of the Top 10 Shareholders of the Company (Excluding Promoter / Promoter Group) as on March 31, 2013

Sr. No	Name of the Shareholder	No. of Shares	Percentage (%)
1	Valiant Group [#]	26,086,400	3.47
2	Morgan Stanley Asia (Singapore) Pte Ltd.	25,700,800	3.42
3	Azim Hasham Premji	21,875,000	2.91
4	Durgesh S Shah	5,000,000	0.67
5	Dimensional Emerging Markets Value Fund	4,506,097	0.60
6	Tiger Global Mauritius Fund	3,900,000	0.52
7	DSP Blackrock Mutual Fund ^{\$}	3,871,597	0.52
8	Sundaram Mutual Fund [*]	2,968,395	0.39
9	Jaivijay Resources Private Limited	2,499,000	0.33
10	Tata Investment Corporation Limited	2,250,000	0.30

[#]comprising Valiant Mauritius Partners Limited and Valiant Mauritius Partners Offshore Limited

^{\$}comprising DSP Blackrock Micro Cap Fund and DSP Blackrock Opportunities Fund

^{*}comprising Sundaram Mutual Fund A/c Sundaram Select Midcap and Sundaram Select Thematic Funds - Financial Services Opportunities

Dematerialisation of Shares and liquidity

The Company's shares are regularly traded in dematerialised mode on the BSE and NSE. The dematerialisation facility is available from both the depositories, namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Physical shares received for dematerialisation are processed and confirmed to Depositories by Sharepro Services (India) Private Limited, the Registrars and Share Transfer Agents within a period of 21 days from the date of login by the Depository Participants (DPs). Rejection cases are promptly returned to the DPs under advice to shareholders.

Quarterly Share Capital Audit

In terms of SEBI circular no.D&CC/FITTC/CIR-16 dated December 31, 2002 as amended by its circular no.CIR/MRD/DP/30/2010 dated September 6, 2010 an audit is conducted on a quarterly basis by a Practicing Company Secretary for the purpose of, *inter alia*, reconciliation of the total admitted capital of the Company with the Depositories and in the physical mode with the total issued and listed capital of the Company. The Certificates issued in this regard are placed before the Board of Directors at its meetings periodically and forwarded to BSE and NSE where the Company's shares are listed.

No. of Shares held in dematerialised and physical mode

Particulars	Number of Shareholders	No. of Shares	% to total capital issued
Held in dematerialised mode in NSDL	31,228	707,062,151	94.07%
Held in dematerialised mode in CDSL	22,594	38,066,554	5.07%
Shares held in physical mode	1,269	6,485,957	0.86%
Total	55,091	751,614,662	100.00%

International Securities Identification Number (ISIN) of the Company: INE780C01023

The shareholders are requested to use this number whenever dealing in the Company's shares in dematerialised mode.

Custodial Fees to Depositories

The Company has paid custodial fees to National Securities Depository Limited and Central Depository Services (India) Limited for the FY 2013-14.

Outstanding GDRs / ADRs / warrants or any convertible instruments, conversion and likely impact on equity

The Company has not issued any of these instruments. However, an Extraordinary General Meeting of the members of the Company is convened on June 14, 2013 to seek their approval for issuing 2,32,93,878 Warrants, on a preferential basis, to Mr. Vikram Shankar Pandit (1,16,46,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants) and Mrs. Aparna Murthy Aiyar (58,23,469 Warrants).

Registered Office of the Company/ Correspondence Address

141, Maker Chambers III, Nariman Point, Mumbai – 400 021

Corporate Identification Number of the Company (CIN): L67120MH1986PLC038784

Website: www.jmfl.com

Plant location: Not applicable

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of JM Financial Limited

We have examined the compliance of conditions of corporate governance by JM Financial Limited (the Company), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Shivji K Vikamsey
Partner (F - 2242)

Place: Mumbai
Date: May 30, 2013

INDEPENDENT AUDITORS' REPORT on the Standalone Financial Statements

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, 2013, 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 Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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 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:
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7 As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8 As required by section 227(3) of the Act, we report that:
- a. we have 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Place: Mumbai
Date: May 30, 2013

Shivji K Vikamsey
Partner (F - 2242)

Annexure referred to in paragraph 7 of our report of even date of JM Financial Limited on the accounts of the Company for the year ended 31st March, 2013

- (i) (a) The Company has 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 at reasonable interval. As informed, no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off substantial part of its fixed assets during the year.
- (ii) The Company does not hold any inventory during the year, hence clause (ii) of the Order is not applicable to the Company.
- (iii) The Company has neither taken nor granted loan to parties in register maintained under section 301 of the Act, hence clause (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation 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. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given to us, and as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported for any continuing failure to correct major weaknesses in the internal control system relating to the aforesaid. During the year, the Company has neither purchased any inventory nor sold any goods.
- (v) (a) Based on the audit procedures applied and according to the information and explanations given to us, the contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under that Section have been so entered.
- (b) According to the information and explanations given to us, where each of such contracts or arrangements is in excess of ₹5 lakh in respect of any party, the contracts or arrangement have been made at prices which are prima facie, reasonable having regard to the prevailing market prices at the relevant time or the prices at which transactions for similar services have been made with other parties or as per information available with the Company.
- (vi) According to information and explanations given to us, the Company has not accepted any deposits from the public, hence clause (vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of Company and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it. There were no arrears of such statutory dues as at March 31, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no outstanding dues of Income Tax, Service Tax, Wealth Tax, and Cess which have not been deposited on account of any dispute except as mentioned below:

Name of statute	Nature of dues	Year to which it pertains	Amount (₹)	Forum where dispute is appealable
Income Tax Act, 1961	Income Tax	F.Y. 2008-09	16,629,037/-	Income Tax Appellate, Tribunal, Mumbai

We have been informed that statutory dues like Sales Tax, Custom Duty and Excise Duty are currently not applicable to the Company.

- (x) The Company has neither accumulated losses at the end of the financial year nor has incurred cash losses in the current year or in immediately preceding financial year.
- (xi) The Company has not borrowed funds from financial institutions, banks or debenture holders, hence clause 4(xi) of the Order is not applicable to the Company.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society, hence clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) According to the information and explanations given to us, and in our opinion, the Company is not dealing or trading in shares, securities, debentures, and other investments, hence clause 4(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loans, hence clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act
- (xix) According to the information and explanations given to us, the Company has not issued any debentures, hence clause 4(xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) 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 30, 2013

Shivji K Vikamsey
Partner (F - 2242)

BALANCE SHEET as at March 31, 2013

(₹ in Lakh)

	Note	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,516.15	7,498.70
Reserves & surplus	2.2	154,428.55	156,301.73
		161,944.70	163,800.43
Non-current liabilities			
Deferred tax liabilities (net)	2.3	11,017.16	11,031.93
Other long term liabilities	2.4	104.20	113.82
Long term provisions	2.5	23.44	46.67
		11,144.80	11,192.42
Current liabilities			
Trade payables	2.6	55.28	73.95
Other current liabilities	2.7	332.65	591.32
Short term provisions	2.8	3,792.62	4,585.23
		4,180.55	5,250.50
TOTAL		177,270.05	180,243.35
ASSETS			
Non-current assets			
Fixed assets	2.9		
Tangible assets	2.9 A	139.28	181.29
Intangible assets	2.9 B	–	46.74
Capital work in progress	2.9 C	–	2.86
Non-current investments	2.10	147,045.22	150,736.62
Long term loans and advances	2.11	15,006.25	15,189.09
Other non-current assets	2.12	382.74	758.45
		162,573.49	166,915.05
Current assets			
Cash and bank balances	2.13	13,373.38	12,345.68
Short term loans and advances	2.14	64.87	52.74
Other current assets	2.15	1,258.31	929.88
		14,696.56	13,328.30
TOTAL		177,270.05	180,243.35
Significant accounting policies & 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. 2242

Place: Mumbai
Date: May 30, 2013

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

P K Choksi
Company Secretary

E A Kshirsagar
Director

Manish Sheth
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013

(₹ in Lakh)

	Note	For the year ended 31.03.2013	For the year ended 31.03.2012
Income:			
Revenue from operations	2.16	1,109.61	2,408.99
Other income	2.17	4,509.13	3,921.75
Total Revenue		5,618.74	6,330.74
Expenses:			
Employee benefits expense	2.18	427.43	1,122.92
Finance costs	2.19	2.91	5.19
Depreciation and amortisation expenses	2.9	26.35	53.70
Other expenses	2.20	287.42	587.20
Total Expenses		744.11	1,769.01
Profit before tax		4,874.63	4,561.73
Tax Expense:			
Current tax		260.00	315.00
Deferred tax		(14.78)	(3.39)
Tax adjustment of earlier years (net)		148.02	–
		393.24	311.61
Profit for the year		4,481.39	4,250.12
Earnings per equity share (face value of ₹ 1/- each)	2.24		
Basic EPS (in ₹)		0.60	0.57
Diluted EPS (in ₹)		0.59	0.56
Significant accounting policies & 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. 2242

Place: Mumbai

Date: May 30, 2013

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

E A Kshirsagar

Director

P K Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES and Notes to Financial Statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and are in compliance with the applicable Accounting Standards notified in the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 ("the Act"). Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles, 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

Fees are recognised on accrual basis in accordance with agreements/arrangements.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

1.4 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 rates as per the management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Act, whichever is higher, as per the following table:

Assets	Useful Life
Office premises	61 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers and 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.

1.5 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.

1.6 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 of fair value. Current investments are carried at lower of cost or fair value.

1.7 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 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 an expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.8 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 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.

1.9 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.

1.10 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, 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.

1.11 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.

