



INTELLIGENCE SAYS,
A LEGACY IS BUILT SLOWLY.
ONE ANNUAL REPORT AT A TIME.

Contents

Board of Directors	1
Notice	2-8
Directors' Report	9-15
Management Discussion and Analysis	16-29
Report on Corporate Governance	30-51
Shareholders' Information	52-59
Auditors' Report	60-63
Balance Sheet	64
Profit & Loss Account	65
Schedules	66-94
Balance Sheet Abstract and Company's General Business Profile	95
Financial Information of the Subsidiary Companies	96
Auditors' Report on the Consolidated Financial Statements	97-98
Consolidated Balance Sheet	99-100
Consolidated Profit & Loss Account	101-102
Schedules	103-130
Persons falling under the Group	131

TWENTY FIFTH ANNUAL GENERAL MEETING

Day and Date : Wednesday, July 28, 2010
 Time : 3.30 P.M.
 Venue : Y. B. Chavan Centre
 Gen. J. B. Marg
 Next to Sachivalaya Gymkhana
 Nariman Point
 Mumbai - 400 021

BOARD OF DIRECTORS

Mr. Nimesh N Kampani - Chairman & Managing Director
Mr. M R Mondkar – *(upto March 31, 2010)*
Mr. Ashith N Kampani
Mr. E A Kshirsagar
Mr. D E Udwadia
Dr. Pravin P Shah
Mr. Paul Zuckerman
Dr. Vijay Kelkar *(from March 19, 2010)*

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

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
Email: sharepro@shareproservices.com
Website: www.shareproservices.com

REGISTERED OFFICE

141, Maker Chambers III
Nariman Point
Mumbai - 400 021
Tel.: 91-22-6630 3030
Fax: 91-22-2202 8224
Email: shareholdergrievance@jmfinancial.in
Website: www.jmfinancial.in

Notice

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON WEDNESDAY, JULY 28, 2010 AT 3.30 P.M. AT Y. B. CHAVAN CENTRE, GEN. J. B. MARG, NEXT TO SACHIVALAYA GYMKHANA, 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, 2010 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Ashith N Kampani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. E A Kshirsagar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Khimji Kunverji & Co., 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 Dr. Vijay Kelkar, 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 her intention to propose him as a candidate for the office of 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 24(a) after the existing Article 24:

POWER OF THE COMPANY TO PURCHASE ITS OWN SECURITIES

24 (a) Notwithstanding anything contained in these Articles and in pursuance of the applicable provisions of the Act, the Company may, purchase/buy back its own Shares or other Securities as it may think necessary, subject to such limits, restrictions, terms and conditions and subject to such approvals, as may be specified under the applicable provisions of the Act and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.	Power to purchase its own Securities
--	--------------------------------------

For the purpose of this Article, Securities shall have the same meaning as assigned to it in the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and includes hybrids.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to the above resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard.”

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 25, 2010

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, in respect of the business item nos. 6 and 7 of the Notice as set out above are annexed hereto.
2. Members who hold shares in dematerialised form are requested to get their DP ID and Client ID numbers for easy identification of their attendance at the meeting.
3. Brief profiles of the Directors who are proposed to be appointed/re-appointed are given as Additional Information on Directors, which forms part of the Notice.
4. The Register of Members of the Company will remain closed from Thursday, July 22, 2010 to Wednesday, July 28, 2010 (both days inclusive).
5. Members while corresponding with the Company or its Registrars & Share Transfer Agents (RTA) viz., M/s. Sharepro Services (India) Private Limited, are requested to quote their respective Register Folio Numbers or DP ID and Client ID Numbers of their beneficiary account(s), as the case may be.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, 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 2002-03 is due for transfer to the IEPF in September 2010. The Members who have not yet claimed their dividend for the financial year 2002-03 or 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 amounts remaining unclaimed or unpaid after the said transfer to IEPF.
7. Pursuant to the provisions of the aforesaid Section, the Company has transferred Rs.119,395/-, being the unclaimed dividend for the financial year 2001-02 to IEPF on October 27, 2009.
8. 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 RTA of the Company.
9. The Company has made necessary arrangements for the Members to hold their shares in dematerialised form. Those Members who are holding shares in physical form are requested to dematerialise the same by approaching any of the Depository Participants (DPs). In case any Member wishes to dematerialise his/her shares and needs any assistance, he/she may write to the Company Secretary at the Registered Office of the Company.

10. Members are requested to notify any change in their address immediately to their respective DPs or the RTA or to the Company, as the case may be so as to enable us to dispatch the dividend pay orders or Electronic Clearing Services (ECS)/National Electronics Clearing Services (NECS) intimation at the correct address.

11. 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, holding shares in dematerialised form are advised to intimate the bank details/change in bank details to their respective DPs. Those Members who are holding their shares in physical form are advised to send bank details/changes therein, if any, to the RTA or to the Company. In case of absence of ECS/NECS facility, the Company will send the dividend pay orders to the registered address of the Members.

To enable the Company to print the bank account details on the dividend pay orders as a security measure for the credit to the correct recipient, Members are required to update their bank account details with their respective DPs, RTA or the Company.

ANNEXURE TO NOTICE

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

Item no. 6

Dr. Vijay Kelkar was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on March 19, 2010 in accordance with the provisions of Section 260 of the Companies Act, 1956 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 forthcoming Annual General Meeting.

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

A brief profile of Dr. Kelkar is given as Additional Information on Directors, which forms part of the Notice.

The Board of Directors is of the view that your Company would benefit immensely from the rich and varied experience of Dr. Kelkar and accordingly commends the passing of the Ordinary Resolution proposed at item no. 6 of the accompanying Notice.

Dr. Kelkar 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

Pursuant to the provisions of Section 77A of the Companies Act, 1956, a company may purchase its own shares or other specified securities provided such buy back of shares or specified securities is authorized by its Articles of Association.

The Articles of Association of your Company do not at present authorise the buy back by the Company of its own shares or other securities.

It is therefore proposed to alter the Articles of Association of the Company, by inserting a new Article 24 (a) after Article 24. The proposed insertion of the new Article 24 (a) in terms of the Special Resolution at item no. 7 of the Notice is of an enabling nature; there is no intention, at present, to buy back the shares/other securities of your Company.

Section 31 of the Companies Act, 1956 requires passing of the Special Resolution for any alteration of the Articles of Association of your Company. Hence the resolution at item no. 7.

A copy of the Company's Memorandum and Articles of Association will be available for inspection at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday).

The Board commends passing of the Special Resolution proposed at item no. 7 of the accompanying Notice.

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 25, 2010

Registered Office:

141, Maker Chambers III
Nariman Point
Mumbai - 400 021



ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

Name	Mr. Ashith N Kampani
Age	46 years
Qualification	B.Com
Brief Profile	<ul style="list-style-type: none"> Mr. Ashith N Kampani, has over 29 years of experience in the Indian capital markets. During these 29 years, he has been servicing various segments including Retail, High Net Worth Individuals, Corporates and Institutional Investors globally of Investment Banking and Broking business of the JM Financial Group. Mr. Ashith N Kampani, who is a younger brother of Mr. Nimesh N Kampani, began his career with the family's stock broking firm in 1982, and then, from 1991 to 2007, he has been engaged in various group ventures including his stint with JM Financial's Institutional equity broking joint venture with Morgan Stanley. Currently he looks after the business development for the Group. Presently, he is not on the Board of any other public company. Mr. Ashith N Kampani is also a member of the managing committee of the Bombay Chamber of Commerce and Industry, and is the Chairman of Young Bombay Forum, the initiative taken by Bombay Chamber of Commerce and Industry to nurture young leaders in India to become globally competitive and contribute towards Nation Building.
Shareholding in the Company	Mr. Kampani held 275 equity shares in the Company as on March 31, 2010.

Name	Mr. E A Kshirsagar		
Age	68 Years		
Qualification	Chartered Accountant (India, and England & Wales)		
Brief Profile	<ul style="list-style-type: none">Mr. Kshirsagar is a specialist in corporate strategy and structure, disinvestments – central/state government, private sector. He was associated with the management consultancy division of A F Ferguson for over three decades and retired in 2004 as a Director-in-Charge.Mr. Kshirsagar is on the Board of the following other public companies:<ul style="list-style-type: none">Batliboi LimitedHCL Infosystems LimitedMerck LimitedRallis India LimitedTata Chemicals Limited		
Membership of Committees in other Public Companies	Name of the Company	Audit Committee	Shareholders’ Grievance Committee
	Batliboi Limited	Chairman	-
	HCL Infosystems Limited	Member	Member
	Merck Limited	Member	-
	Rallis India Limited	Chairman	Chairman
	Tata Chemicals Limited	Member	-

Shareholding in the Company	Mr. Kshirsagar did not hold any equity shares in the Company as on March 31, 2010.
------------------------------------	--

Name	Dr. Vijay Kelkar
Age	68 Years
Qualification	Doctorate degree in development economics from the University of California at Berkeley
Brief Profile	<ul style="list-style-type: none"> • Dr. Kelkar is the former Finance Secretary to the Government of India. • He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission; Advisor to Minister of Finance; Finance Secretary, Government of India; Secretary of Ministry of Petroleum & Natural Gas and Chairman of the Tariff Commission. He has also served in several key posts in international organisations such as Director and Coordinator of International Trade Division, UNCTAD, Switzerland and Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the International Monetary Fund, United States of America. • He is currently the Chairman of India Development Foundation, India and Chairman of Forum of Federations, Canada. He is also the Non executive Chairman of the National Stock Exchange of India Limited. • Dr. Kelkar is on the Board of following other public companies: <ul style="list-style-type: none"> - National Stock Exchange of India Limited - Tata Consultancy Services Limited - JSW Steel Limited - Lupin Limited - Green Infra Limited
Shareholding in the Company	Dr. Kelkar did not hold any equity shares in the Company as on March 31, 2010.

Directors' Report

To the Members,

The Directors of your Company are pleased to present their Twenty Fifth Annual Report together with the audited annual accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS					(Rs.in Crore)			
					For the year ended			
Particulars	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009				
	Consolidated		Standalone					
Gross income	598.81	464.92	95.29	24.54				
Profit before depreciation, interest & tax	231.72	166.33	48.29	15.28				
Less: Depreciation	12.00	12.11	0.66	0.27				
Interest	58.78	60.01	0.04	0.03				
Provision/(Reversal) for/of diminution in value of investments	(25.22)	136.72	(1.11)	1.83				
Provision/(Reversal) for/of mark-to-market loss on securities	(15.29)	17.18	-	-				
Provision on standard assets	-	18.79	-	-				
Profit/(Loss) before tax	201.45	(78.48)	48.70	13.15				
Provision for tax	47.37	28.32	1.39	5.13				
Provision for fringe benefit tax	-	1.18	-	0.05				
Profit/(Loss) after tax but before minority interest and share in associate companies	154.08	(107.98)	47.31	7.97				
Less: Share of minority interest (net)	4.45	(0.19)	-	-				
Add: Share of Profit in associate companies	2.03	2.58	-	-				
Net Profit/(Loss)	151.66	(105.21)	47.31	7.97				
Add: Profit brought forward from earlier years	1090.55	1225.40	1152.31	1160.39				
Profit available for appropriation	1242.21	1120.19	1199.62	1168.36				
APPROPRIATIONS								
<u>Proposed dividend</u>								
- Normal	18.74	15.00	18.74	15.00				
- Silver jubilee special	18.74	-	18.74	-				
Dividend distribution tax	6.42	2.55	2.40	0.05				
General reserve	6.63	1.00	5.00	1.00				
Statutory reserve	17.93	11.09	-	-				
Capital redemption reserve	4.69	-	-	-				
Balance carried to balance sheet	1169.06	1090.55	1154.74	1152.31				
	1242.21	1120.19	1199.62	1168.36				

DIVIDEND

Your Directors are pleased to recommend the payment of a normal dividend of Re. 0.25 per share and a “Silver Jubilee Special Dividend” of Re.0.25 per share for the year ended March 31, 2010. The payment of dividend together with distribution tax thereon will absorb Rs.39.88 crore. The dividend, if declared at the forthcoming Annual General Meeting, will be paid on or after July 30, 2010 to those Members whose names would appear in the Register of Members at the close of business hours on July 21, 2010. In respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by the Depositories as beneficial owners as on that date.

FINANCIAL HIGHLIGHTS

On a consolidated basis, your Company earned a gross income of Rs.598.81 crore during the year as against Rs.464.92 crore in the previous year; and the profit before tax of Rs.201.45 crore as against the loss before tax of Rs.78.48 crore during the previous year.

On a standalone basis, your Company earned a higher gross income of Rs.95.29 crore during the year as against Rs.24.54 crore in the previous year; and profit before tax of Rs.48.70 crore as against Rs.13.15 crore during the previous year. The higher revenue and profit is largely attributed to higher interest income from treasury operations and the receipt of interim dividend from the subsidiaries of your Company. The net worth of your Company at the year end stands at Rs.1653.80 crore which translates to a book value of Rs.22.06 per share.

EMPLOYEE STOCK OPTION SCHEME

As reported in the previous year’s report, your Company has instituted Employee Stock Option Scheme (ESOS) for the benefit of the employees/directors (the Employees) of the Company and/or its subsidiaries. During the year under review and current financial year, the Compensation Committee of the Board of your Company has granted 52,50,000 options to the eligible employees. With this, the aggregate number of options granted by your Company to the Employees is 1,63,87,500. The vesting schedule of these options is in three equal tranches at the end of third, fourth and fifth year from the date of their respective grants and the exercise period is 7 years from the date of grant.

The details of ESOS as stipulated under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure I to this Report.

SUBSIDIARY COMPANIES

The subsidiaries of the Company are: JM Financial Consultants Private Limited, JM Financial Services Private Limited, JM Financial Investment Managers Limited, JM Financial Commtrade Limited, JM Financial Ventures Limited, JM Financial Products Private Limited, JM Financial Securities Private Limited, JM Financial Institutional Securities Private Limited, JM Financial Asset Management Private Limited, JM Financial Holdings (Mauritius) Limited, JMF-BR Investments Holdings (Mauritius) Limited, Oracle Enterprises Private Limited, JM Financial Overseas Holdings Private Limited, JM Financial Insurance Broking Private Limited, Persepolis Investments Limited, Persepolis PIPE & Investments Limited and Infinite India Investment Management Private Limited.



During the year, the Joint Venture formed in the areas of real estate fund and property management with SRS Private Investment Management LLC (SRS) was terminated. Pursuant to this termination, your Company, which owned 50% equity in Infinite India Investment Management Private Limited (Infinite), a joint venture entity, acquired 46.88% equity held by SRS. Consequently, Infinite has become a subsidiary of your Company. The remaining 3.12% equity has since been acquired by your Company during the current financial year. With this, Infinite has become a wholly owned subsidiary of your Company.

The Ministry of Corporate Affairs has granted exemption to your Company under Section 212(8) of the Companies Act, 1956 with regard to attaching the Balance Sheet, Profit & Loss Account and other documents of all its subsidiaries for the year ended March 31, 2010. However, the shareholders who wish to have a copy of the annual audited accounts of the subsidiaries will be provided the same upon receipt of a request from them. These documents will be put up on the Company's website viz. www.jmfinancial.in and will also be available for inspection by any shareholder at the registered office of the Company on any working day. The financial information of subsidiary companies is disclosed along with the consolidated financial statements. In accordance with the requirements of the Listing Agreement executed with the Stock Exchanges, the consolidated financial statements of the Company are annexed to the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE REPORT

The Management Discussion and Analysis for the financial year 2009-10 and a detailed report on Corporate Governance, as required under Clause 49 of the Listing Agreement executed with the Stock Exchanges, are given in separate sections forming part of the Annual Report.

A certificate from the statutory auditors of the Company, M/s. Khimji Kunverji & Co., confirming compliance with the conditions of Corporate Governance stipulated in Clause 49 is annexed to the report on Corporate Governance.

DIRECTORS

In accordance with Article 130 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, Mr. Ashith N Kampani and Mr. E A Kshirsagar, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 117, Dr. Vijay Kelkar was appointed as an additional director of the Company with effect from March 19, 2010. He holds Office as a Director up to the date of the forthcoming Annual General Meeting. Your Company has received notice in writing from a Member proposing his candidature for the office of Director.

A brief resume and other details, as stipulated under the Listing Agreement for each of the above Directors seeking appointment/re-appointment are given as Additional Information on Directors which forms part of the Notice. Further, the required resolutions for appointment of the above Directors at the forthcoming Annual General Meeting are included in the Notice convening the Annual General Meeting.

Mr. M R Mondkar ceased to be a Director of the Company with effect from April 1, 2010. The Board of Directors places on record its sincere appreciation for the valuable services rendered by Mr. Mondkar during his tenure as a Director of the Company.