1.12 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

	As at 31.03.2013	As at 31.03.2012
Authorised:		
1,000,000,000 (1,000,000,000) equity shares of ₹1/- each	10,000.00	10,000.00
Issued and Subscribed Capital:		
751,614,662 (749,869,500) equity shares of ₹1/- each		
Paid up Capital:		
751,614,662 (749,869,500) equity shares of ₹1/- each fully paid-up	7,516.15	7,498.70
TOTAL	7,516.15	7,498.70

(₹ in Lakh)

Note a:**Reconciliation of the number of equity shares outstanding**

	As at 31.03.2013		As at 31.03.2012	
	Number	Amount (In Lakh)	Number	Amount (In Lakh)
Shares outstanding at the beginning of the year	749,869,500	7,498.70	749,782,500	7,497.83
Shares issued during the year upon:				
Re-issue of forfeited shares	–	–	87,000	0.87
Exercise of stock options	1,745,162	17.45	–	–
Shares outstanding at the end of the year	751,614,662	7,516.15	749,869,500	7,498.70

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:**

	As at 31.03.2013		As at 31.03.2012	
Name of Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	27.06%	203,406,600	27.13%
Nimesh Kampani*	135,357,500	18.01%	135,357,500	18.05%
J. M. Assets Management Private Limited	96,768,408	12.87%	89,851,959	11.98%
Blue Ridge Limited Partnership	–	–	51,563,350	6.88%
Aruna Nimesh Kampani	38,451,250	5.12%	38,451,250	5.13%

* includes 1,250,000 equity shares held by Nimesh Kampani HUF

Note d:**Aggregate number of shares allotted as fully paid up by way of bonus shares during last 5 years:**

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Particulars	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid up by way of bonus shares	–	–	–	–	449,869,500

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Capital reserve		
Opening balance	0.44	–
Add: Transferred during the year on re-issue of forfeited shares	–	0.44
Closing balance	0.44	0.44
Securities premium		
Opening balance	26,209.91	26,108.72
Add: Addition on shares issued during the year (ESOP)	532.27	101.19
Closing balance	26,742.18	26,209.91
General reserve		
Opening balance	17,000.00	16,450.00
Add: Transferred during the year	500.00	550.00
Closing balance	17,500.00	17,000.00
Share options outstanding		
Opening balance	2,214.84	–
Add: Additions on account of fresh grants during the year	1,033.32	2,287.50
Less: Transferred to securities premium on exercise of ESOP	(532.27)	–
Less: Reduction on account of options lapsed during the year	(120.19)	(72.66)
Closing balance	2,595.70	2,214.84
Surplus in statement of profit and loss:		
Opening balance	110,876.54	111,724.34
Add: Profit for the year	4,481.39	4,250.12
Amount available for appropriation	115,357.93	115,974.46
Less: Appropriations		
Interim Dividend	3,006.24	–
Proposed dividend	3,770.75	4,504.24
Dividend on equity shares issued after the adoption of previous year's accounts	2.60	–
Dividend distribution tax	488.11	43.68
Transferred to general reserve	500.00	550.00
	7,767.70	5,097.92
Closing balance	107,590.23	110,876.54
TOTAL	154,428.55	156,301.73

2.3 DEFERRED TAX LIABILITIES (NET)

	(₹ in Lakh)	
	As at 31.03.2013	As at 31.03.2012
Deferred tax liabilities:		
Depreciation	7.82	22.05
Investments	11,018.61	11,018.61
	11,026.43	11,040.66
Deferred tax assets:		
Expenditure	9.27	8.73
	9.27	8.73
TOTAL	11,017.16	11,031.93

2.4 OTHER LONG TERM LIABILITIES

	(₹ in Lakh)	
	As at 31.03.2013	As at 31.03.2012
Property deposits	100.00	100.00
Long term maturities of finance lease obligations (secured by way of hypothecation of vehicles. The lease is repayable on a monthly basis over a period of 36 months) (refer note 2.25)	4.20	13.82
TOTAL	104.20	113.82

2.5 LONG TERM PROVISIONS

	(₹ in Lakh)	
	As at 31.03.2013	As at 31.03.2012
For employee benefits – gratuity [refer note 2.26 A (a)]	23.44	43.42
For others	–	3.25
TOTAL	23.44	46.67

2.6 TRADE PAYABLES

	(₹ in Lakh)	
	As at 31.03.2013	As at 31.03.2012
Micro, small and medium enterprises (refer note 2.23)	–	–
Other than micro, small & medium enterprises	55.28	73.95
TOTAL	55.28	73.95

2.7 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles) (refer note 2.25)	7.30	9.12
Unclaimed dividend	92.47	77.98
Employee benefits payable	172.64	425.86
Statutory dues	10.24	31.36
Other short term liabilities	50.00	47.00
TOTAL	332.65	591.32

2.8 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
For employee benefits:		
Gratuity [refer note 2.26 A (a)]	11.31	12.29
Compensated absences [refer note 2.26 A (b)]	10.56	25.02
For proposed dividend	3,770.75	4,504.24
For dividend distribution tax	—	43.68
TOTAL	3,792.62	4,585.23

2.9 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)				Depreciation / Amortisation				Net block	
	As at 31.03.2012	Additions for the year	Deductions for the year	As at 31.03.2013	As at 31.03.2012	Additions for the year	Deductions for the year	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
A) TANGIBLE ASSETS										
Owned assets:										
Office premises	108.50	–	–	108.50	34.95	1.78	–	36.73	71.77	73.55
Furniture and fixtures	40.02	4.87	20.27	24.62	18.88	2.55	7.83	13.60	11.02	21.14
Office equipments	11.23	3.49	8.21	6.51	6.94	0.94	4.72	3.16	3.35	4.29
Computers	56.51	3.87	54.84	5.54	24.21	0.80	23.69	1.32	4.22	32.30
Leasehold improvements	32.96	24.11	4.22	52.85	23.34	4.18	4.22	23.30	29.55	9.62
Motor vehicle	46.43	–	–	46.43	27.86	9.29	–	37.15	9.28	18.57
Leased assets:										
Motor vehicles (refer note below)	42.29	–	8.85	33.44	20.47	6.81	3.93	23.35	10.09	21.82
TOTAL (A)	337.94	36.34	96.39	277.89	156.65	26.35	44.39	138.61	139.28	181.29
B) INTANGIBLE ASSETS										
Software	83.69	–	83.69	–	36.95	–	36.95	–	–	46.74
TOTAL (B)	83.69	–	83.69	–	36.95	–	36.95	–	–	46.74
TOTAL (A+B)	421.63	36.34	180.08	277.89	193.60	26.35	81.34	138.61	139.28	228.03
Previous year	356.01	66.68	1.06	421.63	140.61	53.70	0.71	193.60	228.03	
C) CAPITAL WORK IN PROGRESS	–	–	–	–	–	–	–	–	–	2.86

Note: Vendor has a lien over the assets taken on lease.

2.10 NON-CURRENT INVESTMENTS

(₹ in Lakh)

	As at 31.03.2013		As at 31.03.2012	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
Unquoted				
(a) Investment in equity shares of ₹10/- each				
In subsidiaries:				
1 JM Financial Institutional Securities Private Limited	28,000,000	36,608.24	28,000,000	36,608.24
2 JM Financial Investment Managers Limited	1,800,000	9,316.17	1,800,000	9,316.17
3 JM Financial Products Limited	490,050,000	50,941.33	490,050,000	50,941.33
4 JM Financial Asset Management Private Limited	31,462,500	13,138.49	31,462,500	13,138.49
5 JM Financial Properties and Holdings Limited (formerly known as JM Financial GILTS Limited)	3,000,000	300.00	–	–
6 Infinite India Investment Management Private Limited	1,600,000	238.00	1,600,000	238.00
In associate companies:				
7 JM Financial Asset Reconstruction Company Private Limited	102,900,000	10,290.00	102,900,000	10,290.00
8 JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
(b) Investment in preference shares of ₹10/- each				
In subsidiaries:				
9 JM Financial Institutional Securities Private Limited [refer note i(a)] (10% Participating non-cumulative redeemable)	4,640,000	16,704.00	8,389,000	30,200.40
10 JM Financial Properties and Holdings Limited [refer note i(b)] (10% Participating non-cumulative redeemable)	95,050,000	9,505.00	–	–
		147,043.73		150,735.13
II OTHER INVESTMENTS				
Investments in Mutual Funds				
11 JM Equity Fund (refer note ii & iii)	16,072	1.49	16,072	1.49
Total		147,045.22		150,736.62

Notes:

- (a) Redeemable at the option of the issuer at any time but not later than January 10, 2022, being 10 years from the date of allotment.
- (b) 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.
- Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.
- Net asset value of the mutual fund units as on March 31, 2013 is ₹2.20 Lakh (previous year ₹2.14 Lakh) against book value of ₹1.49 Lakh (previous year ₹1.49 Lakh).

2.11 LONG TERM LOANS AND ADVANCES (Unsecured, considered good)

	As at 31.03.2013	As at 31.03.2012
Capital advances	36.90	36.90
Security Deposits*	429.99	429.02
Staff loans	65.00	102.23
Advance tax (net of provisions)	14,474.36	14,608.16
Prepaid expenses	—	12.78
TOTAL	15,006.25	15,189.09

* Includes ₹150 Lakh receivable from a related party.

2.12 OTHER NON-CURRENT ASSETS (Unsecured, considered good)

	As at 31.03.2013	As at 31.03.2012
Receivable from subsidiaries	382.74	758.45
TOTAL	382.74	758.45

2.13 CASH AND BANK BALANCES

	As at 31.03.2013	As at 31.03.2012
Cash and cash equivalents:		
Cash on hand	0.43	0.45
Balances with banks:		
In current accounts	70.61	76.39
In deposit accounts (less than 3 months maturity)	11,310.63	11,298.35
	11,381.67	11,375.19
Other bank balances	1,991.71	970.49
TOTAL	13,373.38	12,345.68
Earmarked balances with banks for unclaimed dividend included in other bank balances	91.71	70.49

2.14 SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Staff loans	37.38	1.27
Advances recoverable in cash or in kind or for value to be received	19.30	24.77
Prepaid expenses	8.19	26.70
TOTAL	64.87	52.74

2.15 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2013	As at 31.03.2012
Interest accrued but not due	240.04	141.64
Receivable from subsidiaries	1,018.27	788.24
TOTAL	1,258.31	929.88

2.16 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Group support service fees	—	1,380.00
Interest income	1,109.61	1,028.99
TOTAL	1,109.61	2,408.99

2.17 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2013	For the year ended 31.03.2012
Dividend from subsidiaries	4,234.96	3,850.25
Interest income – others	238.22	0.22
Lease rent	21.75	19.91
Miscellaneous income	14.20	51.37
TOTAL	4,509.13	3,921.75

2.18 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31.03.2013	(₹ in Lakh) For the year ended 31.03.2012
Salaries, bonus and allowances	399.97	1,076.05
Contribution to provident fund and other funds	17.80	35.91
Gratuity	9.23	4.97
Staff welfare	0.43	5.99
TOTAL	427.43	1,122.92

2.19 FINANCE COSTS

	For the year ended 31.03.2013	(₹ in Lakh) For the year ended 31.03.2012
Finance charges on leased assets	2.91	4.04
Others	—	1.15
TOTAL	2.91	5.19

2.20 OTHER EXPENSES

	For the year ended 31.03.2013	(₹ in Lakh) For the year ended 31.03.2012
Rent	38.11	99.30
Legal and professional fees	24.06	97.00
Membership and subscription	6.28	8.96
Rates and taxes	4.88	3.12
Communication expenses	17.70	20.37
Repairs and maintenance	0.29	1.78
Information technology expenses	0.09	88.86
Travelling and conveyance expenses	12.31	20.49
Electricity expenses	0.73	2.68
Printing and stationery expenses	19.93	20.72
Business development expenses	3.91	20.43
Donation	35.00	35.00
Insurance expenses	15.24	24.05
Auditors' remuneration (refer note 2.27)	15.87	16.02
Motor car expenses	16.77	28.19
Directors' sitting fees	8.50	12.90
Directors' commission	50.00	47.00
Miscellaneous expenses	17.75	40.33
TOTAL	287.42	587.20

2.21 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹311.74 Lakh (previous year ₹636.23 Lakh).

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 ₹65.42 Lakh).

2.22 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 Scheme is in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is either equal to the fair market price of the underlying equity shares, or at a premium, or at a discount to market price as may be determined by the Compensation Committee of the Board.

During the financial year, the Compensation Committee of the Board has granted stock options under Series 5, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee has granted 7,302,669 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, 2013	For the year ended March 31, 2012
Outstanding at the beginning of the year	22,149,273	14,887,500
Add: Granted during the year	7,302,669	7,500,000
Less: Exercised during the year	1,745,162	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	653,873	238,227
Outstanding at the end of the year	27,052,907	22,149,273
Exercisable at the end of the year	8,074,281	3,712,500

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 under the Scheme 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 were the share price at respective grant dates, exercise price of ₹1/-, volatility of 60.04% to 61.90% (previous year 60.98% to 62.62%), dividend yield of 1.48% (previous year 1.24%), expected term of options in the range of 4 years to 5 years (previous year 4 years to 5 years), and a risk-free interest rate of 8.36% to 8.37% (previous year 8.04% to 8.05%).

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		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	2,434,223	2,500,000	April 16, 2013	April 21, 2012	13.57	29.16
33.33%	2,434,223	2,500,000	April 16, 2014	April 21, 2013	13.50	29.00
33.33%	2,434,223	2,500,000	April 16, 2015	April 21, 2014	13.42	28.85
	7,302,669	7,500,000				

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 ₹322.80 Lakh (previous year ₹528.36 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 after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Net profit (₹ in lakh)	4,481.39	4,250.12	4,158.59	3,721.76
Basic earnings per share (in ₹)	0.60	0.57	0.55	0.50
Diluted earnings per share (in ₹)	0.59	0.56	0.55	0.49

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Total
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	16/04/2012	
Options granted	11,137,500	1,500,000	3,750,000	7,500,000	7,302,669	31,190,169
Options exercised till March 31, 2013	Nil	Nil	Nil	1,745,162	Nil	1,745,162
Options forfeited/ cancelled till March 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2013	112,500	1,500,000	Nil	504,803	274,797	2,392,100
Outstanding at end of year	11,025,000	Nil	3,750,000	5,250,035	7,027,872	27,052,907
Exercisable at end of year	7,400,000	Nil	Nil	674,281	Nil	8,074,281
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	
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	
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	₹1.00	
Pricing formula	₹54.80 (Adjusted for split & bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1.00 as was determined by the Compensation Committee at its meeting held on April 21, 2011	₹1.00 as was determined by the Compensation Committee at its meeting held on April 16, 2012	

- 2.23** 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.

2.24 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit after tax	4,481.39	4,250.12
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	751,060,787	749,843,115
Basic earnings per share (in ₹)	0.60	0.57
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	753,574,503	752,796,075
Diluted earnings per share (in ₹)	0.59	0.56

2.25 LEASE TRANSACTION

Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 60 months with an option to prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total minimum lease payment outstanding as at March 31, 2013	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2013	Total minimum lease payment outstanding as at March 31, 2012	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2012
Not later than 1 year	8.95	1.65	7.30	12.67	3.55	9.12
Later than 1 year but not later than 5 years	4.48	0.28	4.20	15.91	2.09	13.82
Later than 5 years	—	—	—	—	—	—
Total	13.43	1.93	11.50	28.58	5.64	22.94

Operating lease

- a) 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 ₹38.11 Lakh (Previous year ₹99.30 Lakh).

2.26 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, 2013	For the year ended March 31, 2012
Present value of the defined benefit obligation at the year end	34.75	55.71
Fair value of plan assets	—	—
Net liability	34.75	55.71
Net liability is bifurcated as follows:		
Current	11.31	12.29
Non-Current	23.44	43.42

(₹ in Lakh)

Amount recognised in salary wages and employee benefits in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	3.57	3.78
Interest on defined benefit obligations	4.60	4.30
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognised during the year	1.06	(3.11)
Past service cost	—	—
Net gratuity cost	9.23	4.97

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2013	For the year ended March 31, 2012
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, 2013	For the year ended March 31, 2012
Opening defined benefit obligation	55.71	55.95
Current service cost	3.57	3.78
Interest cost	4.60	4.30
Actuarial (gain)/loss	1.06	(3.11)
Past service cost	—	—
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	(30.19)	(5.21)
Benefits paid	—	—
Closing defined benefit obligation	34.75	55.71

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2013	For the year ended March 31, 2012
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, 2013	For the year ended March 31, 2012
Investment	—	—

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2013	For the year ended March 31, 2012
Discount rate	8.10%	8.65%
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 Company's policy, provision of ₹10.56 Lakh (previous year ₹25.02 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 fund & other funds' ₹17.80 Lakh (previous year ₹35.91 Lakh).

2.27 AUDITORS' REMUNERATION*

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Audit fees	9.00	9.00
Certification	2.20	2.45
Limited review	4.50	4.50
Reimbursement of Expenses	0.17	0.07
Total	15.87	16.02

*Above fees is exclusive of service tax of ₹1.96 Lakh (previous year ₹1.65 Lakh)

2.28 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Other expenditure	11.51	55.92
Total	11.51	55.92

2.29 AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Dividend amount	–	35.51
Number of shareholders	–	2
Number of shares (face value of ₹1/- each)	–	5,918,144

- 2.30** a) As the Company is a Core Investment Company, its 'investment activities' is considered as the only segment in the context of AS 17 on "Segment Reporting".
- b) The Company does not have any reportable geographical segment.
- 2.31** Disclosure in respect of related parties is attached as per Annexure 'I'
- 2.32** Statement of cash flow is attached as per Annexure 'II'
- 2.33** 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 2.31 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:

Subsidiaries

JM Financial Institutional Securities Private Limited (Institutional Securities)

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 (NBFC)

JM Financial Properties and Holdings Limited (Properties)
(formerly known as JM Financial GILTS Limited)

JM Financial Asset Management Private Limited (AMC)

JM Financial Overseas Holdings Private Limited (Overseas)

JM Financial International Private Limited (JMFI)

JM Financial Singapore Pte Ltd (JMFS)

PT JM Financial Securities Indonesia (w.e.f. August 15, 2012)

JM Financial Securities, Inc. (w.e.f. November 16, 2012)

Infinite India Investment Management Private Limited (Infinite)

CR Retail Malls (India) Limited (CRRM)

II) Other parties with whom the Company has entered into transaction 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)

FICS Consultancy Services Limited (FICS)

Kampani Properties and Holdings Limited (KPHL)

Financial Engineering Solutions Private Limited (FES)

B. Related party relationships have been identified by the management and relied upon by the auditors.

ANNEXURE 'I' to Note 2.31 of Notes to the Financial Statements (Contd.)

Related Party Disclosures:

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Investments made in												
(refer note 2.10 of non-current investments)	9,800.00	30,200.40	-	-	-	-	-	-	-	-	9,800.00	30,200.40
Investments redeemed												
(refer note 2.10 of non-current investments)	13,496.40	-	-	-	-	-	-	-	-	-	13,496.40	-
Investments Sold/ Transferred to												
Institutional Securities	-	30,230.00	-	-	-	-	-	-	-	-	-	30,230.00
PICPL	-	-	-	-	-	-	-	-	-	20.00	-	20.00
SNK	-	-	-	-	-	-	-	-	-	10.00	-	10.00
Investments Purchased/ Transferred from												
NBFC	5.00	-	-	-	-	-	-	-	-	-	5.00	-
Sale of fixed assets to												
Institutional Securities	115.77	-	-	-	-	-	-	-	-	-	115.77	-
NBFC	0.03	-	-	-	-	-	-	-	-	-	0.03	-
ARC	-	-	0.35	-	-	-	-	-	-	-	0.35	-
Infinite	0.03	-	-	-	-	-	-	-	-	-	0.03	-
Investment Managers	0.63	-	-	-	-	-	-	-	-	-	0.63	-
Employee related transfers to												
Institutional Securities	17.53	5.20	-	-	-	-	-	-	-	-	17.53	5.20
NBFC	17.69	-	-	-	-	-	-	-	-	-	17.69	-
ARC	-	-	0.03	-	-	-	-	-	-	-	0.03	-
Infinite	0.03	-	-	-	-	-	-	-	-	-	0.03	-
Investment Managers	0.67	-	-	-	-	-	-	-	-	-	0.67	-

Note:- (i) * Subsidiaries include a Partnership Firm namely Stellar Investments (ii) # Denotes amount below ₹500/-