As was reported in the previous year's report, Nagarjuna Finance Limited (NFL) was not in default of repayment of fixed deposits and/or interest thereon during the time Mr. Nimesh N Kampani was a non executive director of NFL. Mr. Kampani has been actively contesting the allegations made against him for defaults in repayment of fixed deposits and interest thereon.

The Directors have been informed that in the matter of non payment of deposits of NFL, the Hon'ble High Court in Andhra Pradesh at Hyderabad on October 14, 2009, granted an interim stay of all further proceedings including lookout notices issued against Mr. Kampani until further orders. In civil case pertaining to the same matter, the Hon'ble High Court in Andhra Pradesh, in company appeal of 2003, writ petition of 2004 and company petitions of 2002, 2003, 2004, 2005 and 2006, has recently passed an Order, inter alia, stating that the promoter and erstwhile directors are not liable for the affairs of NFL after their resignation from the board of directors and consequently they are personally not liable to pay the amounts to the depositors.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- they 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 at the end of the financial year and of the profit of the Company for that year;
- they 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;
- they have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS

The retiring auditors, namely, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting and are seeking re-appointment. They have confirmed that their appointment, if made, at the Annual General Meeting, 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 your 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.

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

The particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, on conservation of energy and technology absorption are not applicable to your Company, since it is not a manufacturing 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 13 and 14 of the Notes to Accounts which forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is set out in Annexure II to this Report. Your Company had 26 employees as on March 31, 2010. Out of the total number of employees, 14 employees employed throughout the year were in receipt of remuneration of more than Rs.24.00 lakh per annum and 2 employees employed for part of the year were in receipt of remuneration of more than Rs.2.00 lakh per month.

In accordance with Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. Any Member interested in obtaining a copy of the said Annexure may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENTS

Your Directors place on record their gratitude for the continued co-operation and guidance extended by the Securities and Exchange Board of India, Reserve Bank of India, Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Bankers of the Company. Your Directors also wish to express their gratitude to the Members and all other stakeholders of the Company for their trust and patronage and place on record their appreciation for the committed service rendered by the employees of your Company and its subsidiaries, joint venture and associates.

On behalf of the Board of Directors

Place: Mumbai
Date: May 25, 2010

Nimesh N Kampani
Chairman & Managing Director

Annexure I

Details of ESOS 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	:	1,500,000
2. Pricing formula	:	Fair Market Price
3. Options vested	:	Nil
4. Options exercised	:	Nil
5. Total number of shares arising as a result of exercise of Options	:	Nil
6. Options lapsed	:	Nil
7. Variation of terms of Options	:	None
8. Money realised by exercise of Options	:	NA
9. Total Options in force as on March 31, 2010	:	12,637,500
10. Employee wise details of Options granted to	:	
(i) senior managerial personnel	}	Mr. Sanjeev Bajaj – 1,500,000 Options
(ii) any other employee who received a grant in any one year of Options amounting to 5% or more Options granted during that year		
(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'.	:	Re. 0.63
12. Difference between the employee compensation cost using intrinsic value method and fair value method.	:	Rs.6.13 crore

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

: **Standalone:**

Particulars	As reported	As adjusted
Net profit (Rs.in crore)	47.31	41.18
Basic & Diluted EPS (Re.)	0.63	0.55

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

: Weighted average exercise price- Rs.54.80
Weighted average value of option-Rs.24.65

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

: Black-Scholes-Merton model

i. Risk-free interest rate

: 7.21%

ii. Expected life

: 5.5 years

iii. Expected volatility

: 66.22%

iv. Expected dividends and

: 0.86%

v. The price of the underlying share in market at the time of Option grant

: Rs.43.85

Management Discussion and Analysis

GLOBAL ECONOMY – A POLICY DRIVEN MULTI-SPEED RECOVERY

Following the deepest global downturn in recent history, economic growth showed signs of returning to life during FY 2009-10. The rate of contraction in the economic activities and the extent of pressures on the financial system started easing with the global economy showing signs of recovery signaling, albeit hesitantly, the winding down of global recession. Global production and trade bounced back in the second half of 2009. Confidence rebounded strongly on both the financial and real fronts, as extraordinary policy support forestalled another Great Depression. For several advanced economies, the pace of contraction in output declined; however, the emerging outlook for recovery is still dependent on sustained policy stimulus that has spurred aggregate demand while also reducing overall uncertainty. The recovery is widely perceived to remain slow and gradual, with receding but significant downside risks such as premature withdrawal of policy stimulus, the possibility of permanent loss in output in advanced economies owing to the crisis, unfinished financial and corporate restructuring, rising unemployment and the associated pressures on demand and protectionism, low private consumption and investment demand and cost of sustained fiscal stimulus. The recovery may lose momentum once the props of fiscal stimulus and monetary accommodation are withdrawn. In advanced economies, there are concerns about higher unemployment levels, growing fiscal deficit and continued difficulty in extending credit to productive sectors. Emerging economies, which are already on the recovery path, face various challenges such as capital flows, inflationary pressures and credit revival. The timing of exit from the policy stimulus will, thus, be critical to the recovery of the global economy; both premature exit as well as delayed exit would have associated costs.

Recognising the emerging signs of recovery, International Monetary Fund (IMF) revised the projected growth outlook upwards to 4.25% in 2010, from (-)0.5% in 2009, which will be led by the emerging economies that are expected to exhibit stronger recovery from 2.5% in 2009 to 6.25% in 2010, driven by domestic demand and recovering exports. The recovery in the advanced economies is projected to improve to 2.25% in 2010 from (-)3.0% in 2009.

The economies that are off to a strong start are likely to continue to lead the recovery, as growth in other economies is held back by severe damage to financial sectors and household balance sheets. The recovery under way in major advanced economies will be relatively sluggish compared with recoveries from previous recessions and remains dependent on highly accommodative macroeconomic policies and is also subject to downside risks as aforesaid. In most advanced economies, fiscal and monetary policies should maintain a supportive thrust in 2010 to sustain growth and employment. Many emerging economies have started growing rapidly and are in the process of moderating their accommodative macroeconomic policies in the face of high capital inflows. Given the prospects for relatively weak growth in the advanced economies, the challenge for emerging economies is to absorb rising inflows and nurture domestic demand without triggering inflationary pressures and asset price bubble.

With the continuing recovery in the global economy and moderating risks to global financial stability, the stock markets all over the world have recovered part of their sharp losses suffered during the crisis. The Dow Jones Industrial Average (Dow Jones) which had touched a low of 6,470 points during FY 2008-09, rose to a high of 10,907 during FY 2009-10 and closed at 10,857 points on March 31, 2010 registering a growth of 42.69 % year-on-year basis. Similarly, FTSE 100 Index rose to a high of 5,728 points during FY 2009-10 after touching a low of 3,461 points in FY 2008-09 and closed at 5,680 points as on March 31, 2010 registering a growth of 44.68% year-on-year basis. The Nikkei 225 touched a high of 11,097 points in FY 2009-10 after touching a low of 6995 points during FY 2008-09. It closed at 11,089 points on March 31, 2010 registering a growth of 36.73 % year on year basis.

In early 2010, fears of a sovereign debt crisis also known as the Euro Crisis developed, concerning several countries in Europe which led to a crisis of confidence.

Concern about the rising government deficits and debt levels together with a wave of downgrading of the European Governments' debt has created an anxiety in financial markets. The debt crisis has been mostly centred on the events in Greece, where there was concern about the rising cost of financing government debt. In early May 2010, the Eurozone countries and the IMF agreed to a €110 billion loan for Greece, conditional on the implementation of harsh Greek austerity measures. Further, Europe's Finance Ministers approved a comprehensive rescue package worth almost a trillion dollars aimed at ensuring financial stability across Europe.

DOMESTIC ECONOMY – STRONG RECOVERY SUPPORTED BY FISCAL STIMULUS AND DOMESTIC CONSUMPTION

The Indian economy exhibited momentum in recovery, and despite the impact of a deficient monsoon on agricultural production, GDP growth for FY 2009-10 has been estimated at 7.2%, up from 6.7% recorded in FY 2008-09. The recovery has also been broad based, excluding "agriculture" and "community, social and personal services". The deceleration in Agricultural & allied activities was due to adverse impact of deficient monsoon on the agricultural output. The Index of Industrial Production (IIP) has shown double digit growth and lead indicators for services activities have shown overall improvement. The Economic Survey data also suggests pick up in capacity utilisation levels, which however, remain below their previous peaks.

India's external sector also witnessed improvement as reflected in the turnaround in exports, buoyancy in capital inflows and further accretion to the country's foreign exchange reserves. India's balance of payments position during April-December 2009 remained comfortable with a modest increase in current account deficit, despite a lower trade deficit. There has been a turnaround in capital inflows, mainly led by portfolio inflows, reflecting the buoyant growth prospects of the Indian economy. India's foreign exchange reserves stood at US\$ 279.1 billion as at end-March 2010 up by US\$ 27.1 billion during FY 2009-10. As a result, the Indian Rupee (INR) also appreciated against the major currencies during FY 2009-10.

Inflation Outlook

The headline Wholesale Price Index (WPI) inflation, which moderated in the first half of FY 2009-10, firmed up in the second half of the year. It accelerated from 0.26% in March 2009 to 9.9% in March 2010. The deficient monsoon, combined with the firming up of global commodity prices and incipient demand side pressures led to acceleration in the overall inflation rate – both of the WPI and Consumer Price Index (CPI). This is evident from the acceleration of inflation in non-food manufactured products from (-)0.4% in November 2009 to 4.7% in March 2010. With the recovery in growth gaining momentum, the Reserve Bank of India's (RBI) policy emphasis has shifted to ensure price stability and anchoring inflation expectations.

Monetary Conditions

RBI continued the accommodative monetary policy to maintain ample rupee liquidity, comfortable dollar liquidity and ensure flow of credit to productive areas of the economy. The key policy rates, viz., Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Repo rate remained stable during the year. There was a slowdown in the pace of deposit mobilization by the banking system, mainly due to the gradual decline in interest rates on time deposits in lagged response to the lower policy rates. However, with the increasing demand for credit from the banking system, deposit rates have also moved up in the recent months and deposit mobilisation has begun to gain strength. In February 2010, RBI effected a 75 basis points hike in CRR to absorb excess liquidity; however, the liquidity conditions have remained comfortable, as evident from the reverse repo operations under the Liquidity Adjustment Facility.

As on March 31, 2010, the CRR was at 5.75%, SLR at 25%, Repo rate at 5%, Reverse repo at 3.5% and Bank rate at 6%.

Performance of the Indian Capital Markets

The secondary markets mirrored the recovery in the global economy and moderating financial risks. As discussed earlier, the economic recovery has been stronger in the emerging economies compared to advanced economies and given the prospects for relatively weak growth in the advanced economies; the capital inflows in the emerging economies have been very upbeat during FY 2009-10. The Foreign Institutional Investors (FIIs) poured money heavily to bet on the emerging markets particularly India. FIIs invested a record Rs.142,658 crore in the Indian markets including debt instruments during FY 2009-10. This FII investment in FY 2009-10 has proven to be the highest ever inflow in the country in rupee terms in a single financial year, breaking the previous high of Rs.66,179 crore recorded in FY 2007-08. India emerged as the most lucrative market for short and medium term investments. US tops the list of foreign investors in India followed by Luxembourg, France, Mauritius and the UK.

The benchmark indices in India, viz., BSE Sensex and Nifty outperformed most of their global peers. The BSE Sensex which touched a low of 7,697 points during FY 2008-09 rose to a high of 17,793 points during FY 2009-10 and closed at 17,528 points on March 31, 2010 as against 9,708 points on March 31, 2009, registering a growth of 80.54% year-on-year basis. Similarly, the broader S&P CNX Nifty from the low of 2,524 points during FY 2008-09 saw a high of 5,303 points during FY 2009-10 finally closing at 5,249 points as on March 31, 2010 growing at 73.75% year-on-year basis.

The total market capitalisation of the companies listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) as on March 31, 2010 almost doubled to Rs.6,165,619 crore and Rs.6,009,173 crore respectively as compared to Rs.3,086,076 crore and Rs.2,896,194 crore as on March 31, 2009 reflecting buoyant mood in the capital markets. Improved sentiments in the capital markets also led to increase in the trading activities. The average daily turnover on the cash segment of BSE and NSE increased substantially to Rs.5,651 crore and Rs.16,959 crore during FY 2009-10 as compared to Rs.4,527 crore and Rs.11,325 crore respectively during FY 2008-09. There was also improvement in the volumes on the derivatives segment of NSE where the average daily turnover increased to Rs.72,392 crore during FY 2009-10 as compared to Rs.45,311 crore during FY 2008-09.

During the year, the primary market remained highly active in view of steadily improving secondary market. Indian corporate sector raised an amount of Rs.83,240 crore during April 2009 to February 2010 as compared to Rs.14,908 crore in FY 2008-09 through domestic issuances which is almost 5.5 times of the amount raised during FY 2008-09. However, the amount is still below the amount raised during the peak of FY 2007-08.

The break up of the funds raised by India Inc during FY 2009-10 (April - February) vis-à-vis those raised during FY 2008-09 is given in the table below.

Fund Raising Environment

Primary market	2009-10		2008-09	
	April - February		April - March	
	No.	Rs.in crore	No.	Rs. in crore
IPO	34	25,052	21	2,082
FPO	4	12,073	-	-
Rights Issue	21	4,982	25	12,637
QIP	58	41,133	2	189
Total	117	83,240	48	14,908

During FY 2009-10, the mutual funds mobilized Rs.83,080 crore (Rs.28,152 crore and Rs.54,928 crore by public sector and private sector mutual funds respectively) from the investors as against a net redemption of Rs.28,296 crore during FY 2008-09. The cumulative value of assets under management of mutual funds increased by 47.13% to Rs.613,979 crore as on March 31, 2010 as compared to Rs.417,299 crore as on March 31, 2009.

Foreign Direct Investment

Improved global sentiment and strong industrial output numbers along with increasing consumer confidence have led to consistent flow of foreign direct investment (FDI) in India. India has been ranked at the third place in global FDI this year, following the economic meltdown, according to United Nations Conference on Trade and Development in their report on world investment prospect. India attracted FDI inflows of US\$ 25.89 billion (provisional) during FY 2009-10 as compared to US\$ 27.33 billion in FY 2008-09.

Private Equity – Gaining Prominence in India

Private Equity (PE) as a source of raising funds is gaining prominence in India. Presently, there are over 200 active funds in India including 15 of the top 20 global funds. We are also now witnessing the new funds announcing their first time deals in India, which means they are clearly focused on anchoring their presence in India. On the corporate side as well, the companies are increasingly becoming receptive to raising funds from PE investors.

In FY 2009-10, as per our estimate, the PE deal announcements totaled up to US\$ 4.8 billion from 230 deals. A large part of activity of the year was witnessed in the second half which registered 64% of the total deals announced in value terms. This clearly indicates that the PE investments in India are now recovering from the financial slowdown witnessed in the second half of FY 2008-09.

Year	Private Equity Investment (US\$ Mn)	Number of Deals	Average Deal Size (US\$ Mn)	Top Sectors where PE investments were made
2008-09	7,712	249	37	Telecom, Real Estate & Financial Services
2009-10	4,769	230	25	Power, Real Estate and IT/ITES

In FY 2009-10, Power, Real Estate and IT/ITES sectors witnessed the highest activities in terms of deal value accounting for 22%, 16% and 11% respectively of the total PE investments.

FY 2009-10 also marked the start of the exit cycle for the PE investors for the investments done by them earlier. A considerable number of companies, which have raised funds from PE in the past, are preparing for IPO, evaluating strategic options or are being evaluated by other funds to replace positions.

From January 2006 till March 2010, India has now seen investments of about US\$ 40.9 billion across 1,117 deals. Barring the ones which have already seen exits, a majority of this pool comprises potential exit candidates through IPOs, M&A or secondary sale.

Policy Changes – Capital Markets

The Indian securities market has seen a rapid expansion in the amount of capital raised from the primary market, the number of intermediaries, market capitalisation, trading volumes, turnover on stock exchanges and investor population. The market regulator SEBI has been pro-active with its policy changes to keep pace with the changing market dynamics. Some of the key regulatory changes that were introduced during the year and the implications thereof are as under:

- Introduction of simplified Listing Agreement for debt securities rationalizing the disclosure norms for listing of debt securities.
- Simplified requirements for issue and listing of Indian Depository Receipts issued by companies from countries whose securities market regulators are the signatories to Multilateral Memorandum of Understanding of International Organisation of Securities Commissions.
- Removal of entry load for all mutual funds schemes reducing the cost of investment for the investors, but making marketing of mutual funds schemes vis-à-vis other financial products such as company fixed deposits, ULIP, etc. very difficult.
- Introduction of Exchange Traded Interest Rate Futures.
- Notification of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) in place of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. While incorporating the provisions of the Guidelines into the ICDR Regulations, certain changes have been made by removing the redundant provisions, modifying certain provisions on account of changes necessitated due to market design and bringing more clarity to the provisions for capital issuance.
- Permitted the Stock Exchanges to increase the trading hours to eight hours from 9.00 a.m. to 5.00 p.m. The Stock Exchanges however have extended their trading hours to six and half from 9.00 a.m. to 3.30 p.m.