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Dividend received from												
Institutional Securities	559.59	1,400.00	-	-	-	-	-	-	-	-	559.59	1,400.00
NBFC	3,675.38	2,450.25	-	-	-	-	-	-	-	-	3,675.38	2,450.25
Dividend paid to												
JMFCS	-	-	-	-	-	-	-	-	2,034.07	1,220.44	2,034.07	1,220.44
J.M.Assets	-	-	-	-	-	-	-	-	967.68	539.11	967.68	539.11
JSB	-	-	-	-	-	-	-	-	65.05	29.13	65.05	29.13
KCL	-	-	-	-	-	-	-	-	6.85	4.11	6.85	4.11
SNK	-	-	-	-	-	-	-	-	116.60	56.16	116.60	56.16
NNK	-	-	-	-	1,353.58	812.15	-	-	-	-	1,353.58	812.15
ARNK	-	-	-	-	-	-	384.51	230.71	-	-	384.51	230.71
VNK	-	-	-	-	-	-	98.05	44.25	-	-	98.05	44.25
AMNK	-	-	-	-	-	-	80.00	48.00	-	-	80.00	48.00
Trustee	-	-	55.00	9.00	-	-	-	-	-	-	55.00	9.00
PICPL	-	-	-	-	-	-	-	-	16.50	3.60	16.50	3.60
Group support fees received from												
Institutional Securities	-	360.00	-	-	-	-	-	-	-	-	-	360.00
Investment Managers	-	120.00	-	-	-	-	-	-	-	-	-	120.00
SSF (refer note iii)	-	30.00	-	-	-	-	-	-	-	-	-	30.00
Financial Services	-	120.00	-	-	-	-	-	-	-	-	-	120.00
NBFC	-	300.00	-	-	-	-	-	-	-	-	-	300.00
Infinite	-	120.00	-	-	-	-	-	-	-	-	-	120.00
ARC	-	-	-	180.00	-	-	-	-	-	-	-	180.00
AMC	-	120.00	-	-	-	-	-	-	-	-	-	120.00
Stellar	-	30.00	-	-	-	-	-	-	-	-	-	30.00

Note:- (i) * Subsidiaries include a Partnership Firm namely Stellar Investments (ii) # Denotes amount below ₹500/-
 (iii) SSF denotes JM Financial Ventures Limited which got merged into Institutional Securities.

	Subsidiaries*						Associates				Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Rent received from																		
Financial Services	21.75	19.91	–	–	–	–	–	–	–	–	–	–	–	–	–	–	21.75	19.91
Rent paid to																		
JMFICS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	61.74	–	61.74
KPHL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.56	4.56	4.56	4.56
Brokerage paid to																		
Financial Services	–	0.11	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.11
Demat Charges paid to																		
Financial Services	#	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	#	–
Remuneration paid to																		
NINK	–	–	–	–	–	–	–	–	130.80	113.48	–	–	–	–	–	–	130.80	113.48
Expenses reimbursed to																		
Institutional Securities	–	6.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.39
Financial Services	–	11.07	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	11.07
AMC	–	5.28	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5.28
JMFICS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2.58	2.59	2.58	2.59
Expenses recovered from																		
Institutional Securities	28.42	57.10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	28.42	57.10
Financial Services	–	8.12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	8.12
NBFC	0.30	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.30	–

Note:- (i) * Subsidiaries include a Partnership Firm namely Stellar Investments (ii) # Denotes amount below ₹500/-

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Outstanding Balance												
Investments in	136,751.23	140,442.63	10,292.50	10,292.50	–	–	–	–	–	–	147,043.73	150,735.13
Property deposits received from												
Financial Services	100.00	100.00	–	–	–	–	–	–	–	–	100.00	100.00
Property deposits paid to												
KPHL	–	–	–	–	–	–	–	–	150.00	150.00	150.00	150.00
Receivable from												
Infinite	–	29.78	–	–	–	–	–	–	–	–	–	29.78
Payable to												
Institutional Securities	–	5.51	–	–	–	–	–	–	–	–	–	5.51
Financial Services	0.01	5.26	–	–	–	–	–	–	–	–	0.01	5.26
AMC	–	5.24	–	–	–	–	–	–	–	–	–	5.24

Note:– (i) * Subsidiaries include a Partnership Firm namely Stellar Investments (ii) # Denotes amount below ₹500/-

ANNEXURE 'II' to note 2.32 of Notes to the Financial Statements
Statement of Cash Flow for the year ended March 31, 2013

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
A Cash flow from operating activities		
Net Profit before tax	4,874.63	4,561.73
Adjustment for :		
Depreciation	26.35	53.70
Provision for/(reversal of) gratuity	(20.96)	(0.24)
Provision for/(reversal of) compensated absences	(14.47)	4.14
Other provisions	(3.25)	3.25
Dividend income	(4,234.96)	(3,850.25)
Interest expense	2.91	5.19
Operating profit before working capital changes	630.25	777.52
Adjustment for :		
(Increase)/decrease in short term loans and advances	(12.12)	36.42
(Increase)/decrease in long term loans and advances	49.03	(13.43)
(Increase)/decrease in other current assets	(328.44)	(191.83)
(Increase)/decrease in other non current assets	756.58	1,456.39
Increase/(decrease) in trade payables	(18.67)	(39.43)
Increase/(decrease) in other current liabilities	(258.66)	(80.16)
Increase/(decrease) in other long-term liabilities	(9.62)	8.42
Cash generated from operations	808.35	1,953.90
Direct taxes paid	(274.22)	(464.40)
Net cash from operating activities	534.13	1,489.50
B Cash flow from investing activities		
Purchase of non-current investments – Subsidiaries	(9,805.00)	(30,200.40)
Sale of non-current investments – Subsidiaries	13,496.40	30,230.00
Sale of non-current investments – Associates	-	30.00
Purchase of fixed assets	(33.47)	(69.53)
Sale of fixed assets	98.74	0.35
Increase/(decrease) in Other bank balances having maturity of more than 3 months and earmarked bank balances	(1,021.22)	2,154.51
Dividend income	4,234.96	3,850.25
Net cash from investing activities	6,970.41	5,995.18

(₹ in Lakh)

	For the year ended March 31, 2013	For the year ended March 31, 2012
C Cash flow from financing activities		
Proceeds from issue of equity shares (including premium) upon exercise of options	549.73	1 03.21
Interest paid	(2.91)	(5.19)
Dividend paid (including dividend distribution tax)	(8,044.88)	(4,604.50)
Net cash used in financing activities	(7,498.06)	(4,506.48)
Net increase/(decrease) in cash and cash equivalents	6.48	2,978.20
Cash and cash equivalents - opening	11,375.19	8,396.99
Cash and cash equivalents - closing	11,381.67	11,375.19
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 2.13	13,373.38	12,345.68
Less: Bank balance comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statement")	1,991.71	970.49
Cash and cash equivalents as shown in Cash Flow Statement	11,381.67	11,375.19
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. 2242**Place:** Mumbai**Date:** May 30, 2013**For and on behalf of the Board of Directors****Nimesh Kampani**

Chairman & Managing Director

E A Kshirsagar

Director

P K Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

Financial Information of the Subsidiary Companies for the Year ended March 31, 2013

(₹ / US\$ / SGD / IDR in Lakh)

Name of the Subsidiary	Currency	Paid up Capital	Reserves	Total assets including investments	Investments ^a	Total liabilities ^b	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Dividend proposed ^c
JM Financial Institutional Securities Private Ltd.	₹	3,264.00	41,458.09	58,046.89	13,523.22	13,324.80	12,924.02	1,604.46	68.91	1,535.55	1,882.03
JM Financial Services Ltd.	₹	5,000.00	18,477.29	92,277.32	0.03	68,800.03	27,538.41	3,423.48	926.38	2,497.10	–
JM Financial Insurance Broking Private Ltd.	₹	6.00	(4.99)	1.11	1.06	0.10	0.01	(0.22)	–	(0.22)	–
JM Financial Investment Managers Ltd.	₹	180.00	13,254.52	14,451.79	9,276.92	1,017.27	2,042.60	1,371.11	354.55	1,016.55	–
JM Financial Commtrade Ltd.	₹	750.00	(286.64)	5,484.90	–	5,021.54	757.03	269.79	54.16	215.63	–
JM Financial Products Ltd.	₹	54,450.00	31,513.01	4,67,914.05	3,444.20	3,81,951.04	55,174.72	18,252.28	5,630.57	12,621.71	6,370.38
JM Financial Asset Management Private Ltd.	₹	5,883.47	5,346.94	11,909.11	5,913.34	678.70	2,888.91	222.77	–	222.77	–
Infinite India Investment Management Private Ltd.	₹	160.00	486.64	821.44	203.69	174.80	693.10	259.14	49.69	209.45	–
JM Financial Properties and Holdings Ltd.	₹	9,805.00	(199.78)	21,052.67	–	11,447.45	490.10	(93.64)	–	(93.64)	–
CR Retail Malls (India) Ltd.	₹	2,000.00	614.47	8,658.50	–	6,044.02	1,107.27	38.81	5.00	33.81	–
JM Financial Overseas Holdings Private Ltd.	₹*	6,027.29	2,617.64	12,144.26	7,111.66	3,499.33	1,369.09	958.76	0.40	958.36	–
	US\$	120.00	38.95	223.28	130.75	64.34	25.38	17.60	0.01	17.59	–
PT JM Financial Securities Indonesia	₹*	2,892.35	(91.38)	2,841.62	–	40.66	142.00	6.87	15.14	(8.27)	–
	IDR	5,00,000	(3,673.84)	503,527.66	–	7,201.49	24,483.15	(1,062.67)	2,611.17	(3,673.84)	–
JM Financial Securities, Inc	₹*	0.02	141.98	154.34	–	12.34	–	(21.20)	–	(21.20)	–
	US\$	0.00	2.61	2.84	–	0.23	–	(0.39)	–	(0.39)	–
JM Financial Singapore Pte. Ltd	₹*	1,846.75	(1,447.60)	702.07	–	302.92	174.79	(1,306.29)	–	(1,306.29)	–
	SGD	42.50	(33.39)	16.02	–	6.91	4.00	(29.89)	–	(29.89)	–

* Exchange rate as on March 31, 2013: 1 US Dollar (US\$) = ₹54.39, 1 Indonesian Rupiah (IDR) = ₹0.0056 and 1 Singapore Dollar (SGD) = ₹43.81

Notes

- Investments excludes investment in subsidiaries under consolidation.
- Total liabilities excludes paid-up capital and reserves & surplus.
- Dividend proposed includes dividend distribution tax.

INDEPENDENT AUDITORS' REPORT on the Consolidated Financial Statements

To the Board of Directors of JM Financial Limited

1. We have audited the accompanying Consolidated Financial Statements ("CFS") of JM Financial Limited ("the Company") and its Subsidiaries and Associates (collectively referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these CFS that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the CFS 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 CFS based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the 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 management, as well as evaluating the overall presentation of the CFS.

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 CFS gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

Included in this CFS are Assets of Rs.6,525.61 Crore as at March 31, 2013, Revenues of Rs.1,014.10 Crore and Net Cash Inflows of Rs.18.37 Crore of the subsidiaries and Profits of Rs.0.34 Crore of the associates for the year then ended, which have not been audited by us. These have been audited by other auditors whose reports have been furnished to us, and our opinion so far as it relates to the amounts included in respect of these entities, is based solely on 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 30, 2013

Shivji K Vikamsey
Partner (F - 2242)

CONSOLIDATED BALANCE SHEET as at March 31, 2013

(₹ in Crore)

	Note	As at 31.03. 2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	75.16	74.99
Reserves & surplus	2.2	1,969.32	1,858.16
Capital reserve on consolidation		6.11	6.11
		2,050.59	1,939.26
Minority interest		150.36	140.32
Non-current liabilities			
Long term borrowings	2.3	425.40	271.29
Deferred tax liabilities (net)	2.4	95.36	97.13
Other long term liabilities	2.5	0.04	0.14
Long term provisions	2.6	45.31	40.45
		566.11	409.01
Current liabilities			
Short term borrowings	2.7	3,571.40	2,930.26
Trade payables	2.8	210.69	141.82
Current maturities of long term borrowings		270.50	—
Other current liabilities	2.9	117.58	81.75
Short term provisions	2.10	61.05	62.29
		4,231.22	3,216.12
TOTAL		6,998.28	5,704.71
ASSETS			
Non-current assets			
Fixed assets	2.11		
Tangible assets	2.11A	21.26	23.92
Intangible assets	2.11B	5.48	6.09
Capital work in progress	2.11C	0.18	0.03
Goodwill on consolidation		74.62	74.49
Non-current investments	2.12	497.85	519.80
Long term loans and advances	2.13	1,116.13	588.64
		1,715.52	1,212.97
Current assets			
Current investments	2.14	70.07	50.05
Debt securities held as stock in trade	2.15	597.76	759.65
Assets held for arbitrage activities	2.16	502.37	193.37
Trade receivables	2.17	180.52	157.91
Cash and bank balances	2.18	1,419.39	1,370.00
Short term loans and advances	2.19	2,492.65	1,944.26
Other current assets	2.20	20.00	16.50
		5,282.76	4,491.74
TOTAL		6,998.28	5,704.71

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. 2242

Place: Mumbai

Date: May 30, 2013

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

E A Kshirsagar

Director

P K Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013

(₹ in Crore)

	Note	For the year ended 31.03.2013	For the year ended 31.03.2012
Income:			
Revenue from operations	2.21	797.26	674.17
Other operating income	2.22	244.97	199.80
Total Revenue		1,042.23	873.97
Expenses:			
Employee benefits expense	2.23	197.99	175.52
Finance costs	2.24	376.92	296.07
Depreciation and amortisation expenses	2.11	12.16	11.47
Other expenses	2.25	201.23	208.20
Total Expenses		788.30	691.26
Profit before tax		253.93	182.71
Tax Expense:			
Current tax		74.68	56.26
Deferred tax		(1.75)	3.19
Tax adjustment of earlier years (net)		2.00	0.10
		74.93	59.55
Profit for the year		179.00	123.16
Less: Share of minority interest		15.94	9.49
Add: Share in profit of associates		19.86	7.50
Net consolidated profit for the year		182.92	121.17
Earnings per equity share (face value of ₹ 1/- each)			
	2.30		
Basic EPS (in ₹)		2.44	1.62
Diluted EPS (in ₹)		2.43	1.61
Significant accounting policies & 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. 2242

Place: Mumbai

Date: May 30, 2013

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

E A Kshirsagar

Director

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 ("Company") and its subsidiaries and associate companies (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared under the historical cost convention on an accrual basis in compliance with material aspect of the applicable Accounting Standards notified under Companies (Accounting Standards) Rules 2006 (as amended), the relevant provisions of the Companies Act, 1956 ("the Act") and the circulars and guidance issued by the Reserve Bank of India from time to time. Except otherwise mentioned, the accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles 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 shareholders 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, separate from the liabilities and the equity of the Company.

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 and 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.

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.

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 rates as per management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Act whichever is higher, as per the following table:

Assets	Useful Life
Office premises	61 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers and 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 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 (long term) investments are carried at cost, however, provision for diminution in the value of non-current (long term) 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 (long term) 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 (long term) 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

These 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 recognised 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 an 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 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.

1.11 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, 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 ₹ at the following exchange rates:

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 has been 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 31.03.2013	As at 31.03.2012
Authorised:		
1,000,000,000 (1,000,000,000) equity shares of ₹1/- each	100.00	100.00
Issued and Subscribed Capital:		
751,614,662 (749,869,500) equity shares of ₹1/- each		
Paid up Capital:		
751,614,662 (749,869,500) equity shares of ₹1/- each fully paid-up	75.16	74.99
TOTAL	75.16	74.99

Note a:

Reconciliation of the number of equity shares outstanding

	As at 31.03.2013		As at 31.03.2012	
	Number	Amount (In Crore)	Number	Amount (In Crore)
Shares outstanding at the beginning of the year	749,869,500	74.99	749,782,500	74.98
Shares issued during the year upon:				
Re-issue of forfeited shares	—	—	87,000	0.01
Exercise of stock options	1,745,162	0.17	—	—
Shares outstanding at the end of the year	751,614,662	75.16	749,869,500	74.99

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

	As at 31.03.2013		As at 31.03.2012	
Name of Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	27.06%	203,406,600	27.13%
Nimesh Kampani*	135,357,500	18.01%	135,357,500	18.05%
J. M. Assets Management Private Limited	96,768,408	12.87%	89,851,959	11.98%
Blue Ridge Limited Partnership	—	—	51,563,350	6.88%
Aruna Nimesh Kampani	38,451,250	5.12%	38,451,250	5.13%

* includes 1,250,000 equity shares held by Nimesh Kampani HUF

Note d:**Aggregate number of shares allotted as fully paid up by way of bonus shares during last 5 years:**

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Particulars	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid up by way of bonus shares	—	—	—	—	449,869,500

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Securities premium	267.43	262.10
Capital reserve	#	#
Capital redemption reserve	11.08	7.33
General reserve	193.85	187.32
Statutory reserve (under section 45-IC of The Reserve Bank of India Act, 1934)	99.43	74.13
Currency translation reserve	6.07	4.38
Share options outstanding		
Employee stock options outstanding	25.96	22.15
Less : Deferred employee compensation	14.01	15.17
	11.95	6.98
Surplus in statement of profit and loss:		
Opening balance	1,315.92	1,269.52
Add: Net consolidated profit for the year	182.92	121.17
Amount available for appropriations	1,498.84	1,390.69
Less: Appropriations		
Interim dividend	30.06	—
Proposed dividend	37.71	45.04
Dividend on equity shares issued after the adoption of previous years' accounts	0.03	—
Dividend distribution tax		
by the Company	4.88	0.44
by the Subsidiaries	11.06	6.87
Transferred to General reserve	6.54	6.22
Transferred to Statutory reserve	25.30	16.20
Transferred to Capital redemption reserve	3.75	—
Closing balance	1,379.51	1,315.92
TOTAL	1,969.32	1,858.16

#Denotes amount below ₹50,000

2.3 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Secured Loans		
Term loan from banks (refer note 2.3(i))	150.00	–
Non-convertible debentures (refer note 2.3(ii))	249.00	270.50
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.40	0.79
	400.40	271.29
Unsecured Loans		
Inter corporate deposits (refer note 2.3(iii))	25.00	–
	25.00	–
TOTAL	425.40	271.29

(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:

Rate of Interest	Maturity profile	Current year	Previous year
12%	Year: 2014-15	70.83	–
12%	Year: 2015-16	79.17	–
Total		150.00	–

(ii) Non-convertible Debentures

Maturity profile and rate of interest of Non-convertible debentures:

	Non-Current		Current	
	Current Year	Previous Year	Current Year	Previous Year
11.00% NCD of FV ₹1,000,000/- each redeemable in year 2014-15	165.00			
10.50% NCD of FV ₹1,000,000/- each redeemable in year 2014-15	6.00			
10.65% NCD of FV ₹1,000,000/- each redeemable in year 2014-15	30.00			
10.40% NCD of FV ₹1,000,000/- each redeemable in year 2014-15	38.00			
10.60% NCD of FV ₹1,000,000/- each redeemable in year 2015-16	10.00			
11.90% NCD of FV ₹1,000,000/- each redeemable in year 2013-14	–	250.00	250.00	–
11.25% NCD of FV ₹1,000,000/- each redeemable in year 2013-14	–	5.00	5.00	–
11.00% NCD of FV ₹1,000,000/- each redeemable in year 2013-14	–	7.50	7.50	–
11.40% NCD of FV ₹1,000,000/- each redeemable in year 2013-14	–	8.00	8.00	–
Total	249.00	270.50	270.50	–

₹412.50 Crore (Previous year ₹262.50 Crore) are secured by way of first charge on freehold land and hypothecation on certain identified loans and advances given by the relevant subsidiary company.