(Source: Various reports and websites of Reserve Bank of India, SEBI, International Monetary Fund, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Bloomberg, JM Financial estimates and other print and electronic media.)

OUR BUSINESSES AND OPERATIONAL PERFORMANCE

JM Financial is an integrated financial services group, offering a wide range of services 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 group has interests in investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, commodity broking, NBFC (Non Banking Finance Company) activities, private equity and asset reconstruction. The values of integrity, teamwork, innovation, client focus, performance and partnership shape the corporate vision and drive its purpose.



JM Financial Limited ('the Company') has developed a business model wherein it functions as the group holding company and operates through its subsidiaries, joint venture and associate companies forming a well diversified yet integrated financial services group known as 'JM Financial'.

Our businesses are categorised into four broad segments:

Investment Banking and Securities Business

We provide a wide range of advisory services for capital market transactions including raising of capital, mergers, acquisitions, restructuring, financial advisory (investment advisory and equity broking services) and private equity - to a diversified client base of corporates in the domestic and international markets. Our services include ideation, preparation of placement materials, structuring the transactions, negotiation on financial and strategic terms, preparation of placement materials, facilitating due-diligence and deal closure. Our research capabilities and in-depth capital market expertise enables us to design and execute customised solutions for our clients.

During the year, we acted as one of the lead managers for the first ever qualified institutional placement of non-convertible debentures and equity warrants by HDFC Limited (Rs.4,300 crore). Some of the key transactions we handled during the year include:

- **Initial /Follow-on public offering:** Adani Power Limited (Rs.3,017 crore), Oil India Limited (Rs.2,727 crore), JSW Energy Limited (Rs.2,700 crore), Pipavav Shipyard Limited (Rs.499 crore), IL&FS Transportation Networks Limited (Rs.700 crore) and Rural Electrification Corporation Limited (Rs.3,530 crore)
- **Qualified Institutional Placement:** HCL Infosystems Limited (Rs.473 crore), Parsvnath Developers Limited (Rs.168 crore) and JSL Limited (Rs.247 crore).
- On the Mergers & Acquisitions side, we acted as advisor to sale of stake by promoters of Millipore India to Millipore Inc., Open Offer by SKIL Infrastructure Limited for acquisition of shares of Pipavav Shipyard Limited, sale of stake by existing shareholders of UTI AMC to T. Rowe Price and sale of partial stake held by Goldman Sachs and Intercontinental Exchange in National Commodity and Derivatives Exchange Limited.

The private equity business continues to show good growth prospects wherein we have a robust pipeline of mandated transactions.

Our institutional equities business offers quality research based broking services to domestic and offshore institutional clients.

Our services revolve around three key tenets:

- High Quality Research with a focus on new stock ideas and keeping ahead of competition.
- Intensive Client Servicing with a view to keep investors abreast of important corporate news and market trends.
- Efficient Trade Execution complimented by hassle-free post-trade settlement.



We have over the past 2 years scaled up operations of our institutional equities business which was acquired in the year 2007-08 from a domestic firm. We currently cater to 108 institutional clients. We forge ahead with an ongoing focus to increase the number of clients serviced and the companies under coverage which in turn will expand revenues from the business.

Last year we hosted a number of investor meets, road shows and conferences. The prominent among them are:

- Exclusive Clients' Conference at Singapore attended by 19 clients where we hosted 5 corporates.
- Infrastructure Investment Summit presenting Shri Kamal Nath, Union Cabinet Minister of Road Transport and Highways at London, Singapore and Zurich.
- Investor meetings at Singapore and Hong Kong with Mr. R V Shahi, Former Secretary of Power and currently Chairman of consultancy firm – Energy Infratech Private Limited.
- We also undertook a number of one on one meeting between investors and corporates like Bharat Heavy Eletricals Limited, NTPC Limited, ITC Limited, Dr. Reddys Laboratories Limited, ACC Limited, Shree Cement Limited, Rain Commodities Limited, JK Lakshmi Cements Limited and Torrent Pharmaceuticals Limited.

We offer research-based investment advisory and equity broking services to corporate, high net-worth individuals and retail investors across a wide range of financial products. We are among the most reputed brokerage firms in India, offering comprehensive investment advisory and investment management services to institutions, banks, corporates, ultra high net-worth individuals and Family offices. We provide financial planning, research-based investment consulting services and execution capabilities.

The investment advisory and equity broking services expanded its reach to 92 cities during the year, as compared to 44 cities in the previous year by adding a branch and 180 franchisees/sub-brokers to its network. This has helped us in achieving a de-risked business model and a widespread presence in locations that contribute 92.62% to the trading and investment volumes in Indian markets.

The assets under management of the wealth management group grew to Rs.23,480 crore during the year. We also mobilised around Rs.1,700 crore and Rs.866 crore in fixed deposit schemes and Non-Convertible Debentures (NCDs) respectively, launched/issued by leading corporates.

The commodities broking business has grown considerably during the year. We offer commodity broking platform to our direct clients and clients of our sub brokers. Considering the profitability model of commodities broking business, we focused on steady expansion of client base through the sub broker route. We continue to concentrate on the emerging prospects of this business by regularly monitoring volume and profitability trends.

Securities funding and fund based activities

Our Non-Banking Finance Company (NBFC) is engaged in the business of IPO Funding, Security Backed Financing - Loan against Shares/Margin Funding (LAS), Mutual Fund Financing, ESOP Financing, Promoter Funding, Acquisition Financing and trading of fixed income securities. The network of the NBFC is Rs.713.81 crore as on March 31, 2010. During the year, we enhanced the book size of the NBFC in keeping with the increasing business opportunities.

NBFC's margin funding book has grown from Rs.517 crore at the start of the year to Rs.1,310 crore at the end of the year and the average margin funding book size for the year was Rs.647 crore as compared to Rs.856 crore last year.



The IPO funding business performed well on the back of active IPO market (44 IPO/FPO issuances in FY 2009-10 as against 21 issuances in FY 2008-09). Our average margin funding book size remained strong during the year. We have started trading in corporate bonds and government securities to diversify our activities and generate additional revenue.

CRISIL re-affirmed the “P1+” Rating for the short-term debt program of NBFC, which indicates that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

The fixed income business remained focused on secondary market broking activities and placement of primary issuance of Non Convertible Debentures (NCDs) for our corporate clients, back to back principal deals involving liquid AAA rated instruments and government securities.

We are also engaged in asset reconstruction and securitisation business with the prime focus on acquisition of non-performing and distressed assets from banks and financial institutions.

During the year, the Asset Reconstruction Business gained momentum and made considerable progress in terms of assets acquired and resolved. We vigorously pursued various single asset opportunities as well as participated in several auctions of Non Performing Loans announced by multiple banks. We made 10 acquisitions having total outstanding dues of Rs.1,097.91 crore for a consideration of Rs.120.54 crore for which Security Receipts were issued. Resolution strategies were initiated for many of the assets acquired. As of March 31, 2010, the outstanding Security Receipts was Rs.146.16 crore comprising Corporate/SME accounts and portfolio accounts.

RBI in its latest Credit Policy Announcement has announced several positive measures to encourage and develop the Asset Reconstruction Companies (ARC) which will help them simplify the acquisition process, have greater flexibility in resolution of assets of chronic cases and bring about standardization for issuances of Security Receipts and facilitate change or takeover of the management of the business of the borrower. With RBI focusing on development of the distressed assets market to reduce the overall NPAs in the banking system, the prospects in the asset reconstruction business looks promising.

Alternative Asset Management

We manage funds of institutional and large non-institutional investors under various schemes for investments under mandated charter such as Private Equity Fund and Real Estate Fund. Our strategy is to focus on asset quality and asset mix to achieve superior returns.

JM Financial India Fund has made investment in nine companies in various business segments and at different stages of lifecycle. During the year, the fund made two new investments and exited out of one investment at a multiple of 2.5 times the investment amount.

We manage JM Financial Property Fund that seeks to invest in commercial, residential, retail and hospitality assets as well as real estate development companies. The Fund has two schemes, viz., JM Financial Property Fund I for domestic investors, and JM Financial Property Fund II for international investors. During the year, JM Financial Property Fund I achieved full drawdown of the capital commitment while the total drawdown of JM Financial Property Fund II stood at 40% of the capital commitment. After the slowdown brought about by the global economic and financial crisis, the real estate sector showed improved sentiments with the residential sector showing maximum recovery. The Funds continue to evaluate new investment opportunities.



The special situations unit is a part of the alternative investments business and aims to capitalize on the varied investment opportunities that arise in the market, which we identify given our deep understanding of the capital markets and market situations. The primary objective is to make investments in stocks which have superior long term return prospects but with the flexibility to invest for short term in order to take advantage of market inefficiencies. During the year, we initiated investment advisory activities to supplement the present investment based business model and provide a sustainable source of revenue and enhance returns on capital invested.

Asset Management

We manage assets of JM Financial Mutual Fund, raised under several schemes offering a wide range of investment options that cover the entire risk spectrum catering to the diverse needs of both its institutional and individual investors.

After a very tough year, the Mutual Fund industry saw a growth of 47.13% in total average Assets under Management (AUM) year-on-year basis on the back of good equity markets coupled with easy liquidity conditions. JM Financial Asset Management Pvt. Ltd. saw a growth of 67% in total average AUM during FY 2009-10 and its rank improved from 20th to 17th among 38 Fund Houses operating in the country.

FINANCIAL PERFORMANCE

On a consolidated basis, the Company earned a gross income of Rs.598.81 crore during FY 2009-10 as against Rs.464.92 crore in the previous year - an increase of 28.80%. Earnings before interest, depreciation and tax during FY 2009-10 were Rs.231.72 crore as against Rs 166.33 crore during the previous year representing an increase of 39.31%. Profit before tax is Rs.201.45 crore as against the loss before tax of Rs.78.48 crore incurred during the previous year.

All the businesses in the group saw an upward move during the year and posted higher revenues with the exception of Private Equity investment management where we had a smaller base of the funds to charge our fees. We returned investors' funds with profits earned on two investments which we exited at a good profit. Considering the increased confidence in the business outlook, we stepped up our lending activity from the NBFC which is reflected in the increased level of borrowing and lending. We also increased our position in the securities arbitrage business. On a consolidated basis, the total funds deployed in business stood at Rs.3,924.74 crore, an increase of 86.29% over Rs.2,106.74 crore in the previous year.

Increased business activity in all our businesses led to higher revenue and profits as mentioned above. We also increased our profit margins to 38.70% at EBITDA level from 35.78% in the previous year. Our profit before tax was 33.64% and profit after tax was at 25.33% of gross revenue against a loss after provision for diminution in the value of investments in the previous year.

On a standalone basis, the Company earned a higher gross income of Rs.95.29 crore during the year under review as against Rs.24.54 crore in the previous year. The profit before tax stood at Rs.48.70 crore as against profit before tax of Rs.13.15 crore during the previous year. The higher revenue and profit is largely attributed to higher interest income from treasury operations and dividend from the subsidiaries of the Company.

OUTLOOK & STRATEGY

The Indian economy is firmly on the recovery path and the key indicators support the perception of a consolidating recovery. The improved performance of the industrial and services sector is also reflected in the improved profitability in the corporate sector. Acceleration of reforms and capital inflows will spur investment; however, the risks from high inflation, higher cost of capital arising from high fiscal deficit and exit from the expansionary monetary policy could have a dampening effect on the growth. India's growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption.



With strengthening of the economy and stable economic environment, the Indian capital market is expected to perform well. Given the robust growth prospects, we seek to consolidate our position as one of the premier financial services group in India. Our strategy for achieving this goal is to keep deepening our portfolio of financial services and products, provide effective financial solutions, effective risk management and build a business model that is well diversified across financial market activities with unique strengths in each business. We will continue to focus on our clients and endeavor to deliver unique solutions to their satisfaction and ensure accountability, transparency, professionalism and risk containment.

We will continue to capitalize on the advisory and funds raising opportunities thrown up by the growing economic activity and the outlook utilizing our team of very experienced and committed professionals.

We propose to deepen our product suite in the NBFC business and utilize higher capital, both in the form of net worth and borrowed funds towards carefully selected transactions targeting higher earnings from this business.

Similarly, we would look at opportunities for further fund raising for our fund management business both in Mutual Fund and Alternative Asset Management area.

We target to reach out to the global markets with a greater presence in international locations during the coming years. We have begun this initiative with setting up subsidiary companies in Mauritius and obtaining the licence for carrying out capital market activities from the Financial Services Commission, Mauritius.

OPPORTUNITIES AND THREATS

The Indian economy is expected to grow at a healthy rate over 7% in FY 2009-10 leading to huge investments by both the public and private sector companies. There will be huge capital requirement to fund these investments which will present opportunities for investment banking and advisory business. With increase in the income levels, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth, there is also a huge market opportunity for wealth management service providers. Improved sentiments in the secondary markets will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business. In the era of globalization, corporates are looking at expanding in overseas markets through merger & acquisitions which offer opportunities for the corporate advisory business. The regulatory reforms being pursued by the regulatory bodies and pro-investor approach will ensure wider market participation by individuals, domestic institutional investors and FIIs.

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. Though the growth projections for FY 2010-11 appear reassuring, there are certain downside risks such as pace and shape of global recovery, effect of withdrawal of fiscal stimulus and hardening of commodity prices. Accommodative monetary policies in advanced economies, coupled with better growth prospects in Emerging Markets (EMs) including India, are expected to trigger large capital inflows in EMs which in turn could lead to inflationary pressures and asset price bubble. Our business performance may also be impacted by increased competition from local and global players operating in India, regulatory changes and attrition of employees. With growing presence of players offering advisory service coupled with provision of funds for the clients' needs, we would face competition of unequal proportion. We continuously tackle this situation by providing increasingly superior customized services.

RISKS & CONCERNS

In today's complex business environment, almost every business decision requires executives and managers to balance risk and reward. Effective risk management is therefore critical to an organisation's success. Globalization, with increasing integration of markets, newer and more complex products & transactions and an increasingly stringent regulatory framework has exposed organisations to newer risks. As a result, today's operating environment demands a rigorous and integrated approach to risk management.

Timely and effective risk management is of prime importance to our continued success. The risk for the Company arises mainly out of the risks associated with the operations of various companies within the group. Experienced professionals in various group companies review and monitor risks in the respective companies. The operating companies have formulated comprehensive risk management policies and processes to mitigate the risks that are encountered in conducting business activities. Additionally, a team of experienced professionals at the Group level identifies, evaluates and monitors the principal risks affecting our various businesses. The Group risk team also periodically reviews the policies and procedures and formulates plans for control of identified risks and improvements in the systems. A risk update report is regularly 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 mitigate and manage the risks. The internal audit carried out by external firm of specialists in this area also provides a review of the risks attendant in various businesses and the effectiveness of processes on a periodical basis. These reports are placed before the Audit Committees of the respective operating companies.

We manage the following categories of risks:

Risk Type	Risk Description	Risk Mitigation
Credit Risk	Credit risk is the risk of failure of the borrower to meet financial obligations to the lender. It is the risk that any of our borrowers will fail to discharge their obligation to us and cause us to incur a financial loss.	A comprehensive credit appraisal is conducted prior to sanction of loans and the loan portfolio is monitored on an ongoing basis post disbursement of funds.
Market Risk	The risk that the value of our portfolio of investment in securities will fall due to market movements or fluctuations in interest rates, equity, commodity prices, etc.	Market risk management policies are in place. Our portfolios and collaterals/securities are continuously monitored to minimize the impact of market risk.
Liquidity Risk	Difficulty in raising the funds at short notice by selling our assets or borrowing from the the market. It also refers to the risk that arises from the difficulty of selling an asset without a high impact cost.	We have a strong financial position and all our businesses are adequately capitalized, have good credit rating and appropriate credit lines available to address liquidity risks.
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.	All our businesses have in place comprehensive processes and policies which are reviewed on a periodic basis. The operating teams are under the scrutiny of the internal and statutory auditors to ensure adherence with the defined processes and policies.

Risk Type	Risk Description	Risk Mitigation
Regulatory and Compliance Risk	The risk arising out of a change in laws and regulation governing our businesses. 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 experienced professionals manning compliance functions in all operating companies and reporting to Group Head – Compliance, Legal & Company Secretary, which monitors the 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 the current or prospective risk to business, earnings and capital arising from adverse perception of our Company on the part of customers, counterparties, shareholders, investors or regulators. It would also cover risk arising from inadvertent errors made in executing our business or legal/regulatory sanctions of high order imposed on us.	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.
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.	We have a Business Continuity Plan in place to mitigate the impact of any exigencies.
Competition Risk	Strong growth prospects combined with liberalization 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 poses risk of attrition of key personnel to our competitors.	Our strong brand image, wide distribution network and diversified and innovative suite of products and services enable us to differentiate ourselves from our competitors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have instituted adequate internal control systems commensurate with the nature of our business and size of operations. We have documented procedures covering various financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, protection and conservation of assets, compliances with applicable laws and regulations.