₹23.00 Crore (Previous year ₹8.00 Crore) are secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

₹84.00 Crore (Previous year ₹ Nil) 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:

Rate of Interest	Maturity profile	Current year	Previous year
9.15%	Year: 2014-15	25.00	—
Total		25.00	—

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Deferred tax liabilities:		
Investments	110.19	110.19
	110.19	110.19
Deferred tax assets:		
Expenditure	14.03	12.76
Depreciation	0.80	0.30
	14.83	13.06
TOTAL	95.36	97.13

2.5 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Other liabilities	0.04	0.14
TOTAL	0.04	0.14

2.6 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
For employee benefits - gratuity	9.16	7.49
For clawback obligation	8.43	5.21
For standard assets	27.72	27.72
Others	—	0.03
TOTAL	45.31	40.45

2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Secured Loans		
Borrowings under CBLO (refer Note 2.7 (i))	129.00	–
Overdraft accounts / Loans from banks (refer Note 2.7 (ii))	122.01	166.36
Cash credit facilities (refer Note 2.7 (iii))	25.00	–
	276.01	166.36
Unsecured Loans		
Commercial papers	3,007.35	2,708.30
Inter corporate deposits	243.00	5.00
Borrowings under Securities lending and borrowings (SLB)	45.04	50.60
	3,295.39	2,763.90
TOTAL	3,571.40	2,930.26

- (i) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).
- (ii) Secured by collaterals/fixed deposits with banks.
- (iii) Cash credit facilities from banks are secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

2.8 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Small and micro enterprises	–	–
Other than small and micro enterprises	210.69	141.82
TOTAL	210.69	141.82

- (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.

2.9 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.02	0.87
Employee benefits payable	59.24	42.83
Interest accrued but not due on borrowings	27.90	12.99
Margin from clients/franchisees	15.15	8.68
Statutory dues	7.05	7.29
Security deposit	2.86	–
Income received in advance	1.09	5.04
Unclaimed dividend	0.92	0.78
Overdrawn bank balance	0.82	2.81
Other liabilities	1.53	0.46
TOTAL	117.58	81.75

2.10 SHORT TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
For employee benefits:		
Gratuity	0.78	0.76
Compensated absences	5.12	4.44
For proposed dividend - Equity shares		
by the Company	37.71	45.04
by the Subsidiaries	5.45	4.08
For dividend distribution tax - Equity shares		
by the Company	–	0.44
by the Subsidiaries	10.21	6.85
For dividend distribution tax - Preference shares by a subsidiary	1.78	0.68
TOTAL	61.05	62.29

2.11 FIXED ASSETS

(₹ in Crore)

Particulars	Gross block (at cost)					Depreciation / Amortisation				Net block	
	As at 31.03.2012	Additions for the year	Deductions for the year	Currency Fluctuation	As at 31.03.2013	As at 31.03.2012	Additions for the year	Deductions for the year	Currency Fluctuation	As at 31.03.2013	As at 31.03.2012
A. TANGIBLE ASSETS											
Owned assets:											
Land	0.21	-	-	-	0.21	-	-	-	-	0.21	0.21
Office premises	8.49	-	-	-	8.49	3.93	0.09	-	-	4.47	4.56
Leasehold improvements	8.53	0.56	0.35	0.05	8.79	6.54	1.24	0.34	#	1.35	1.99
Computers	36.01	3.11	1.84	0.02	37.30	29.87	2.80	1.79	#	6.42	6.14
Office equipments	16.45	0.71	0.40	0.02	16.78	13.44	1.51	0.32	#	2.15	3.01
Furniture and fixtures	13.99	1.36	0.44	0.03	14.94	8.50	2.75	0.21	#	3.90	5.49
Motor vehicles	1.77	-	0.21	-	1.56	1.00	0.31	0.21	-	0.46	0.77
Leased assets:											
Motor vehicles*	3.62	1.91	1.37	-	4.16	1.86	1.11	1.11	-	2.30	1.76
TOTAL (A)	89.07	7.65	4.61	0.12	92.23	65.15	9.81	3.98	#	21.26	23.92
B. INTANGIBLE ASSETS											
Software	18.99	1.75	0.07	-	20.67	12.90	2.35	0.06	-	5.48	6.09
Stock exchange memberships	1.43	-	-	-	1.43	1.43	-	-	-	-	-
Stock exchange non-refundable deposit	0.09	-	-	-	0.09	0.09	-	-	-	-	-
TOTAL (B)	20.51	1.75	0.07	-	22.19	14.42	2.35	0.06	-	5.48	6.09
TOTAL (A+B)	109.58	9.40	4.68	0.12	114.42	79.57	12.16	4.04	#	26.74	30.01
Previous year	108.79	7.43	6.64	-	109.58	73.41	11.47	5.31	-	30.01	
C. CAPITAL WORK IN PROGRESS	-					-				0.18	0.03

*Vendor has lien over the assets taken on lease.

Denotes amount below ₹50,000/-

2.12 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2013		As at 31.03.2012	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
EQUITY SHARES (Unquoted)				
JM Financial Asset Reconstruction Company Private Limited	102,900,000	102.90	102,900,000	102.90
Add : Share in post acquisition profit		35.34		15.81
		138.24		118.71
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		3.21		2.87
		3.24		2.90
TOTAL (I)		141.48		121.61
II OTHER INVESTMENTS				
(Unquoted, unless otherwise stated)				
EQUITY SHARES				
a) Quoted		108.06		125.03
b) Unquoted		112.22		108.29
		220.28		233.32
PREFERENCE SHARES		43.42		43.42
DEBENTURES/BONDS		52.27		50.40
VENTURE CAPITAL FUND UNITS (refer note i)				
Sponsored by the group		92.71		95.64
Others		13.85		36.10
EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii)		0.06		5.61
		422.59		464.49
Less: Provision for diminution in the value of investments		66.22		66.30
TOTAL (II)		356.37		398.19
TOTAL (I+II)		497.85		519.80

Notes:

- Redemption of units of venture capital fund is at the sole discretion of the trustees to the venture capital fund. However, the contributor can transfer the units with prior approval of the trustees to the venture capital fund.
- Includes investment in units of equity oriented mutual fund of ₹0.01 Crore (previous year ₹0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

2.13 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Capital advances (unsecured, considered good)	1.03	0.62
Security deposits (unsecured, considered good)	187.15	11.43
Other long term loans and advances:		
Secured, considered good		
Loan funds	648.97	281.87
Unsecured, considered good		
Loan funds	17.50	19.69
Advance Tax (net of provisions)	205.43	211.52
Loan to Employees' Welfare Trust	44.80	48.90
Other deposits	8.11	11.99
Staff loans	2.47	1.71
Advances recoverable in cash or in kind or for value to be received	0.63	0.63
Prepaid expenses	0.04	0.28
	927.95	576.59
TOTAL	1,116.13	588.64

2.14 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Fixed coupon notes	61.19	—
Mutual fund units	8.88	7.14
Debentures and bonds	—	18.65
Commercial papers	—	14.54
Certificate of deposits	—	9.72
TOTAL	70.07	50.05

2.15 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
(At lower of cost and Market value)		
Debt instruments	597.76	759.65
TOTAL	597.76	759.65

(i) Debt instruments includes interest accrued of ₹12.59 Crore (Previous year ₹3.70 Crore).

2.16 ASSETS HELD FOR ARBITRAGE ACTIVITIES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Arbitrage assets	502.37	193.37
TOTAL	502.37	193.37

- (i) This includes assets worth ₹144.78 Cr (Previous year ₹86.63 Cr) pledged with stock exchanges towards exposure margin.

2.17 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.44	#
Unsecured, considered good	3.45	3.67
Secured, considered doubtful	0.32	1.29
Unsecured, considered doubtful	2.06	1.69
Less: Provision for doubtful debts	(2.38)	(2.98)
	3.89	3.67
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	61.96	96.98
Unsecured, considered good	114.67	57.22
Unsecured, considered doubtful	1.11	0.54
Less: Provision for doubtful debts	(1.11)	(0.50)
	176.63	154.24
TOTAL	180.52	157.91

Denotes amount below ₹50,000/-

2.18 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Cash and cash equivalents		
Cash on hand	0.05	0.04
Balances with banks:		
In current accounts	54.69	42.82
In deposit accounts (less than 3 months maturity)	304.31	295.30
	359.05	338.16
Other bank balances – in deposit accounts		
Under lien against which facilities are availed (refer note 2.18 (iii))	386.44	188.73
Under lien against which facilities are not availed (refer note 2.18 (iii))	648.02	830.59
Other bank balances	25.88	12.52
	1,060.34	1,031.84
TOTAL	1,419.39	1,370.00
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	0.25	4.98
ii. Earmarked balances with banks	0.92	0.70
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	1,034.46	1,019.32

2.19 SHORT TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated)

(₹ in Crore)

	As at 31.03.2013	As at 31.03.2012
Loan funds (secured)	2,254.99	1,822.97
Loan funds	124.75	1.48
Prepaid expenses	76.04	83.17
Security deposits	16.40	16.42
Other deposits	11.00	10.66
Advances recoverable in cash or in kind or for value to be received	8.06	9.18
Staff loans	1.41	0.38
TOTAL	2,492.65	1,944.26

2.20 OTHER CURRENT ASSETS

	As at 31.03.2013	As at 31.03.2012
Interest accrued but not due	18.47	15.64
Securities held for settlement of claims	1.00	0.32
Assets acquired in satisfaction of claims	0.53	0.54
TOTAL	20.00	16.50

2.21 REVENUE FROM OPERATIONS

	For the year ended 31.03.2013	For the year ended 31.03.2012
Fees and commission	219.15	199.07
Brokerage	107.61	118.96
Interest and other income on fund based activities	470.50	356.14
TOTAL	797.26	674.17

2.22 OTHER OPERATING INCOME

	For the year ended 31.03.2013	For the year ended 31.03.2012
Interest income	129.56	101.80
Income from arbitrage activities	52.46	40.37
Profit on sale of investments (net)	30.64	23.83
Dividend income	21.37	24.13
Gain on foreign currency transactions (net)	0.66	0.11
Miscellaneous income	10.28	9.56
TOTAL	244.97	199.80

2.23 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31.03.2013	For the year ended 31.03.2012
Salaries, bonus and allowances	187.63	166.39
Contribution to provident fund and other funds	6.32	6.88
Gratuity	2.28	1.23
Staff welfare	1.76	1.02
TOTAL	197.99	175.52

2.24 FINANCE COSTS

	For the year ended 31.03.2013	(₹ in Crore) For the year ended 31.03.2012
Interest expense	366.71	285.86
Other borrowing cost	9.89	9.79
Finance charges on leased assets	0.32	0.42
TOTAL	376.92	296.07