We have appointed independent audit firms for all our operating companies to measure adequacy and effectiveness of the internal controls instituted by the management. The internal audit reports are submitted to the Audit Committee of the Board of the respective companies.

The senior management and Audit Committee of Board regularly review the findings and recommendations of the internal auditors so as to continuously monitor and improve internal controls to match the organisation's pace of growth and increasing complexity of operations as well as to meet the changes in statutory and accounting requirements. This system enables us to achieve efficiency and effectiveness of operations, reliability and completeness of financial and management information and compliance with applicable laws and regulations.

CORPORATE SOCIAL RESPONSIBILITY

At JM Financial, an essential component of our corporate social responsibility is to care for our community. All of our work is driven by this fundamental commitment.

In our endeavour to make a positive contribution towards the lesser privileged communities, the philanthropic arms of JM Financial Group - JM Financial Foundation and Kampani Charitable Trust were founded with the prime objective of strengthening and uplifting the lesser privileged communities by enabling them to be self reliant by supporting a wide range of socio-economic, educational and health initiatives.

The Foundation has partnered with several NGOs to work on a number of outreach initiatives. Some of the community projects and programmes are driven by the active participation of the employees of JM Financial Group. The activities and projects undertaken by JM Financial Foundation spread across various fields such as education, health and disaster relief.

We have partnered with various NGOs such as **Sunbeam Foundation, Nanhi Kali, Yuvak Pratishthan, Round Table India & International Education Society** in various ways to achieve our goal of promoting education. As a part of the healthcare initiatives a number of focused steps have been taken in partnership with **Ratna Nidhi Charitable Trust** (health camp for disabled). We also offer assistance to the needy for their day to day living needs as well as for medical needs after assessing the genuineness of the candidates. JM Financial Foundation has, on a continuous basis, endeavoured to provide aid and relief to victims affected by various natural catastrophes. In October 2009, when disaster struck by way of floods in **Andhra Pradesh & Karnataka**, JM Financial Foundation provided timely financial aid effectively delivered through personal engagement of the employees of JM Financial Group located in Hyderabad & Bangalore.

JM Financial Foundation also organizes '**Walkathon**', a fund raiser event every year. Our colleagues and clients have supported the Walkathon event by participating in the walk as well as charity contribution. The donations received are used towards charitable purposes.

The ongoing programmes include ***Drishti*** and ***Sparsh***.

Under Project ***Drishti*** all glossy magazines are accumulated and sent to the **Kamla Mehta School** for the blind at regular intervals. 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 **SPONSOR A GRAN** programme of **Helpage India**. Employees volunteer for the **Akanksha Mentoring Programme** wherein children from **Akanksha Foundation** centres are mentored and counseled on career options, self confidence, academic help, etc.



HUMAN RESOURCES

JM Financial is a group which grows along with its people. We provide open and friendly culture encouraging not only growth of an individual but also that of a team which eventually cascades into the growth of the organisation.

JM Financial is a place where people have remained committed for long periods not only for the rewards and recognition but also because they feel they are a part of a family – a community, a place where teammates go the extra mile and work with and for each other. Employees have easy accessibility to the senior management through the open door policy and are given adequate exposure to explore innovative ideas and pursue novel concepts.

Growth is performance-driven and is dependent on the ability of the individual to take initiative and assume higher responsibilities. Demonstrating outstanding work ethics in the course of performing daily activities, contributing beyond identified team role and responsibilities help in faster career progression. It is very important for us to ensure that employee morale is high and they feel a sense of pride and belonging to the organisation. Human Resources team plays a crucial role by motivating, retaining and charting out the growth path for employees.

Building and consolidating our talent pool has always been one of our top priorities and we have been successful in attracting varied talent that brings sound expertise, new perspectives and infectious enthusiasm. JM Financial has a strong brand presence in the market and attract the best talent in the market. We believe that the ultimate identity and success of our organisation depends largely on sourcing candidates who compliment our culture and share our values.

The last year has been the year of India navigating through one of the worst economic recessions the world has seen over the last several decades and is once again on the path of high economic growth. Human Resources in that crucial time played multiple roles that of a strategic partner, employee advocate and change champion and the positive differentiator. Our total employee strength as on March 31, 2010 was 1,066.

Treating people with respect and dignity, achieving excellence, working together, conducting ourselves with integrity are some of the principles that define and guide how we operate, both as a business and organisation and the same is reflected in our internal culture.

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

1. OUR PHILOSOPHY ON CORPORATE GOVERNANCE

“Regardless of the type of venture, only good governance can deliver sustainable good business performance” – This is our belief at JM Financial Group.

The Vision of JM Financial Group is:

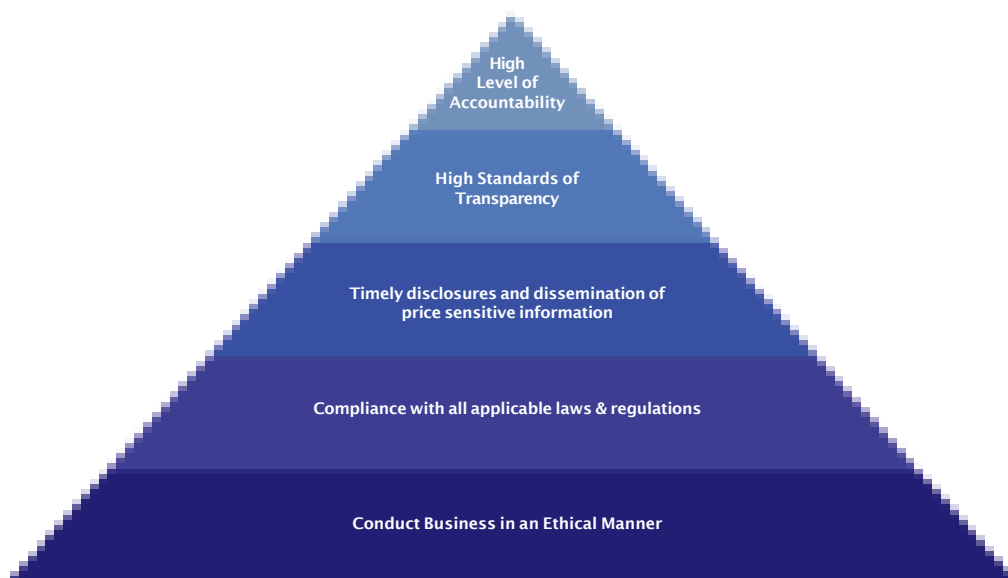
“To be the most trusted partner for every stakeholder”

JM Financial is committed to provide fair, transparent and equitable treatment to all its stakeholders. For us, Corporate Governance is not only a set of rules that define the relationship between the stakeholders and the management of a company but it is the way the company operates. Corporate Governance is both the structure and the relationship which determine corporate direction and performance.

At JM Financial, we have always sought to be a value-driven organisation, where our values direct our growth and success.

- **Integrity:** *Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals and corporate citizens. Our reputation, based on our high standards of integrity, is invaluable.*
- **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.*
- **Client Focus:** *We always put the interest of our clients before our own. We understand our clients' needs, seek new opportunities for them and deliver unique solutions as per their expectations. The success of our clients is the biggest reward for us.*
- **Innovation:** *We understand our clients' needs and develop solutions for the most complex or the simplest, the biggest or the smallest transactions, whether for individuals, corporations or institutions. Creativity and innovation are among the key essentials for everything we do. We encourage new ideas which help us capture unique opportunities.*
- **Implementation:** *Our expertise, experience and continuous focus on the quality of execution ensure effective implementation of our strategies.*
- **Performance:** *We believe in development of our people and continuously hone our skills, setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent. We recognize and reward talent based on merit.*
- **Partnership:** *Our relationship with all our stakeholders reflect our spirit of partnership. Clients see us as trusted advisors, shareholders see us as partners and employees see us as family. We respect, trust and support all our stakeholders.*

We believe in demonstrating high level of accountability, maintaining high standards of transparency, timely disclosures and dissemination of price sensitive information, ensuring thorough compliance with all applicable laws and regulations and conducting our business in an ethical manner.



OUR PHILOSOPHY AT JM FINANCIAL

Clause 49 vis-à-vis JM Financial:

Clause 49 of the Listing Agreement entered between a company and the stock exchanges is a benchmark for the compliance practices and rules required to be followed by all listed companies. Clause 49 is the baseline for good governance standards. At JM Financial, we not only adhere to the prescribed corporate governance standards and practices as given in Clause 49 but we constantly strive to adopt the emerging best practices.

Corporate Governance has always been an integral and indispensable practice at JM Financial in conducting its business for more than three decades. We believe that corporate governance is a journey towards sustainable value creation and is always an upward moving target.

We follow high standards of corporate governance practices which *inter-alia* include:

1. The Board of the Company comprises majority of Non executive Directors representing around 86% of the total composition of the Board.
2. Out of the seven Directors on the Board, five are Independent Directors, which represents around 71% of the total composition of the Board.
3. At least one Independent Director of the Company is also on the Board of the material unlisted subsidiaries of the Company.
4. The Company has comprehensive risk management and internal control systems.
5. The internal controls of the Company are also audited by an external audit firm.

6. The Company arranges periodic meetings of the Independent Directors with the Internal and Statutory Auditors of the Company, without Management participation.
7. The Company has adopted a system, whereby the certificate confirming the compliance of all applicable laws to it and its subsidiaries is periodically placed before the Board.
8. The Company encourages a two-way communication process with shareholders and follows timely dissemination of price-sensitive information. Such information is also posted on the corporate website of JM Financial, viz. www.jmfinancial.in.

The Company Secretary plays a very vital role in the implementation of the best corporate governance processes. He ensures that the Board procedures are followed and reviewed regularly. He also ensures that all relevant information/documents/details are made available to all the Directors and Senior Managerial Personnel (*who are invited to attend the meeting*) for effective decision making at all Board/Committee meetings. All the Directors and Senior Managerial Personnel have access to the advice and services of the Company Secretary.

2. BOARD OF DIRECTORS (“THE BOARD”)

Based on the size of the Company, complexity and nature of the Company’s business, the Board of the Company consists of appropriate composition, size, varied expertise and commitment to discharge its responsibilities and duties.

The Company’s Board comprised the following Directors as on March 31, 2010.

NAME OF THE DIRECTOR	
Mr. Nimesh N Kampani	- Chairman & Managing Director
Mr. Ashith N Kampani	- Non executive Director
Mr. M R Mondkar (<i>upto March 31, 2010</i>)	- Independent and Non executive Director
Mr. E A Kshirsagar	- Independent and Non executive Director
Mr. D E Udawadia	- Independent and Non executive Director
Dr. Pravin P Shah	- Independent and Non executive Director
Mr. Paul Zuckerman	- Independent and Non executive Director
Dr. Vijay Kelkar (<i>from March 19, 2010</i>)	- Independent and Non executive Director

All the Independent Directors have confirmed to the Company that they qualify to be an independent director as per the definition of ‘Independent Director’ stipulated in Clause 49(I)(A)(iii) of the Listing Agreement. It is the practice of the Company to place such confirmation before the Board at its meeting.

a) Brief Profile of Directors

A brief profile of all the Directors of the Company, including those who are proposed to be appointed, the nature of their expertise in specific functional areas, the names of the public companies (*other than foreign companies, Section 25 companies and private companies that are not subsidiaries of a public company*) of which they hold directorships, memberships/chairmanships of board committees and their shareholding, if any, in the Company as on March 31, 2010 are given below.

Mr. Nimesh N Kampani:

Mr. Nimesh N Kampani, aged 63 years, is a fellow member of Institute of Chartered Accountants of India.

Mr. Kampani is the founder and Chairman of JM Financial Group. In his career spanning more than three and a half decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially, capital raising and mergers & acquisitions.

Some of the significant positions held in industry bodies by Mr. Kampani are:

- Member of the National Council of Confederation of Indian Industry (CII)
- Member of the National Executive Committee and Steering Committee of Federation of Indian Chambers of Commerce and Industry (FICCI)
- Member on the Governing Board of the Centre for Policy Research
- Member on the Bloomberg Asia Pacific Advisory Board
- Member on the Advisory Board of Rieter India Private Limited

Mr. Kampani has served as a member on several important committees constituted by Securities and Exchange Board of India (SEBI), the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange Limited (BSE), FICCI, CII and Institute of Chartered Accountants of India. He was a member of the Primary Market Advisory Committee of SEBI and also a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre. He has served as the Chairman of the CII's National Committee on Capital Markets and has also been a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India.

Mr. Kampani is on the Board of the following other public companies:

- Apollo Tyres Limited
 - Britannia Industries Limited
 - Deepak Nitrite Limited
 - KSB Pumps Limited
 - Kampani Consultants Limited
 - JM Financial Consultants Private Limited
 - JM Financial Services Private Limited
 - JM Financial Securities Private Limited
- } Subsidiaries of a public company
(JM Financial Limited)

Mr. Kampani is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
Britannia Industries Limited	Chairman	Member
KSB Pumps Limited	Chairman	—
JM Financial Services Private Limited	Chairman	—

Mr. Kampani held 135,357,500 equity shares in the Company as on March 31, 2010.

Mr. Ashith N Kampani

Mr. Ashith N Kampani, aged 46 years, has over 29 years of experience in the Indian capital markets.

During these 29 years, he has been servicing various segments including Retail, High Net Worth Individuals, Corporates and Institutional Investors globally of Investment Banking and Broking business of the JM Financial Group.

Mr. Ashith N Kampani, who is a younger brother of Mr. Nimesh N Kampani, began his career with the family's stock broking firm in 1982, and then, from 1991 to 2007, he has been engaged in various group ventures including his stint with JM Financial's Institutional equity broking joint venture with Morgan Stanley.

Currently he looks after the business development for the Group. Presently, he is not on the Board of any other public company.

Mr. Ashith N Kampani is also a member of the managing committee of the Bombay Chamber of Commerce and Industry, and is the Chairman of Young Bombay Forum, the initiative taken by Bombay Chamber of Commerce and Industry to nurture young leaders in India to become globally competitive and contribute towards Nation Building.

Mr. Ashith N Kampani held 275 equity shares in the Company as on March 31, 2010.

Mr. Kampani is liable to retire by rotation, and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. M R Mondkar (upto March 31, 2010)

Mr. M R Mondkar, aged 79 years, is a Law Graduate.

Mr. Mondkar has held various prestigious positions in organisations such as ICICI Limited and J. M. Financial & Investment Consultancy Services Private Limited (JMFICS).

He was involved in setting up the merchant banking division of ICICI Limited in 1972-73. He was also instrumental to setting up of Housing Development Finance Corporation Limited (HDFC) on behalf of ICICI Limited which was then the promoter of HDFC. He was the President of JMFICS between 1992 and 1996.

He is currently a Member of the Listing Committee of the National Stock Exchange of India Limited.

Mr. Mondkar was also on the Board of JM Financial Products Private Limited till March 31, 2010 (*a material subsidiary of the Company*). He was also a member and the chairman of the Audit Committee of JM Financial Products Private Limited.

Mr. Mondkar did not hold any equity shares in the Company as on March 31, 2010.

Mr. E A Kshirsagar

Mr. E A Kshirsagar, aged 68 years, is a fellow member of the Institute of Chartered Accountants (India, and England & Wales).

Mr. Kshirsagar is a specialist in corporate strategy and structure, disinvestments – central/state government, private sector. He was associated with the management consultancy division of A F Ferguson for over three decades and retired in 2004 as a Director-in-Charge.

Mr. Kshirsagar is on the Board of the following other public companies:

- Batliboi Limited
- HCL Infosystems Limited
- Merck Limited
- Rallis India Limited
- Tata Chemicals Limited

Mr. Kshirsagar is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
Batliboi Limited	Chairman	—
HCL Infosystems Limited	Member	Member
Merck Limited	Member	—
Rallis India Limited	Chairman	Chairman
Tata Chemicals Limited	Member	—

Mr. Kshirsagar did not hold any equity shares in the Company as on March 31, 2010.

Mr. Kshirsagar is liable to retire by rotation, and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. D E Udwadia

Mr. D E Udwadia, aged 70 years, is a Solicitor and Advocate of the Bombay High Court and also a Solicitor of the Supreme Court of England. Mr. Udwadia is a founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates.

Mr. Udwadia was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, for 20 years, prior to setting up the law firm, viz., M/s. Udwadia & Udeshi. He and his firm are the legal advisors to many Indian as well as multinational companies and foreign banks, having presence in India. Mr. Udwadia has spent more than four decades in active law practice and has vast experience and expertise in areas like corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, telecommunications, international loan and finance-related transactions and instruments, real estate and conveyancing.