2.25 OTHER EXPENSES

	For the year ended 31.03.2013	(₹ in Crore) For the year ended 31.03.2012
Sub-brokerage, fees and commission	100.44	91.74
Rent	21.08	21.69
Legal and professional fees	15.44	12.17
Information technology expenses	7.62	7.23
Manpower expenses	6.93	6.44
Membership and subscriptions	6.81	6.52
Rates and taxes	5.79	4.32
Travelling, hotel and conveyance expenses	4.04	4.58
Electricity expenses	4.00	3.72
Communication expenses	3.62	5.31
Provision for clawback obligation	3.22	5.21
Insurance expenses	2.92	2.89
Provision for bad & doubtful debts and assets written off	2.44	13.84
Repairs and maintenance	2.29	3.48
Fund expenses	2.23	2.32
Donation	2.16	1.91
Business conference and seminar expenses	2.10	1.91
Printing and stationery	1.70	2.56
Directors' commission	1.03	0.56
Auditors' remuneration	0.88	0.83
Loss on sale of assets	0.22	0.99
Advertisement and other related expenses	0.17	0.90
Loss on foreign currency transactions (net)	0.03	—
Miscellaneous expenses	4.07	7.08
TOTAL	201.23	208.20

2.26 ENTITIES INCLUDED IN CONSOLIDATION

Particulars	Country of incorporation	Proportion of interest as on March 31, 2013 (%)	Proportion of interest as on March 31, 2012 (%)
Subsidiaries			
JM Financial Institutional Securities Private Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Private Limited	India	100.00	100.00
JM Financial Services Limited	India	90.90	90.90
JM Financial Commtrade Limited	India	90.90	90.90
JM Financial Insurance Broking Private Limited	India	90.90	90.90
JM Financial Products Limited	India	90.00	90.00
JM Financial Properties and Holdings Limited (formerly known as JM Financial GILTS Limited)	India	100.00	90.00
JM Financial Asset Management Private Limited	India	53.48	53.54
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial International Private Limited (refer note a)	Mauritius	–	100.00
JM Financial Singapore Pte. Ltd.	Singapore	100.00	100.00
PT JM Financial Securities Indonesia	Indonesia	99.00	–
JM Financial Securities, Inc	USA	100.00	–
Associates			
JM Financial Asset Reconstruction Company Private Limited	India	49.00	49.00
JM Financial Trustee Company Private Limited	India	25.00	25.00

Notes

- JM Financial International Private Limited, wholly owned subsidiary of JM Financial Overseas Holdings Private Limited, Mauritius has been wound up. The name of said company has been removed from the Register of Companies under section 308 of the companies Act 2001 (Mauritius Jurisdiction) vide letter dated April 29, 2013.
- During the financial year 2011-12, the group acquired Economic interest of 96.20% stake in CR Retail Malls (India) Limited with an intention to hold the same temporarily till its subsequent disposal in the near term future and accordingly the accounts thereon have not been consolidated.

2.27 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹12.84 Crore (previous year ₹12.69 Crore).

Disputed demands of service tax authorities is ₹1.24 Crore (previous year ₹12.14 Crore).

Clawback obligation towards JM Financial Property Fund I for probable shortfall in meeting the hurdle rate is ₹1.25 Crore (previous year ₹1.25 Crore).

Estimated liability in respect of Municipal Tax payable to the landlord of the premises taken on lease (disputed by landlord/society) is ₹ nil (previous year ₹0.91 Crore).

2.28 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹0.69 Crore (previous year ₹0.91 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹0.29 Crore (previous year ₹0.29 Crore).

2.29 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 Scheme is in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is either equal to the fair market price of the underlying equity shares, or at a premium, or at a discount to market price as may be determined by the Compensation Committee of the Board.

During the financial year, the Compensation Committee of the Board has granted stock options under Series 5, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee has granted 7,302,669 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, 2013	For the year ended March 31, 2012
Outstanding at the beginning of the year	22,149,273	14,887,500
Add: Granted during the year	7,302,669	7,500,000
Less: Exercised during the year	1,745,162	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	653,873	238,227
Outstanding at end of year	27,052,907	22,149,273
Exercisable at end of year	8,074,281	3,712,500

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 the Scheme is mentioned in the table below. This was calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs were the share price at respective grant date, exercise price of ₹1/-, volatility of 60.04% to 61.90%, dividend yield of 1.48%, expected term of options in the range of 4 years to 5 years, and a risk-free interest rate of 8.36% to 8.37%. (Previous year 8.04% to 8.05%)

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		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	2,434,223	2,500,000	April 16, 2013	April 21, 2012	13.57	29.16
33.33%	2,434,223	2,500,000	April 16, 2014	April 21, 2013	13.50	29.00
33.33%	2,434,223	2,500,000	April 16, 2015	April 21, 2014	13.42	28.85
	7,302,669	7,500,000				

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 ₹9.76 Crore (previous year ₹17.45 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 ₹0.53 Crore (previous year reduced by ₹10.47 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, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Net profit (₹ in Crore)	182.92	121.17	183.45	110.70
Basic earnings per share (in ₹)	2.44	1.62	2.44	1.48
Diluted earnings per share (in ₹)	2.43	1.61	2.43	1.47

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Total
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	16/04/2012	
Options granted	11,137,500	1,500,000	3,750,000	7,500,000	7,302,669	31,190,169
Options exercised till March 31, 2013	Nil	Nil	Nil	1,745,162	Nil	1,745,162
Options forfeited/ cancelled till March 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2013	112,500	1,500,000	Nil	504,803	274,797	2,392,100
Outstanding at end of year	11,025,000	Nil	3,750,000	5,250,035	7,027,872	27,052,907
Exercisable at end of year	7,400,000	Nil	Nil	674,281	Nil	8,074,281
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	
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	
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	₹1.00	
Pricing formula	₹54.80 (Adjusted for split & bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1.00 as was determined by the Compensation Committee at its meeting held on April 21, 2011	₹1.00 as was determined by the Compensation Committee at its meeting held on April 16, 2012	

2.30 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

(₹ in Crore)

	For the year ended March 31, 2013	For the year ended March 31, 2012
Net consolidated Profit	182.92	121.17
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	751,060,787	749,843,115
Basic earnings per share (in ₹)	2.44	1.62
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	753,574,503	752,796,075
Diluted earnings per share (in ₹)	2.43	1.61

2.31 LEASE TRANSACTION

Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 60 months with an option to prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

	Total minimum lease payment outstanding as at March 31, 2013	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2013	Total minimum lease payment outstanding as at March 31, 2012	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2012
Not later than 1 year	1.45	0.43	1.02	1.15	0.28	0.87
Later than 1 year but not later than 5 years	1.83	0.39	1.44	1.11	0.18	0.93
Later than 5 years	—	—	—	—	—	—
TOTAL	3.28	0.82	2.46	2.26	0.46	1.80

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, 2013	Total lease payments outstanding as at March 31, 2012
Not later than 1 year	11.57	8.49
Later than 1 year but not later than 5 years	2.60	4.18
Later than 5 years	—	—
Expenditure debited to the statement of profit and loss	10.76	9.99

- 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 ₹10.32 Crore (previous year ₹11.70 Crore).

2.32 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 and High Networth Individuals (HNIs), offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/HNIs through a large network of franchisees and Independent Financial Associates (IFAs).
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 per Annexure 'I'.

II. Geographical segment

The Group does not have any reportable geographical segment.

2.33 Disclosure in respect of related parties is attached as per Annexure 'II'.

2.34 Statement of consolidated cash flow is attached as per Annexure 'III'.

2.35 The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

2.36 Figures of the previous year have been regrouped wherever necessary to correspond with those of the current years' classification/disclosures.

ANNEXURE 'I' to Note 2.32

Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

	As at March 31, 2013	As at March 31, 2012
Segment revenue		
A Investment banking and securities business	429.05	404.43
B Fund based activities	551.75	413.77
C Alternative asset management	27.36	45.90
D Asset management	28.89	30.25
E Others	61.09	63.31
Total segment revenue	1,098.14	957.66
Less: Inter - segmental revenue	(55.91)	(83.69)
Total revenue	1,042.23	873.97
Segment results		
A Investment banking and securities business	49.36	35.27
B Fund based activities	182.53	133.11
C Alternative asset management	16.30	9.48
D Asset management	2.23	(2.26)
E Others	3.51	7.11
Total segment results	253.93	182.71
Segment assets		
A Investment banking and securities business	1,556.95	1,413.63
B Fund based activities	4,705.59	3,684.49
C Alternative asset management	152.17	137.70
D Asset management	122.32	119.49
E Unallocated	386.63	274.91
Total segment assets	6,923.66	5,630.22
Segment liabilities		
A Investment banking and securities business	869.90	622.03
B Fund based activities	3,753.71	2,827.96
C Alternative asset management	11.36	9.14
D Asset management	6.79	6.57
E Unallocated	155.57	159.43
Total segment liabilities	4,797.33	3,625.13

(₹ in Crore)

	As at March 31, 2013	As at March 31, 2012
Capital expenditure incurred during the year		
A Investment banking and securities business	6.72	5.10
B Fund based activities	2.34	0.93
C Alternative asset management	0.08	0.13
D Asset management	0.09	0.60
E Unallocated	0.35	0.70
Total capital expenditure	9.58	7.46
Depreciation/amortisation for the year		
A Investment banking and securities business	9.17	7.35
B Fund based activities	0.83	1.04
C Alternative asset management	0.66	0.84
D Asset management	1.24	1.71
E Unallocated	0.26	0.53
Total depreciation/amortisation	12.16	11.47

ANNEXURE 'II' to Note 2.33

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)

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 (J.M. Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

FICS Consultancy Services Limited (FICS)

Kampani Properties & Holdings Limited (KPHL)

Financial Engineering Solutions Private Limited (FES)