Mr. Udwadia is on the Board of the following other public companies:

- ABB Limited
- ADF Foods Limited
- AstraZeneca Pharma India Limited
- Bombay Burmah Trading Corporation Limited
- Development Credit Bank Limited
- Eureka Forbes Limited
- ITD Cementation India Limited
- MPS Limited
- Mechanalysis (India) Limited
- Nitesh Estates Limited
- Wyeth Limited
- WABCO-TVS (India) Limited
- JM Financial Consultants Private Limited – Subsidiary of a public company (JM Financial Limited)

Mr. Udwadia is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
ABB Limited	Member	Chairman
AstraZeneca Pharma India Limited	Member	—
Bombay Burmah Trading Corporation Limited	Member	—
Development Credit Bank Limited	Member	—
ITD Cementation India Limited	Member	—
MPS Limited	Member	—
Wyeth Limited	Member	—
WABCO-TVS (India) Limited	Member	—
JM Financial Consultants Private Limited	Member	—

Mr. Udwadia did not hold any equity shares in the Company as on March 31, 2010.

Dr. Pravin P Shah

Dr. Pravin P Shah, aged 66 years, is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. Dr. Shah holds Ph.D. in Finance.

Dr. Shah is a Senior Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 40 years of experience (including 6 years in the United States of America) in the areas of financial consultancy, corporate structuring/restructuring, taxation, management consultancy, valuation, property matters and accounting. He has contributed several technical papers at conferences and published books and articles in India and United States of America on the above mentioned subjects.

Dr. Shah is on the Board of following other public companies:

- Adani Enterprises Limited
 - Claris Lifesciences Limited
 - Bombay Rayon Fashions Limited
 - Raheja Universal Limited
 - Jai Corp Limited
 - Milestone Capital Advisors Limited
 - JM Financial Consultants Private Limited
 - JM Financial Services Private Limited
- } Subsidiaries of a public company
(JM Financial Limited)

Dr. Shah is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
Adani Enterprises Limited	Member	—
Claris Lifesciences Limited	Chairman	—
Bombay Rayon Fashions Limited	Chairman	—
Raheja Universal Limited	Chairman	Chairman
JM Financial Consultants Private Limited	Member	—
Milestone Capital Advisors Limited	—	Member

Dr. Shah did not hold any equity shares in the Company as on March 31, 2010.

Mr. Paul Zuckerman

Mr. Paul Zuckerman, aged 65 years, holds a Ph.D in Agricultural Economics from Reading University, United Kingdom.

Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited. He has been associated with various international organisations, including the World Bank and International Institute of Tropical Agriculture, Ibadan, Nigeria. He was the Vice Chairman, SG Warburg International, prior to its acquisition by UBS. In his capacity as the Vice Chairman then, he was closely associated with Indian companies in the early days of globalization.

Mr. Zuckerman is on the Board of following other public companies:

- Tech Mahindra Limited
- Great Eastern Energy Corporation Limited

Mr. Zuckerman is a member of the following Board Committees of other companies:

Name of the Company	Shareholders' Grievance Committee
Tech Mahindra Limited	Member
Great Eastern Energy Corporation Limited	Member

Mr. Zuckerman did not hold any equity shares in the Company as on March 31, 2010.

Dr. Vijay Kelkar (from March 19, 2010):

Dr. Vijay Kelkar, aged 68 years, holds a doctorate in development economics from the University of California at Berkeley. Dr. Kelkar is the former Finance Secretary to the Government of India.

He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission; Advisor to Minister of Finance; Finance Secretary, Government of India; Secretary of Ministry of Petroleum & Natural Gas and Chairman of the Tariff Commission. He has also served in several key posts in international organisations such as Director and Coordinator of International Trade Division, UNCTAD, Switzerland and Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the International Monetary Fund, United States of America.

He is currently the Chairman of India Development Foundation, India and Chairman of Forum of Federations, Canada. He is the Non executive Chairman of the National Stock Exchange of India Limited.

Dr. Kelkar is on the Board of following other public companies:

- National Stock Exchange of India Limited
- Tata Consultancy Services Limited
- JSW Steel Limited
- Lupin Limited
- Green Infra Limited

Dr. Kelkar did not hold any equity shares in the Company as on March 31, 2010.

b) Board Meetings and Procedures

The Company has been following the practice of holding at least six board meetings every year. During the year, the Company held nine board meetings. Out of these board meetings, four meetings; one in every quarter, included the agenda for review of the quarterly financial results of the Company. The maximum time-gap between any two consecutive meetings did not exceed four months.

The board meetings of the Company as well as of its subsidiaries are scheduled in advance and the notice of each such board meeting is given in writing to all the Directors. The Chief Financial Officer and other Senior Managerial Personnel are invited during the board meeting for making the required information available to the Directors. The Company Secretary usually sends the detailed agenda together with the relevant annexures to each of the Directors in advance. However, in special and exceptional circumstances, additional or supplementary items on the agenda are allowed to be considered with the permission of the Chairman. Urgent matters are also considered and approved by passing resolutions through circulation, which are noted at the next meeting of the Board.



The Company Secretary, in consultation with the Chairman and other relevant officers prepares the detailed agenda for the meetings. All the departments in the Company communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the board meetings. The Members of the Board are also free to recommend inclusion of any matters in the agenda for discussion. All material information is incorporated in the agenda to facilitate meaningful and focused discussions at the meetings. The Board has unfettered and complete access to information and to any of the employees within the Company.

The meetings of the Board of Directors are generally held at Mumbai in the same building where the registered office of the Company is situated. The average duration of the board meeting is approximately three to four hours.

The Board reviews, periodically, reports confirming compliance with the laws applicable to the Company as well as of its subsidiaries and steps taken by the Company to rectify instances of non-compliance, if any.

The Company has also laid down a procedure to inform Board Members about the risk assessment and minimisation processes. These processes are periodically reviewed to ensure that the executive management manages risk promptly and through a properly defined framework.

The following information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is placed before the Board at its meetings.

- Annual operating plans and budgets, capital budgets and updates, if any.
- Quarterly results of operating divisions or business segments.
- Minutes of meetings of audit, compensation and shareholders' grievance committees, as well as summaries of circular resolutions passed.
- Information on recruitment of senior managerial personnel in the Company, if any.
- Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- Occurrences of accidents or events such as fire, if any.
- Material default in financial obligations to and by the Company, if any.
- Issues that involve possible public or service liability claims of a substantial nature, if any.
- Details of any joint venture, acquisition of companies or businesses or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant employee related problems, if any, and their proposed solutions.
- Sale of investments, subsidiaries and assets, if any, which are not in the normal course of business.
- Details of foreign exchange exposure, if any.
- Non-compliance, if any, of regulatory, statutory or listing requirements as well as investor services such as non-payment of dividend and delays in share transfers.

Besides the above information, the following information related to the subsidiary companies of the Company, engaged in various operating businesses, is also placed before the Board to provide the Directors an update on all businesses and functions across the Group.

- Business review for the period between two board meetings.
- Minutes of the meeting of the Board of Directors of the operating subsidiaries.
- Details of any major events having an impact on the business operation, compliance and employees' related matters.
- Steps taken to ensure business continuity planning and ongoing initiatives.
- Risk update reports of group companies.
- Periodic presentation on the businesses of subsidiary companies.

The Company Secretary places before the Board an action taken report on the implementation of the decisions of the Board in the form of matters arising from the previous meetings for the follow up and information of the Directors. The Company Secretary also places the gist of important amendments as and when they take place in various laws applicable to the Company together with the implications of such amendments on the Company, its Directors and employees. The draft minutes of each board meeting are circulated to the Board Members for their comments, which are then incorporated by the Company Secretary. Thereafter the minutes are confirmed by the Directors at the next meeting of the Board. The minutes of each Board/Committee meeting are recorded in the Minutes Book as per the provisions of the Companies Act, 1956.

The board meetings were held on the following dates during the financial year 2009-10.

May 27, 2009	June 29, 2009	July 21, 2009
July 29, 2009	September 10, 2009	October 29, 2009
December 15, 2009	January 27, 2010	March 19, 2010

c) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other directorships and chairmanships/memberships of committees of each Director in various companies

Name of the Director	No. of Board Meetings attended during the financial year 2009-10	Whether attended the AGM held on September 10, 2009	No. of Directorships in other Indian public companies as of March 31, 2010#	No. of other Committee positions held in other public companies* as of March 31, 2010	
				Chairman	Member
Mr. Nimesh N Kampani	4	No	8	3	1
Mr. Ashith N Kampani	9	Yes	0	0	0
Mr. M R Mondkar**	8	No	1	1	0
Mr. E A Kshirsagar	8	Yes	5	3	4
Mr. D E Udawadia	7	Yes	13	1	9
Dr. Pravin P Shah	9	Yes	8	4	3
Mr. Paul Zuckerman	4	No	2	0	2
Dr. Vijay Kelkar##	1	N.A.	5	0	0

* Represents Chairmanship/Membership of Audit Committee and Shareholders' Grievance Committee.

The directorships held by Directors as mentioned above, do not include directorships of foreign companies, Section 25 companies and private companies that are not subsidiaries of public company.

** Mr. M R Mondkar, an Independent and Non executive Director, ceased to be a Director of the Company with effect from April 1, 2010.

Dr. Vijay Kelkar was appointed as Independent and Non executive Director on the Board of the Company with effect from March 19, 2010.

d) 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.jmfinancial.in. All the Board Members and the Designated 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 Designated Senior Management Personnel that they have complied with the provisions of the Code of Conduct during the financial year 2009-10.

Place: Mumbai

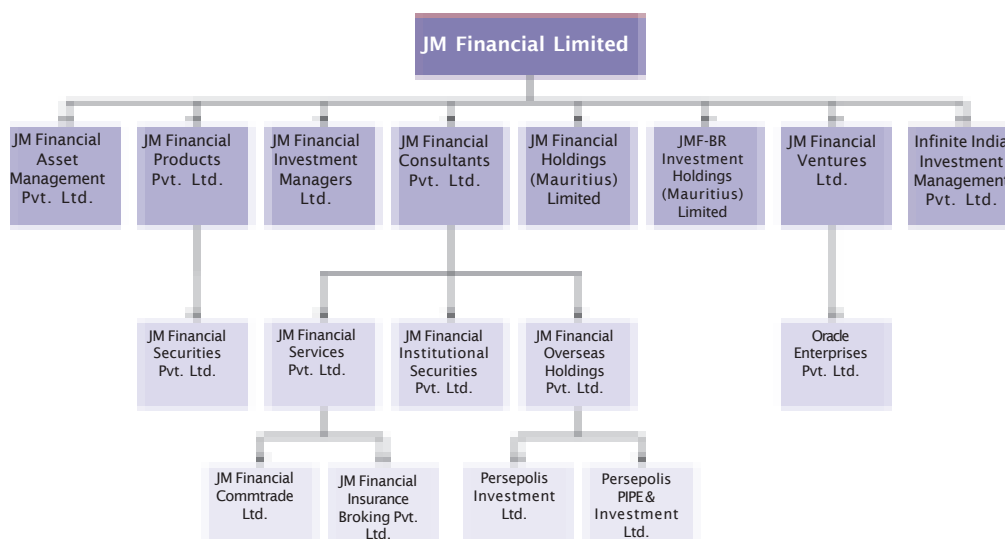
Date: May 25, 2010

Nimesh N Kampani

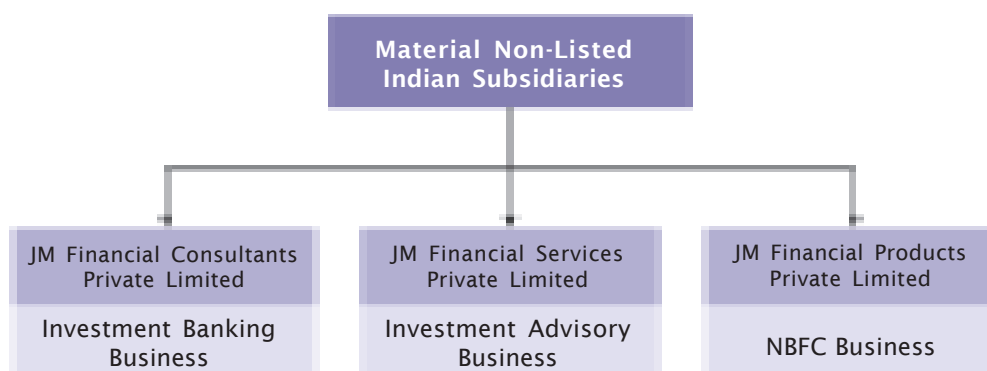
Chairman & Managing Director

3. SUBSIDIARY COMPANIES

The Company has following subsidiary companies as on March 31, 2010.



Out of the aforesaid subsidiaries, following companies are material non-listed Indian subsidiaries of the Company:



In accordance with the provisions of the Listing Agreement, following Independent Directors of the Company were on the boards of these material non-listed Indian subsidiaries as on March 31, 2010:

Name of the Company	Name of the Independent Director
JM Financial Consultants Private Limited	Dr. Pravin P Shah and Mr. D E Udwadia
JM Financial Services Private Limited	Dr. Pravin P Shah
JM Financial Products Private Limited	Mr. M R Mondkar**

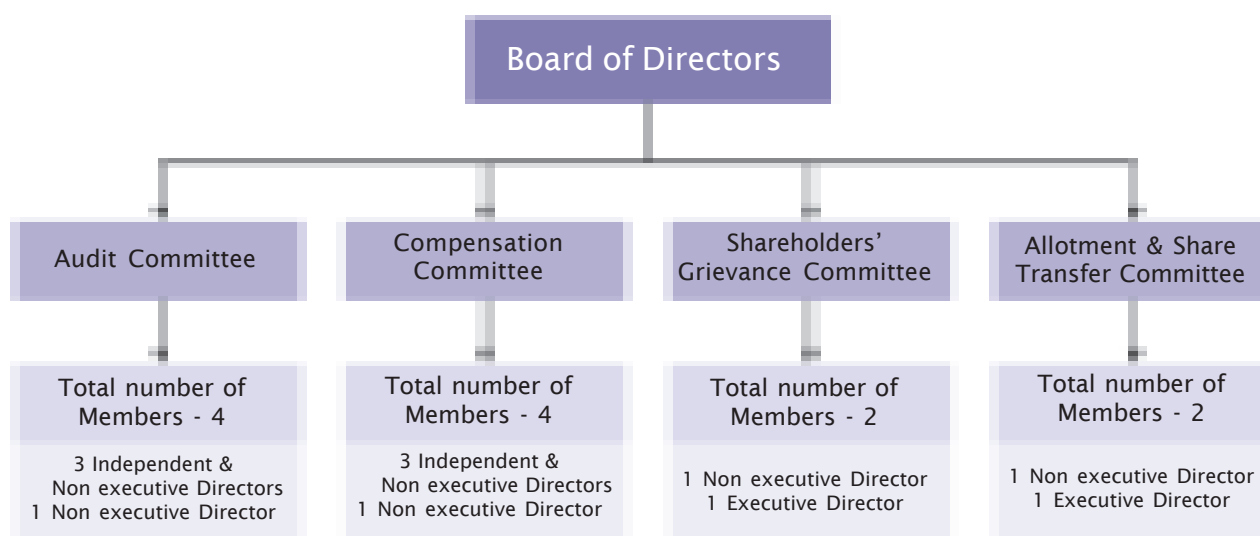
** Mr. Mondkar ceased to be the director of JM Financial Products Private Limited with effect from April 1, 2010. Mr. E A Kshirsagar, an Independent Director of the Company has been appointed as a director of JM Financial Products Private Limited with effect from May 10, 2010.

The Audit Committee of the Company reviews the financial statements and the investments made by these unlisted subsidiary companies. The minutes of the board meetings of all the unlisted subsidiary companies including non-material unlisted Indian subsidiary companies are placed at the board meeting 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, if any, by all the unlisted subsidiary companies.

4. COMMITTEES CONSTITUTED BY THE BOARD

The Board of Directors of the Company has constituted following committees of the Board with specific terms of reference assigned to each such committee. The committees constituted are Audit Committee, Compensation Committee, Shareholders' Grievance Committee and Allotment & Share Transfer Committee.

This ensures that while the specialised functions of the Board are delegated to these committees, significant matters of policy and strategy are discussed and deliberated at length at the meeting of the Board of Directors.



VARIOUS COMMITTEES OF THE BOARD

5. AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee comprises the following Directors

Mr. E A Kshirsagar	-	Chairman of the Committee, Independent and Non executive Director
Mr. M R Mondkar**	-	Member, Independent and Non executive Director
Dr. Pravin P Shah	-	Member, Independent and Non executive Director
Mr. Ashith N Kampani	-	Member, Non executive Director
Dr. Vijay Kelkar**	-	Member, Independent and Non executive Director

** Mr. Mondkar ceased to be a Member of the Audit Committee with effect from April 1, 2010. Dr. Vijay Kelkar was appointed as a Member of the Audit Committee with effect from March 19, 2010.

The Company Secretary acts as the Secretary for the Audit Committee.

The Statutory Auditor, Internal Auditor and the Chief Financial Officer of the Company, attend and participate in the meetings of the Audit Committee.

During the year the Audit Committee met five times. Not more than four months had elapsed between two such meetings. Details of meetings and attendance of each Member at such meetings are given below:

Name of the Members	May 27, 2009	June 29, 2009	July 29, 2009	October 29, 2009	January 27, 2010
Mr. E A Kshirsagar	Present	Present	Present	Leave of absence	Present
Mr. M R Mondkar	Present	Present	Present	Present	Present
Dr. Pravin P Shah	Present	Present	Present	Present	Present
Mr. Ashith N Kampani	Present	Present	Present	Present	Present

The Audit Committee observes and controls the Company's financial reporting process with a view to provide accurate, timely and proper disclosure. It provides direction to the audit and risk management functions of the Company and monitors the quality of internal and statutory audit. The Audit Committee also reviews the internal audit reports on half yearly basis and gives directions to the management in areas that need to be strengthened. The recommendations of the Audit Committee on any matter relating to financial management including the audit report, is binding on the Board.

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if considered necessary.

The Audit Committee performs the following functions:

1. Overseeing the financial reporting process and disclosure of the financial information to ensure that the financial statements are accurate, complete and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and fixation of their remuneration.
3. Reviewing with the management, the annual/quarterly financial statements before submission to the Board for approval, with particular reference to
 - Matters required to be included in the Directors' Responsibility Statement in terms of Section 217 (2AA) of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Review of internal audit reports.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing agreement and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications, if any, in draft audit report.
 - Management representation letter
4. Reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems.
5. Discussion with Statutory and Internal Auditors on any significant findings and follow up thereon with the management.
6. Reviewing the financial statements, and in particular, the investments made by the unlisted subsidiaries of the Company.
7. Review of the Company's financial and risk management policies.
8. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.

Following information, among others, is also reviewed by the Audit Committee:

1. Statement of significant related party transactions.
2. Letters/Reports of internal control issued by the Internal and Statutory Auditors.

The minutes of the Audit Committee Meetings are placed before the Board. The Chairman of the Audit Committee briefs the Board Members about the significant discussions and the decisions taken at Audit Committee meetings.

6. COMPENSATION COMMITTEE

Composition of the Compensation Committee

The Compensation Committee comprises the following Directors:

Mr. Nimesh N Kampani	-	Chairman of the Committee, Executive Director
Mr. E A Kshirsagar	-	Member, Independent and Non executive Director
Mr. D E Udwadia	-	Member, Independent and Non executive Director
Dr. Pravin P Shah	-	Member, Independent and Non executive Director

Following are the terms of reference of the Compensation Committee:

1. Determination of the compensation policy on the remuneration of the Executive and Non executive Directors of the Company.
2. Deciding all matters relating to the remuneration/compensation of the senior employees of the Company or its subsidiaries and/or Executive/ Non executive Directors, the Manager, etc. from time to time.
3. Finalising and adopting the 'Employees Stock Option Scheme' (ESOS).
4. Determining the employees to whom the options may be granted, the time, vesting schedule, exercise period and price.

During the financial year 2009-10, one meeting of the Compensation Committee was held. Details of the said meeting and attendance of each of the members is given below:

Name of the Members	October 29, 2009
Mr. Nimesh N Kampani	Present
Mr. E A Kshirsagar	Leave of absence
Mr. D E Udwadia	Leave of absence
Dr. Pravin P Shah	Present

The remuneration policy of the Company is broadly based on the following criteria:

1. Job responsibilities.
2. Key performance areas and delivery.
3. Industry trend.
4. Remuneration packages in other comparable companies for similar positions.
5. Overall performance evaluation of each employee.

Remuneration of the Chairman & Managing Director

Mr. Nimesh N 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. The Compensation Committee of the Board has decided the remuneration and the terms of the contract of the Managing Director. The details of the remuneration paid to Mr. Kampani during the financial year 2009-10 is given below:

Salary	Rs.30,00,000/-
Allowances	Rs.30,00,000/-
Perquisites	Rs.51,25,912/-

Additionally, Mr. Kampani is entitled to the Company's contribution to provident fund as per the rules of the Company. Mr. Kampani is not entitled to receive any sitting fees for attending meetings of the Board or any Committee of the Board.

Either party, i.e. the Company or Mr. Kampani, can terminate the Agreement at any time by giving to the other party not less than three months' notice in writing in that behalf. The Company can terminate Mr. Kampani's employment at any time by making payment of three months' salary and allowance to him, in lieu of such notice.

Remuneration of Non executive Directors

The details of the sitting fees and commission paid/payable and number of stock options held by the Non executive Directors of the Company during the financial year 2009-10 is given below:

Name of the Non executive Director	Commission (Rs.)	No. of Stock Options held	Sitting fees (Rs.)		
			Board	Audit Committee	Compensation Committee
Mr. Ashith N Kampani	4,50,000	—	1,80,000	1,00,000	N.A.
Mr. M R Mondkar	7,50,000	1,12,500	1,60,000	1,00,000	N.A.
Mr. E A Kshirsagar	9,00,000	1,50,000	1,60,000	80,000	—
Mr. D E Udawadia	7,50,000	1,50,000	1,40,000	N.A.	—
Dr. Pravin P Shah	7,50,000	1,50,000	1,80,000	1,00,000	10,000
Mr. Paul Zuckerman	4,50,000	75,000	80,000	N.A.	N.A.
Dr. Vijay Kelkar	4,50,000	—	20,000	N.A.	N.A.

During the financial year 2009-10, the Company paid Rs.46,575/- as professional fees to M/s. Udawadia & Udeshi, a legal firm, of which Mr. D E Udawadia is a founder partner. The Company also made a payment aggregating Rs.222,473/- as professional fees to M/s. Pravin P Shah & Co., a partnership firm, of which Dr. Pravin P Shah, is a senior partner. There were no other pecuniary relationships or transactions with the Non executive Directors, vis-à-vis, the Company.

Criteria for making payment to Non executive Directors

The Company has a credible and transparent procedure for determining and accounting for 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; and the position held by them as the Chairman of the Audit Committee and their role as Independent Directors on the Board and Audit Committee of the subsidiary companies together with the external competitive environment, track record, individual performance and performance of the Company as well as industry standards.

In the backdrop of growing complexities and increasing regulatory requirements, the Non executive Directors have contributed significantly to the meetings and given constructive and useful feedback pertaining to the business and operations of the Company. An aggregate amount of Rs.45 Lakh is proposed to be paid as commission to the Non executive Directors for the financial year 2009-10 as per individual allocation decided by the Board.

7. SHAREHOLDERS' GRIEVANCE COMMITTEE

Composition of the Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises the following Directors

Mr. M R Mondkar**	-	Chairman of the Committee, Independent and Non executive Director
Mr. Ashith N Kampani#	-	Member, Non executive Director
Mr. Nimesh N Kampani**	-	Member, Executive Director

**With effect from April 1, 2010, Mr. Mondkar ceased to be a Member of the Shareholders' Grievance Committee. Mr. Nimesh N Kampani has been appointed as a Member of the above Committee with effect from March 19, 2010.

With effect from April 1, 2010, Mr. Ashith N Kampani, has become the Chairman of the said Committee.

The Shareholders' Grievance Committee was constituted to redress the shareholders' complaints including grievances relating to transfer & transmission of shares, non-receipt of balance sheet, dividend, etc.

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. During the year the Shareholders Grievance Committee met 4 times. Details of the meetings and attendance of each Member at such meetings are given below:

Name of the Members	April 24, 2009	June 29, 2009	October 29, 2009	January 27, 2010
Mr. M R Mondkar	Present	Present	Present	Present
Mr. Ashith N Kampani	Present	Present	Present	Present

Particulars of the number of complaints received and resolved by the Company during the financial year 2009-10 are given in the table below. No complaints were pending as on March 31, 2010.

The break-up of the number of complaints received and the nature of complaints is given below:

Nature of complaints	Received (Nos.)	Resolved (Nos.)
Non-receipt of share certificates sent for transfer/transmission	7	7
Change of address	2	2
Non-receipt of annual report	1	1
Non-receipt of dividend	10	10
Non-receipt of duplicate/split/bonus shares	10	10
Total	30	30

8. ALLOTMENT & SHARE TRANSFER COMMITTEE

Composition of the Allotment & Share Transfer Committee

The Allotment & Share Transfer Committee comprises the following Directors

Mr. Nimesh N Kampani	- Chairman of the Committee, Executive Director
Mr. Ashith N Kampani	- Member, Non executive Director
Mr. M R Mondkar**	- Member, Independent and Non executive Director

**Mr. Mondkar ceased to be a Member of the Allotment & Share Transfer Committee, with effect from April 1, 2010.

The Committee strives to meet twice in a month, sometimes more often, depending upon the requests received from shareholders regarding transfer of shares in physical form, in order to expeditiously dispose of the share transfer requests.

The Company Secretary of the Company acts as the Secretary of the Committee.

9. 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 are the Special Resolutions passed at the last three AGMs.

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary
September 6, 2007	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai – 400 021	3.30 p.m.	Yes	<ul style="list-style-type: none"> For holding an office or place of profit by Mr. Ashith N Kampani, a relative of Mr. Nimesh N Kampani pursuant to Section 314(1) of the Companies Act, 1956.
			Yes	<ul style="list-style-type: none"> Three Resolutions under Section 81 (1A) of the Companies Act, 1956 for increasing the number of stock options offered under ESOS.
July 25, 2008	Walchand Hirachand Hall 4th Floor Indian Merchants' Chamber Churchgate Mumbai – 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> Appointment of Mr. Nimesh N Kampani as the Managing Director of the Company.
			Yes	<ul style="list-style-type: none"> Payment of commission to the Non executive Directors of the Company between 1% and 3% of the net profits, per annum.
			Yes	<ul style="list-style-type: none"> Subdivision of equity shares of the face value of Rs.10/- each into 10 equity shares of face value of Re. 1/- each.
			Yes	<ul style="list-style-type: none"> Alteration of Memorandum of Association to reflect increase in authorised share capital.
			Yes	<ul style="list-style-type: none"> Alteration in Articles of Association.
			Yes	<ul style="list-style-type: none"> Issue of bonus shares in the ratio of 3:2.
September 10, 2009	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road Churchgate Mumbai – 400 020	3.30 p.m.	N.A.	<ul style="list-style-type: none"> No Special Resolution was passed.

No Special Resolution has been passed through postal ballot during the financial year 2009-10 and no Special Resolution is proposed to be passed through postal ballot at the ensuing AGM.

10. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2009-10, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

11. MEANS OF COMMUNICATION

The Company had 20,108 shareholders as on March 31, 2010. Out of the total number of shareholders, the individual shareholders were 19,022 representing 94.60 % of the total number of shareholders.

The main channel of communication to the shareholders is through the annual report which *inter alia* includes Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Shareholders' Information, Auditors' Report along with the financial statements, Balance Sheet abstracts and Financial Information of the Subsidiary Companies and Consolidated Financial Statements together with the Report of the Auditors thereon.

The AGM is the key medium for personal interaction with shareholders, where the Board answers the specific queries raised by the shareholders. The Board of Directors recognises its responsibility towards the shareholders and encourages open and active discussion with them.

The Company believes that regular communication with shareholders ensures that the Management's strategies and their objectives are being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through the website of the Company. The financial results are also published in one English daily newspaper and one regional daily newspaper. The Company's website also displays all important official news releases.

The Company has adopted the practice of filing its annual report, quarterly results, shareholding pattern and other required filings suggested by SEBI through Corporate Filing and Dissemination System (CFDS), viz. www.corpfiling.co.in, pursuant to the provisions of Clause 52 of the Listing Agreement.

The Annual Report also contains a separate section on 'Shareholders' Information' which *inter alia* provides information relating to the date, time and venue of the AGM, distribution of shareholding, top 10 shareholders, high, low and monthly averages of the price of the Company's equity shares during the year and such other information as required under the Listing Agreement.

12. MANDATORY REQUIREMENTS

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

13. NON-MANDATORY REQUIREMENTS

The quarterly results are published on the Company's website and also sent to the shareholders on request. As regards the other non-mandatory requirements, the Board has taken note of the same and shall consider adopting the same at an appropriate time.

14. 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 issued by the Institute of Chartered Accountants of India as applicable.

c) Disclosures on Risk Management

The Company has laid down procedures for risk management, assessment and its minimisation. The Group risk management team places periodically, an update on risk management to the Board at its meetings, periodically.

d) Secretarial Audit Report

In line with the requirements of SEBI, Secretarial 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 penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any other regulatory authority, on any matter related to the capital markets, since the date of listing of equity shares.

f) Prevention of Insider Trading

The Company has framed its own Code for Prevention of Insider Trading which is applicable to the Directors and Designated Employees of the Company. The Code, inter-alia contains rules for the preservation of price sensitive information, pre-clearance of trade, monitoring, implementation of the Code of Conduct and Reporting requirements.

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.

Day & Date of AGM	: Wednesday, July 28, 2010
Time of AGM	: 3.30 p.m.
Venue of AGM	: Y. B. Chavan Centre, Gen. J. B. Marg Next to Sachivalaya Gymkhana Nariman Point, Mumbai - 400 021
Financial Year	: April 1, 2009 to March 31, 2010
Date of book closure	: July 22, 2010 to July 28, 2010 (both days inclusive)
Dividend payment date	: on or after July 30, 2010
Listing on stock exchanges	: Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Tel : 91 22 2272 1233/34 Fax: 91 22 2272 2041 www.bseindia.com 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
Listing fees	: The Company has paid the Annual Listing fees to the BSE and NSE for the financial year 2010-11.
Corporate Identification Number (CIN)	: L67120MH1986PLC038784
ISIN number	: INE780C01023
BSE code	: 523405
NSE symbol	: JMFINCIL

Registered office/Address for correspondence	: 141, Maker Chambers III Nariman Point Mumbai – 400 021
Website	: www.jmfinancial.in
Registrars and share transfer agents (R&T Agents):	Sharepro Services (India) Private Limited
	Investor Relation Office: 912, Raheja Centre Free Press Journal Road Nariman Point, Mumbai - 400 021 Contact Person: Mr. Ravi Bhandari 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. Registered Office: 13 AB Samhita Warehousing Complex 2nd Floor, Sakinaka Telephone Exchange Lane Off Andheri-Kurla Road, Sakinaka Andheri (E), Mumbai - 400 072 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.
Plant locations	: Not Applicable
Share transfer system	: The equity shares lodged for transfer in physical form are duly transferred and returned to the investors well within the statutory time period, provided the documents lodged for transfer are complete in all respects and also there is no objection/prohibition imposed on the transfer of shares. The Allotment & Share Transfer Committee meets periodically to approve the transfer requests. The particulars of the share transfers are then reported to the Board for its noting.

	As required under Clause 47(c) of the Listing Agreement, a certificate is obtained every six months from M/s Naren Shroff & Associates, Practicing Company Secretaries, confirming that the request for transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares have been effected within one month of their lodgment subject to all the documents being in order. The said certificate is forwarded to the Stock Exchanges, within the stipulated time period.
Dematerialisation of shares	: All requests for dematerialisation of shares are processed and confirmed to the depositories, viz, NSDL and CDSL, by our R&T Agents within a period of 21 days. The particulars of the dematerialisation are reported to the Board for its noting.
Shares in dematerialised form	: As on March 31, 2010, 740,865,375 equity shares representing 98.81 % of the Company's share capital were held in electronic mode. Out of the above shares in electronic mode, 734,254,591 equity shares representing 97.93 % have been dematerialised under NSDL, whereas 6,610,784 shares representing 0.89 % have been dematerialised under CDSL.
Outstanding GDRs /ADRs/warrants or any convertible instruments, conversion and likely impact on equity	: The Company has not issued any of these instruments.
Compliance certificate of the Auditors	: Certificate from the Statutory Auditors of the Company, M/s. Khimji Kunverji & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed and forms part of the Report on Corporate Governance.