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 2.33 (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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
ICD placed with										
CRRM	10.00	59.69	-	-	-	-	-	-	10.00	59.69
ICD repaid by										
CRRM	12.94	40.00	-	-	-	-	-	-	12.94	40.00
Purchase of security from										
KCL	-	-	-	-	-	-	-	3.75	-	3.75
Sale of security to										
PICPL	-	-	-	-	-	-	-	0.20	-	0.20
SNK	-	-	-	-	-	-	-	0.10	-	0.10
Purchase of fixed assets from										
FES	-	-	-	-	-	-	-	0.33	-	0.33
Sale of fixed assets to										
ARC	#	-	-	-	-	-	-	-	#	-
Employee related transfers to										
Trustee	0.04	-	-	-	-	-	-	-	0.04	-
FES	-	-	-	-	-	-	0.04	-	0.04	-
JMFICS	-	-	-	-	-	-	#	-	#	-
ARC	#	-	-	-	-	-	-	-	#	-
Professional fees paid to										
FES	-	-	-	-	-	-	-	0.34	-	0.34
Interest income on ICD from										
CRRM	2.18	3.52	-	-	-	-	-	-	2.18	3.52

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
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13
Secondary brokerage received from									
JMFICS	-	-	-	-	-	-	0.05	0.08	0.08
KCL	-	-	-	-	-	-	0.01	0.01	0.01
PICPL	-	-	-	-	-	-	0.01	0.01	0.01
Trustee	0.02	0.01	-	-	-	-	-	0.02	0.01
Others	-	-	#	#	#	-	0.08	#	#
Recovery of expenses from									
Trustee	0.57	0.74	-	-	-	-	-	-	0.74
JMFICS	-	-	-	-	-	-	#	0.01	0.01
Reimbursement of expenses to									
JMFICS	-	-	-	-	-	-	0.49	0.50	0.50
FICS	-	-	-	-	-	-	-	#	#
Remuneration paid to									
NNK	-	-	1.31	1.13	-	-	-	-	1.13
VNK	-	-	-	-	5.33	4.77	-	-	4.77
AMNK	-	-	-	-	0.16	0.11	-	-	0.11
Advance received towards expenses from									
NNK	-	-	-	#	-	-	-	-	#
Expenses against advance received from									
NNK	-	-	-	0.06	-	-	-	-	0.06
Advance repaid to									
NNK	-	-	-	1.83	-	-	-	-	1.83

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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Dividend paid to										
Trustee	0.55	0.09	-	-	-	-	-	-	0.55	0.09
JMFICS	-	-	-	-	-	-	20.34	12.20	20.34	12.20
J.M. Assets	-	-	-	-	-	-	9.68	5.39	9.68	5.39
JSB	-	-	-	-	-	-	0.65	0.29	0.65	0.29
PICPL	-	-	-	-	-	-	0.17	0.04	0.17	0.04
KCL	-	-	-	-	-	-	0.07	0.04	0.07	0.04
SNK	-	-	-	-	-	-	1.17	0.56	1.17	0.56
NNK	-	-	13.54	8.12	-	-	-	-	13.54	8.12
ARNK	-	-	-	-	3.85	2.31	-	-	3.85	2.31
VNK	-	-	-	-	0.98	0.44	-	-	0.98	0.44
AMNK	-	-	-	-	0.80	0.48	-	-	0.80	0.48
Rent paid to										
JMFICS	-	-	-	-	-	-	2.53	2.53	2.53	2.53
KPHL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
FICS	-	-	-	-	-	-	-	0.04	-	0.04
KCL	-	-	-	-	-	-	0.36	0.38	0.36	0.38
Rates and Taxes paid/reimbursed										
JMFICS	-	-	-	-	-	-	0.01	-	0.01	-
Repairs and maintenance expenses paid/reimbursed										
JMFICS	-	-	-	-	-	-	#	-	#	-
Subscription charges paid/reimbursed										
CMPL	-	-	-	-	-	-	0.02	0.02	0.02	0.02

Denotes amount below ₹50,000/-

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Group support fees received from										
ARC	–	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	102.90	102.90	–	–	–	–	–	–	102.90	102.90
Trustee	0.03	0.03	–	–	–	–	–	–	0.03	0.03
CRRM	41.15	41.15	–	–	–	–	–	–	41.15	41.15
Receivables										
CRRM	16.75	19.69	–	–	–	–	–	–	16.75	19.69
JMFICS	–	–	–	–	–	–	6.80	6.80	6.80	6.80
NNK	–	–	#	#	–	–	–	–	#	#
KCL	–	–	–	–	–	–	1.20	1.20	1.20	1.20
KPHL	–	–	–	–	–	–	1.50	1.50	1.50	1.50
Payables										
VNK	–	–	–	–	4.00	2.70	–	–	4.00	2.70
AMNK	–	–	–	–	0.05	0.05	–	–	0.05	0.05
FES	–	–	–	–	–	–	–	#	–	#
FICS	–	–	–	–	–	–	–	0.04	–	0.04

Denotes amount below ₹50,000/–

ANNEXURE 'III' to Note 2.34

Statement of Consolidated Cash Flow for the year ended March 31, 2013

(₹ in Crore)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
A Cash flow from operating activities		
Profit before tax	253.93	182.71
Adjustment for:		
Depreciation and amortisation expense	12.16	11.47
Amortisation of deferred employee compensation (ESOP)	10.29	6.98
Provision for gratuity	2.28	1.23
Provision for compensated absences	0.05	0.31
Provision for clawback obligation	3.22	5.21
Provision for doubtful debts	2.44	13.84
Loss on sale of fixed assets	0.22	0.99
Profit on sale of investments	(30.64)	(23.83)
Dividend income	(21.37)	(24.13)
Interest income	(129.56)	(101.80)
Finance costs	376.92	296.07
Operating profit before working capital changes	479.94	369.05
Adjustment for:		
(Increase)/decrease in trade receivables	(25.05)	(41.78)
(Increase)/decrease in short term loans and advances	(548.38)	8.78
(Increase)/decrease in long term loans and advances	(533.59)	(49.82)
(Increase)/decrease in securities held as stock in trade	161.89	4.94
(Increase)/decrease in assets held for arbitrage activities	(309.00)	298.03
(Increase)/decrease in other current assets	(3.51)	13.11
Increase/(decrease) in trade payables	68.87	(119.65)
Increase/(decrease) in other current liabilities	306.34	(51.20)
Increase/(decrease) in long term provisions	1.64	0.40
Increase/(decrease) in short term provisions	(1.63)	(1.14)
Increase/(decrease) in other long term liabilities	(0.10)	0.04
Cash generated from/(used in) operations	(402.58)	430.76
Direct taxes paid	(70.59)	(54.45)
Net cash from/(used in) operating activities	(473.17)	376.31

(₹ in Crore)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
B Cash flow from investing activities		
Purchase of investments	(73.25)	(66.31)
Sale of investments	125.70	375.02
Purchase of fixed assets	(9.56)	(7.45)
Sale of fixed assets	0.42	0.33
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(28.51)	(247.06)
Currency fluctuation	1.57	4.79
Interest income	129.56	101.80
Dividend income	21.37	24.13
Net cash from investing activities	167.30	185.25
C Cash flow from financing activities		
Proceeds from issue of equity share (including premium) on exercise of options	0.17	1.03
Proceeds from issue of equity share (including premium) to minority share holders	0.34	0.05
Proceeds from borrowings (net)	795.24	(145.05)
Finance costs paid	(376.92)	(296.07)
Dividend paid (including dividend distribution tax)	(92.07)	(55.46)
Net cash from/(used in) financing activities	326.76	(495.50)
Net increase in cash and cash equivalents	20.89	66.06
Cash and cash equivalents - opening	338.16	272.10
Cash and cash equivalents - closing	359.05	338.16
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 2.18	1,419.39	1,370.00
Less: Bank balances comprises cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3-"Cash Flow Statements")	1,060.34	1,031.84
Cash and cash equivalents as shown in Cash Flow Statement	359.05	338.16
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. 2242

Place: Mumbai**Date:** May 30, 2013**For and on behalf of the Board of Directors****Nimesh Kampani**

Chairman & Managing Director

E A Kshirsagar

Director

P K Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

JM FINANCIAL LIMITED**ATTENDANCE SLIP****Twenty Eighth Annual General Meeting**
(To be handed over at the entrance of the Meeting hall)

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company on Wednesday, July 31, 2013 at 4.00 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400 021

Full name of the Member (in BLOCK LETTERS) _____

DP ID : _____

Client ID : _____

Folio No. : _____

No. of Shares held : _____

Full name of the Proxy (in BLOCK LETTERS) _____

(To be filled in if the valid proxy has been duly lodged with the Company)

Signature of Member /Proxy _____

CUT HERE

JM FINANCIAL LIMITED**PROXY FORM**

DP ID : _____

Client ID : _____

Folio No. : _____

No. of Shares held : _____

I/We _____ of _____

in the district of _____ being a Member/Members of the above named Company hereby appoint

_____ of _____ in the district of

_____ or failing him/her _____

of _____ in the district of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, July 31, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013

Signature of Member(s) _____

Affix
₹ 1/-
Revenue
Stamp

Note: This proxy form duly completed, stamped and signed must be deposited at the Registered Office of the Company not later than 48 hours before the meeting.

CUT HERE

Mandate Form – ECS/NECS

(To be sent directly to the DP/RTA/Company)

To

Please register the following details for receipt of dividend through ECS/NECS:

Name : _____

Bank Details : _____

DP ID/Folio No. : _____

Bank Name : _____

Client ID : _____

Branch Name and : _____
address _____

Account Type and No. : SB/CA/CC No.: _____

9 Digit MICR Code : _____

I/We hereby declare that the particulars given above are correct and complete.

Date :

Signature of Member(s) _____

SNAPSHOTS OF THE YEAR



► Mr. Kishore Biyani, CEO of Future Group in a discussion at the JM Financial India Conference 2012



► JM Financial Foundation Walkathon 2013



► The winning team at the JM Financial Cricket Tournament 2012



► An offsite of JM Financial



► JM Financial Foundation sponsors education for the girl child (Nanhi Kalis)



► Blood Donation camp in progress during the Joy of Giving week



► Mr. Bhavesh Shah, MD Investment banking speaking at the VC Circle Emerging India Enterprises conference



► The successful completion of 'Talking Finance' seminar organised by JM Financial at Haridwar



► Session in progress at Ummeed Child Development Center, supported by JM Financial Foundation



141, Maker Chambers III, Nariman Point, Mumbai - 400 021. India.