STOCK MARKET DATA RELATING TO THE SHARES

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

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares traded
April 2009	22.15	30.25	20.25	22.45	1,084,019
May 2009	23.00	55.70	22.00	49.25	7,441,424
June 2009	51.50	65.25	42.00	44.65	3,418,611
July 2009	43.95	44.45	32.95	40.40	1,375,076
August 2009	40.95	47.60	36.50	45.40	7,080,673
September 2009	46.70	52.40	40.40	47.30	3,719,798
October 2009	47.50	52.60	40.15	41.90	3,842,512
November 2009	43.00	44.90	37.75	39.75	1,535,160
December 2009	40.85	47.90	39.00	46.90	2,453,250
January 2010	47.00	48.25	39.10	40.50	6,675,390
February 2010	40.40	43.30	30.50	37.30	2,945,117
March 2010	39.50	40.40	35.05	38.00	2,755,904

Source: www.bseindia.com

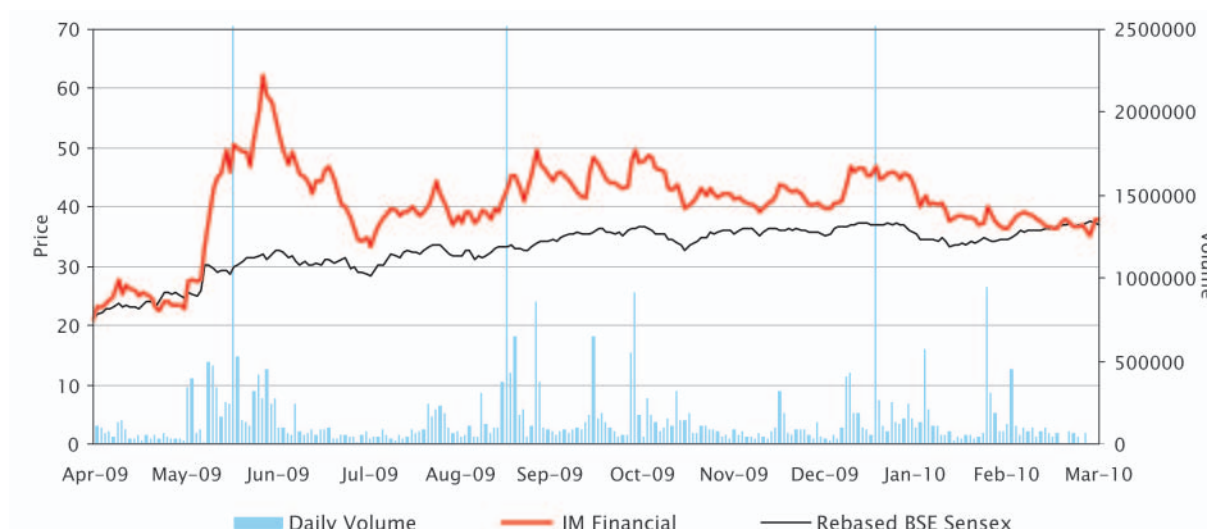
Details of monthly open, high, low and close prices and volume of shares traded on NSE are given below:

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares traded
April 2009	22.00	29.90	20.45	22.45	1,776,164
May 2009	23.05	54.80	22.40	49.90	12,852,517
June 2009	51.50	65.25	41.80	44.75	5,065,356
July 2009	44.50	44.50	32.65	40.20	2,448,214
August 2009	41.00	47.70	36.05	45.35	13,943,688
September 2009	46.60	53.30	40.30	47.15	7,183,580
October 2009	47.30	52.75	40.50	42.05	6,749,130
November 2009	43.55	50.85	37.70	39.95	2,436,568
December 2009	40.00	47.70	39.55	47.00	3,690,859
January 2010	47.00	48.50	39.00	40.40	6,090,014
February 2010	41.00	43.50	29.85	37.45	5,542,732
March 2010	39.00	40.50	34.80	37.75	5,691,537

Source: www.nseindia.com

PRICE, VIS-À-VIS, THE BSE SENSITIVE INDEX (SENSEX)

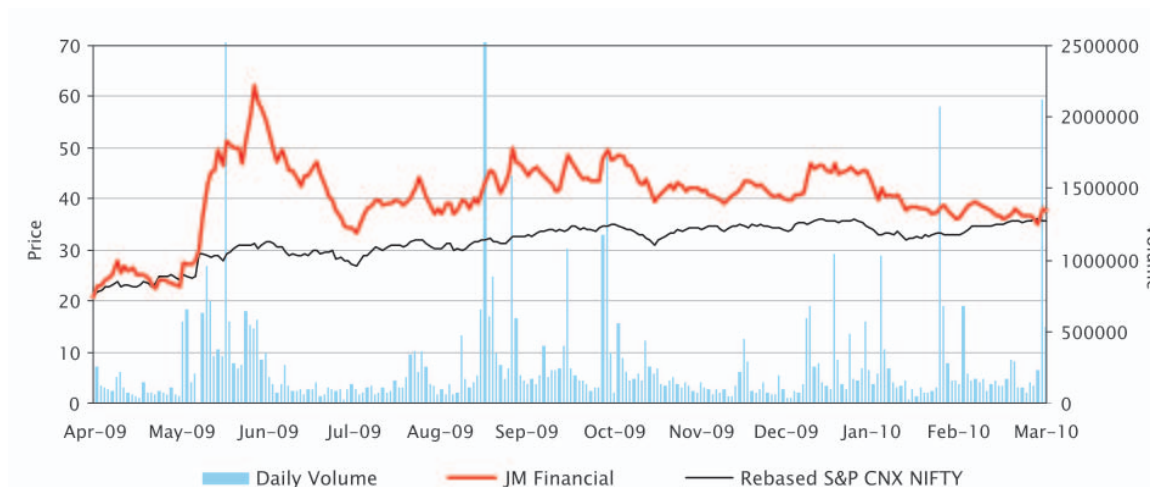
The performance of the price of the Company's equity shares, vis-à-vis, the BSE Sensitive Index (Sensex) is depicted in the chart below



Source: www.bseindia.com

PRICE, VIS-À-VIS, THE S & P CNX (NIFTY)

The performance of the price of the Company's equity shares, vis-à-vis, the S & P CNX (NIFTY) is depicted in the chart below



Source: www.nseindia.com

INFORMATION ABOUT SHAREHOLDING AS ON MARCH 31, 2010

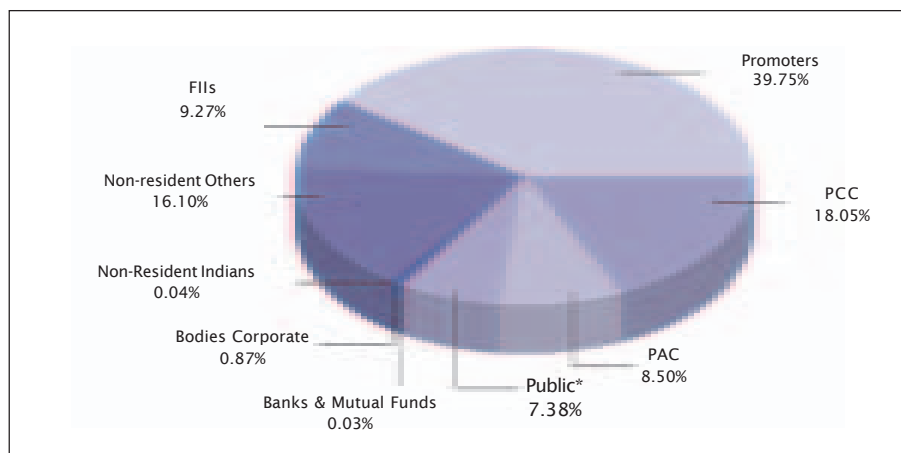
DISTRIBUTION OF SHAREHOLDING

Number of Shares held	Shareholders		Shares	
	Numbers	Percentage	Numbers	Percentage
1 - 5,000	19,062	94.80	1,560,7811	2.08
5,001 - 10,000	502	2.49	4,133,894	0.55
10,001 - 20,000	275	1.37	4,037,737	0.54
20,001 - 30,000	110	0.55	2,749,311	0.37
30,001 - 40,000	33	0.16	1,166,931	0.15
40,001 - 50,000	26	0.13	1,228,142	0.16
50,001 - 100,000	34	0.17	2,378,760	0.32
100,001 and above	66	0.33	718,479,914	95.82
	20,108	100.00	749,782,500	100.00

CATEGORIES OF SHAREHOLDERS

Category	No. of Shares	Percentage
Promoters		
Bodies corporate	298,063,559	39.75
Individuals	—	—
Persons having control over the Company (PCC)		
Individuals	135,357,500	18.05
Bodies corporate	—	—
Persons acting in concert (PAC)		
Individuals	55,057,775	7.35
Bodies Corporate	8,695,000	1.16
Total (A)	497,173,834	66.31
Public*	55,326,842	7.38
Banks and Mutual Funds	1,92,880	0.03
Bodies Corporate	6,534,397	0.87
Foreign Holdings :		
Non-Resident Indians	334,127	0.04
Non-Resident Others	120,731,550	16.10
Foreign Institutional Investors (FIIs)	69,488,870	9.27
Total (B)	252,608,666	33.69
Total (A) + (B)	749,782,500	100.00

* Inclusive of shares held in abeyance.



**LIST OF THE TOP 10 SHAREHOLDERS OF THE COMPANY
(EXCLUDING PROMOTER GROUP) AS ON MARCH 31, 2010**

Sr. No	Name of the Shareholder	No. of Shares	Percentage
1	Blue Ridge Limited Partnership	51,563,350	6.88
2	Blue Ridge Offshore Master Limited Partnership	31,603,325	4.21
3	Tiger Global L P	26,359,775	3.52
4	Azim Hasham Premji	21,875,000	2.92
5	Swiss Finance Corporation (Mauritius) Limited	19,849,174	2.65
6	Morgan Stanley Mauritius Company Limited	17,654,172	2.35
7	Valiant Mauritius Partners Limited	13,646,059	1.82
8	Tiger Global Limited	10,290,100	1.37
9	Citigroup Global Markets Mauritius Private Limited	8,622,821	1.15
10	Valiant Mauritius Partners Offshore Limited	7,347,879	0.98

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, 2010, so that the answers/details can be kept ready.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

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, 2010, 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 the above mentioned Listing Agreement.

We state that no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance Committee.

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

For and on behalf of

Khimji Kunverji & Co

Chartered Accountants

Registration No. 105146W

Shivji K Vikamsey

Partner

Membership No. 2242

Place: Mumbai

Date: May 25, 2010

Auditors' Report

To

The Members of JM Financial Limited

1. We have audited the attached Balance Sheet of **JM Financial Limited** as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as 'the Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as 'the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) 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;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the said books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - v) On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274 (1)(g) of the Act;

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon 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 the affairs of the Company as at March 31, 2010;
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that 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 25, 2010

**Annexure referred to in paragraph 3 of our report of even date of
JM FINANCIAL LIMITED as at March 31, 2010**

- (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 intervals. 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 covered in the Section 301 register maintained, hence clause (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering services. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given, 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.
- (v) (a) Based on the audit procedures applied and according to the information and explanations given, 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 arrangement is in excess of Rs.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, 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 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 Companies Act, 1956 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, 2010 for a period of more than six months from the date they became payable.

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

- (b) According to the information and explanations given, there are no outstanding dues of Provident Fund, Employee State Insurance, Income Tax, Wealth Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (x) The Company has neither any accumulated losses at the end of the financial year nor has incurred any cash losses in the current and immediate 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 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, 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 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, 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 out in accordance with the auditing standards generally accepted in India, we have neither come across any instances of fraud on or by the Company, noticed or reported during the course of our audit nor have we been informed of such case by the management.

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No: 105146W

Shivji K. Vikamsey
Partner
Membership No.2242

Place: Mumbai
Date: May 25, 2010



Balance Sheet as at March 31, 2010

(Rs.in '000)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	749,711	749,711
Reserves & surplus	B	15,788,328	15,713,998
Loan Funds			
Secured loans	C	3,024	2,815
Deferred tax liabilities (net)		1,126,646	1,150,635
Funds employed		17,667,709	17,617,159
APPLICATION OF FUNDS			
Fixed assets	D		
Gross block		40,057	23,362
Less : Accumulated depreciation		12,770	6,223
Net block		27,287	17,139
Capital work-in-progress		1,125	-
		28,412	17,139
Investments	E	15,560,153	15,240,803
Current assets, loans & advances			
Cash and bank balances	F	1,378,022	1,515,308
Loans and advances	G	1,191,592	974,757
Other current assets	H	258,332	56,389
		2,827,946	2,546,454
Current liabilities & provisions			
Current liabilities	I	341,513	32,644
Provisions	J	407,289	154,593
		748,802	187,237
Net current assets		2,079,144	2,359,217
Funds utilised		17,667,709	17,617,159
Significant accounting policies & notes to accounts	M		

The Schedules referred to above form an integral part of the Balance Sheet.

**As Per our attached
report of even date**

**For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants**

Shivji K Vikamsey
Partner
Membership No. 2242

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 25, 2010

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer



Profit & Loss account for the year ended March 31, 2010

(Rs.in '000)

	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
Income	K	952,900	245,444
Expenditure	L	469,967	92,635
Profit before depreciation, interest and provision		482,933	152,809
Less: Depreciation		6,593	2,657
Interest		390	383
Provision/(reversal) for/of diminution in the value of investments		(11,100)	18,255
Profit before tax		487,050	131,514
Provision for taxation			
Current tax		37,500	50,000
Deferred tax		(23,990)	1,162
Fringe benefit tax		-	530
Tax adjustment of earlier years		423	156
Profit after tax		473,117	79,666
Add: Balance profit brought forward from earlier years		11,523,127	11,603,918
Profit available for appropriation		11,996,244	11,683,584
Appropriations			
Proposed dividend			
- Normal		187,445	149,957
- Silver jubilee special		187,445	-
Dividend distribution tax		23,897	500
General reserve		50,000	10,000
Surplus carried to balance sheet		11,547,457	11,523,127
		11,996,244	11,683,584
Earnings per share (EPS)			
(Face value of Re.1/- each) (Refer note II (7) of Schedule M)			
Basic & Diluted EPS (in Re.)		0.63	0.11
Significant accounting policies & notes to accounts	M		

The Schedules referred to above form an integral part of the Profit and Loss Account.

**As Per our attached
report of even date**

**For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants**

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 25, 2010

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman & Managing Director

P K Choksi
Company Secretary

E A Kshirsagar
Director

Manish Sheth
Chief Financial Officer



SCHEDULE A SHARE CAPITAL

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Authorised:		
1,000,000,000 (1,000,000,000) equity shares of Re. 1/- each	1,000,000	1,000,000
Issued, Subscribed and Paid up:		
749,782,500 (749,782,500) equity shares of Re.1/- each fully paid-up.	749,783	749,783
(Of the above 12,500,000 (12,500,000) equity shares of Re. 1/- each issued for consideration other than cash and 449,869,500 (449,869,500) shares are allotted as fully paid bonus shares by capitalisation of reserves)		
Less: Equity shares held under abeyance (Refer note II (3) to Schedule M)	115	115
Add: Forfeited shares (amount originally paid up)	43	43
TOTAL	749,711	749,711

SCHEDULE B RESERVES AND SURPLUS

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Securities Premium		
Balance as per last balance sheet	2,610,871	3,060,702
Add: Additions during the year	-	39
	2,610,871	3,060,741
Less: Utilisation of securities premium on issue of bonus shares	-	449,870
	2,610,871	2,610,871
General Reserve		
Balance as per last balance sheet	1,580,000	1,570,000
Add: Transferred from profit and loss account	50,000	10,000
	1,630,000	1,580,000
Surplus in Profit and Loss account	11,547,457	11,523,127
TOTAL	15,788,328	15,713,998

SCHEDULE C SECURED LOANS

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Dues under finance lease (Refer note II (8) to Schedule M)	3,024	2,815
TOTAL	3,024	2,815

(Rs.in '000)

(Rs.in '000)

SCHEDULE E INVESTMENTS

(Rs.in '000)

	As at 31.03.2010		As at 31.03.2009	
	Quantity	Amount	Quantity	Amount
LONG TERM INVESTMENTS				
Fully paid-up (unless otherwise stated)				
A. TRADE INVESTMENTS				
Unquoted				
Investments in subsidiary companies				
<u>Equity shares of Rs. 10/- each</u>				
(unless otherwise stated)				
1 JM Financial Consultants Private Limited	28,000,000	3,660,824	28,000,000	3,660,824
2 JM Financial Investment Managers Limited	1,800,000	931,617	1,800,000	931,617
3 JM Financial Ventures Limited	8,800,000	3,023,000	8,800,000	3,023,000
4 JM Financial Products Private Limited	490,050,000	5,094,133	490,050,000	5,094,133
5 JM Financial Asset Management Private Limited	31,462,500	1,313,849	31,462,500	1,313,849
6 JM Financial Holdings (Mauritius) Limited (Shares of USD 1 each)	5,000	226	5,000	226
7 JMF-BR Investments Holdings (Mauritius) Limited (Shares of USD 1 each)	7,495	340	7,495	340
8 Infinite India Investment Management Private Limited (refer note a)	1,550,000	23,800	800,000	23,800
<u>Preference shares of Rs.10/- each</u>				
(unless otherwise stated)				
9 JM Financial Consultants Private Limited (7% Optionally convertible redeemable preference shares)	850,000	148,750	-	-
10 JM Financial Holdings (Mauritius) Limited (Redeemable participating shares of USD 1 each)	5,000	226	5,000	226
<u>Warrants</u>				
11 JM Financial Asset Management Private Limited (refer note b)	5,287,897	-	5,287,897	-
Investment in associates				
<u>Equity shares of Rs. 10/- each</u>				
12 JM Financial Asset Reconstruction Company Private Limited	102,900,000	1,029,000	86,950,000	869,500
13 Financial Engineering Solutions Private Limited	2,400,000	24,000	2,400,000	24,000
14 JM Financial Trustee Company Private Limited	25,000	250	25,000	250
		15,250,015		14,941,765

	As at 31.03.2010		As at 31.03.2009	
	Quantity	Amount	Quantity	Amount
B. OTHER INVESTMENTS				
Equity shares of Rs.10/- each				
Quoted				
15 Siemens Limited	30,000	28,903	30,000	28,903
16 Supreme Infrastructure India Limited	238,000	19,040	238,000	19,040
Unquoted				
17 National Stock Exchange of India Limited	96,667	284,201	96,667	284,201
Mutual Fund Units of Rs 10/- each				
18 JM Equity Fund (refer note c & d)	16,072	149	16,072	149
		15,582,308		15,274,058
Less: Provision for diminution in the value of investments		22,155		33,255
TOTAL		15,560,153		15,240,803

Notes:

- During the year, the Company has acquired 750,000 equity shares of face value of Rs.10/- (Rupees Ten only) each of Infinite India Investment Management Private Limited (Infinite) from its joint venture partner SRS Private Investment Management LLC for a consideration of Rs.150/-. Consequently, Infinite has become a subsidiary of the Company.
- The warrants issued by JM Financial Asset Management Private Limited will entitle the Company, the right to apply for and get allotted one equity share for every warrant held by it, which right can be exercised by the Company within a period of 36 months from the date of allotment of such warrants, viz., January 23, 2009, by paying Rs.136/- per share.
- Represents initial contribution as the '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, 2010 is Rs.229,194/- (previous year Rs. 145,350/-) against book value of Rs.149,470/- (previous year Rs. 149,470/-).
- Market value of the quoted investments as on March 31, 2010 is Rs.65,151,700/- (previous year Rs.13,785,100/-) against book value of Rs. 47,943,474/- (previous year Rs.47,943,474/-).

SCHEDULE F CASH AND BANK BALANCES

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Cash on hand	31	70
Bank balance with scheduled banks		
- In current accounts	8,945	8,435
- In fixed deposits	1,369,046	1,506,803
TOTAL	1,378,022	1,515,308

SCHEDULE G LOANS AND ADVANCES

(Unsecured considered good)

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Advances recoverable in cash or in kind or for value to be received	46,849	40,092
Due from subsidiaries	17,000	10,419
Deposits	94,951	13,926
Advance tax and tax deducted at source (net of provisions)	1,032,792	910,320
TOTAL	1,191,592	974,757

SCHEDULE H OTHER CURRENT ASSETS

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Interest accrued but not due	27,317	56,389
Dividend receivable	231,015	-
TOTAL	258,332	56,389

SCHEDULE I CURRENT LIABILITIES

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
Due to subsidiaries	175	592
Unclaimed dividend	4,949	4,494
Property deposits	10,000	10,000
Sundry Creditors*	3,651	1,442
Other liabilities	322,738	16,116
TOTAL	341,513	32,644

* Due to Micro, Small and Medium Enterprises (Refer note II (5) to Schedule M)

Nil

Nil

SCHEDULE J PROVISIONS

(Rs.in '000)

	As at 31.03.2010	As at 31.03.2009
For gratuity (Refer note II (9) to Schedule M)	4,124	2,108
For compensated absences	4,378	2,028
For Proposed dividend		
- Normal	187,445	149,957
- Silver jubilee special	187,445	-
For dividend distribution tax on proposed dividend	23,897	500
TOTAL	407,289	154,593

SCHEDULE K INCOME

(Rs.in '000)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Dividend on long term investments	379,662	1,414
Interest [Tax deducted at source Rs.16,255,707/- (previous year Rs.36,183,497/-)]	228,741	168,071
Group support fees [Tax deducted at source Rs.39,214,827/- (previous year Rs.6,784,183/-)]	342,000	54,000
Profit on sale of investments	-	19,733
Lease rent [Tax deducted at source Rs.278,387/- (previous year Rs.282,744/-)]	1,923	1,373
Other income	574	853
TOTAL	952,900	245,444

SCHEDULE L EXPENDITURE

(Rs.in '000)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Payment to and provisions for employees:		
- Salaries, bonus & allowances	328,778	40,068
- Contribution to provident fund	4,278	2,560
- Gratuity	538	70
- Staff welfare	211	530
	333,805	43,228
Rent	10,903	4,039
Rates & taxes	1,290	743
Stamp duty & registration fees	-	3,950
Insurance	1,829	862
Legal and professional fees	3,717	3,228
Auditors remuneration	1,405	662
Group support charges	88,989	21,968
Directors' commission	4,500	1,200
Telephone and mobile expenses	470	227
Repairs and maintenance	1,851	1,037
Travelling expenses	1,401	1,181
Membership and subscription	2,529	508
Electricity expenses	388	578
Donation	3,000	500
Miscellaneous expenses	13,890	8,724
TOTAL	469,967	92,635

SCHEDULE M

Significant Accounting Policies and Notes to Accounts

I. Significant accounting policies

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.

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 revenue 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.

3. Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided on 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. The estimated useful life is as per the following table:

Assets	Useful Life
Furniture	10 years
Office equipments	5 years
Computers	5 years
Leasehold improvements	10 years or lease period whichever is lower
Office premises	61 years

Owned intangible assets

Intangible Fixed assets are stated at the 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.

4. 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 asset's 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 profit and loss account.

5. Investments

Investments are classified as long term or current. Long term investments are carried at cost, however, provision for diminution in the value of 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 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 long term investments is made as per the Management's estimate. Current investments are carried at lower of cost and fair value.

6. Foreign currency transactions

Transactions in foreign currency are recorded at the rate 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 profit and loss account. 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.

7. Revenue recognition

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

Dividend income on investments is accounted for when the Company's right to receive dividend is established.

Interest income is recognised on accrual basis.

8. Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the profit and loss account on accrual basis.

Defined benefit plan

The Company's liabilities under the Payment of Gratuity Act 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 account 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.

9. Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the Profit and Loss Account. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

10. Taxation

Tax expenses comprise current and deferred tax.

A provision for current tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing differences 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 only if there is reasonable certainty that these will be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is a virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized 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.

11. 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 Profit and Loss Account.

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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

II. Notes to Accounts

1. A. Contingent liability:

Contingent liability in respect of income tax disputed in appeal including departmental appeals in respect of cases won by the Company but excluding interest thereon, is Rs.36,011,675/- (previous year Rs. 33,890,935/-).

B. Capital commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 6,808,521/- (previous year Rs. 8,838,940/-).

2. Employee stock option scheme (ESOS):

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options for equity shares of the Company to Employees and Directors ('the Employees') of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares.

The Scheme provides for grant of options to Employees to acquire the equity shares of the Company that vest in a graded manner that are to be exercised within a specified period. During the year, the Company has granted 1,500,000 options at an exercise price of Rs.54.80 per option.

The details of outstanding options are as under:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding at the beginning of the year	11,137,500	Nil
Add: Options granted during the year	1,500,000	11,137,500
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited during the year	Nil	Nil
Less: Options lapsed during the year	Nil	Nil
Less: Options cancelled during the year	Nil	Nil
Outstanding at the end of year	12,637,500	11,137,500
Exercisable at the end of year	Nil	Nil

The Company has used intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme. Since the exercise price is the same as fair market price, the compensation cost for the year ended March 31, 2010 is Nil (previous year Nil).

The estimated fair value of each stock options granted in the general employee stock option scheme is mentioned in the table below. This was calculated by applying Black-Scholes-Merton model. The model takes into consideration the share price at respective grant date, exercise price of Rs.54.80, volatility of 65.73% to 66.95%, dividend yield of 0.86%, expected term of options in the range of 5 years to 6 years, and a risk-free interest rate of 7.11% to 7.30%.

Details of options granted during the current year, based on the graded vesting and fair value of the options.

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	500,000	October 29, 2012	23.45
33.33%	500,000	October 29, 2013	24.62
33.33%	500,000	October 29, 2014	25.87

Details of options granted during the previous year, based on the graded vesting and fair value of the options.

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	3,712,500	April 15, 2011	18.08
33.33%	3,712,500	April 15, 2012	19.53
33.33%	3,712,500	April 15, 2013	20.91

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 Rs.61,307,496/- (previous year Rs.53,705,000/-) Accordingly, had the compensation been determined using the fair value approach, the Company's net income and basic & diluted earnings per share as reported would have reduced by the stock-based employee compensation amounts as under:

(Rs.in '000)

Particulars	As reported		As adjusted	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net profit	473,117	79,666	411,810	25,961
Basic and diluted earnings per share (in Re.)	0.63	0.11	0.55	0.03

Note: The number of options and price have been adjusted to reflect the sub-division and issue of bonus shares.

3. Share capital:

The issued, subscribed and paid-up capital, inter alia, includes an amount in respect of 287,500 shares (previous year 287,500 shares) held in abeyance under Section 206A of the Act.

4. Loans & advances includes:

(Rs.in '000)

Amount receivable from	Balance as at March 31, 2010	Balance as at March 31, 2009	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
Subsidiaries				
JM Financial Consultants Private Limited	-	-	23,587	-
JM Financial Services Private Limited	3	5,951	29,573	11,547
JM Financial Investment Managers Limited	-	378	5,341	6,726
JM Financial Commtrade Limited	-	3,857	3,857	4,150
JM Financial Ventures Limited	-	-	4,467	367
JM Financial Products Private Limited	17,000	-	17,000	772
JM Financial Securities Private Limited	-	63	63	1,296
JM Financial Institutional Securities Private Limited	-	-	19,358	812
JM Financial Asset Management Private Limited	-	67	15,200	4,223
Infinite India Investment Management Private Limited	-	103	12,493	3,491
Total	17,003	10,419	130,939	33,384

5. Under the head "Current Liabilities & Provisions" no separate disclosure is made for outstanding amount(s) due to Micro, Small and Medium Enterprises (SME) as defined under Micro, Small and Medium Enterprises Development Act 2006, as the Company has not received any communication from its Vendors. 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.

6. Deferred tax assets/(liabilities) at the year-end comprise timing differences on account of:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Depreciation	(2,617)	(2,613)
Expenses allowable under section 35DD	2,130	4,473
Expenditure	1,937	1,835
Investments	(1,128,096)	(1,154,330)
Total	(1,126,646)	(1,150,635)

7. Earnings per share (EPS) is calculated as under:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Net profit as disclosed in profit and loss account	473,117	79,666
Weighted average no. of equity shares during the year	749,782,500	749,782,500
Basic & Diluted (EPS) (Re.)	0.63	0.11

8. Lease transactions:

Finance lease:

The Company has taken certain vehicles under the finance lease agreement. The minimum lease rentals outstanding with respect to these assets are as under:

(Rs.in '000)

Particulars	Total minimum lease payment outstanding as at March 31, 2010	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2010	Total minimum lease payment outstanding as at March 31, 2009	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2009
Not later than 1 year	2,202	390	1,812	1,998	356	1,642
Later than 1 year but not later than 5 years	1,485	273	1,212	1,295	122	1,173
Later than 5 years	-	-	-	-	-	-
Total	3,687	663	3,024	3,293	478	2,815

Operating lease:

- a) The Company has taken two premises under operating lease for the period of 22 months and 42 months respectively. The same is non-cancellable for an initial period of 11 months and 24 months respectively. However, the Company after giving an advance notice of 3 months, for both the operating lease, can terminate the lease. The minimum lease rentals outstanding with respect to these assets are as under:

(Rs. in '000)

Particulars	Total Lease payments outstanding as at March 31, 2010	Total Lease payments outstanding as at March 31, 2009
Not later than 1 year	1,600	-
Later than 1 year but not later than 5 years	250	-
Later than 5 years	-	-
Expenditure debited to profit & loss account	1,253	-

- b) The Company has taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period not more than 24 months. Lease payment recognized in the profit & loss account for the year in respect thereof aggregate to Rs.7,176,167/- (previous year Rs.5,308,500/-)

9. Employee benefits:**A. Defined benefit plans:****a) Gratuity:**

(Rs.in '000)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2010	For the year ended March 31, 2009
Present value of the defined benefit obligation at the year end	4,124	2,108
Fair value of plan assets	-	-
Net liability	4,124	2,108

(Rs.in '000)

Amount recognised in salary, wages and employee benefits in the profit and loss account with respect to gratuity	For the year ended March 31, 2010	For the year ended March 31, 2009
Current service cost	1,550	749
Interest on defined benefit obligations	158	49
Expected return on plan assets	-	-
Net actuarial loss recognised during the year	308	662
Net gratuity cost	2,016	1,460

(Rs.in '000)

Actual return on plan assets	For the year ended March 31, 2010	For the year ended March 31, 2009
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(Rs.in '000)

Reconciliation of present value of the obligation and the fair value of the plan assets	For the year ended March 31, 2010	For the year ended March 31, 2009
Opening defined benefit obligation	2,108	648
Current service cost	1,550	749
Interest cost	158	49
Actuarial (gain)/loss	308	662
Liability assumed on amalgamation	-	-
Benefits paid	-	-
Closing defined benefit obligation	4,124	2,108

(Rs.in '000)

Change in fair value of plan assets	For the year ended March 31, 2010	For the year ended March 31, 2009
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	-	-

(Rs.in '000)

Investment details of plan assets	For the year ended March 31, 2010	For the year ended March 31, 2009
Investment details of plan assets	-	-

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2010	For the year ended March 31, 2009
Discount rate	7.75%	7.50%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	6.25% per annum	6% per annum

Valuation assumptions:

- The estimates of future salary increases, considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b) Compensated absences:

As per the Company's policy, provision of Rs. 4,378,437/- (previous year Rs. 2,028,140/-) has been made towards compensated absences, calculated on the basis of unutilised leave.

B. Defined contribution plans:

Amount recognised as an expense and included in the Schedule L – 'Contribution to provident fund & other funds' Rs. 4,278,315/- (previous year Rs. 2,560,496/-).

10. Disclosure with respect to the Company's interest in joint ventures pursuant to AS 27 on 'Financial Reporting of Interests in Joint Venture':

(Rs.in '000)

Sr. No.	Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2010*	Proportion of ownership interest as at March 31, 2009
a.	Name of the joint venture company			
	Infinite India Investment Management Private Limited	India	-	50%
b.	Aggregate of the Company's share in the above ventures in:			
	Net fixed assets		-	2,656
	Investments		-	11,573
	Net current assets		-	(6,496)
	Deferred tax asset		-	624
	Income		71,187	83,534
	Expenses (Including depreciation & taxation)		60,436	65,688

Notes:

The ownership interest for the previous year has been calculated on the basis of the audited accounts of the joint venture entity.

*Infinite has ceased to be a joint venture w.e.f. March 30, 2010 upon termination of joint venture agreement between the Company and SRS Private Investment Management LLC. The income and expenses have been consolidated to the extent of 50%.

11. Auditors' Remuneration*:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Audit fees	900	400
Certification	43	55
Limited review	450	150
Tax Audit	-	50
Reimbursement of Expenses	12	7
Total	1,405	662

*Above fees is exclusive of service tax of Rs. 144,664/- (previous year Rs.71,688/-)

12. Managerial remuneration:

(a) Computation of net profit as per Sections 349 & 350 of the Act:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit before tax as per profit and loss account	487,050	131,514
Add: Directors' sitting fees	1,310	716
Provision for diminution in the value of investments	-	18,255
Directors' commission provided	4,500	1,200
Managerial remuneration paid/provided	11,486	6,000
	504,346	157,685
Less: Profit on sale of investments (Net)	-	19,733
Reversal of provision for diminution in the value of investments	11,100	-
Profit available for managerial remuneration	493,246	137,952
Managerial remuneration calculated @ 5%	24,662	6,898

(b) Remuneration paid/payable to the Managing Director:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<i>Managerial remuneration calculated @ 5%</i>	24,662	6,898
Salary	6,000	5,661
Contribution to provident fund	360	339
Perquisites	5,126	-
Total	11,486	6,000

Note: The remuneration for the previous year includes Rs.3,599,866/- provided pending approval of the Central Government.

(c) Directors' commission provided

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<i>Directors' commission calculated @ 1%</i>	4,932	1,380
Directors' commission proposed by the Board and provided for	4,500	1,200

13. Expenditure/amount spent in foreign currency (on accrual basis):

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Purchase of Investments	#	-
Board meeting fees	-	9
Other expenditure	1,751	1,157
Total	1,751	1,166

Below Rs.500/-

14. Amount remitted in foreign currency on account of dividend:

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Dividend amount	7,513	46,115
Number of shareholders	3	3
Number of shares (face value of Re.1/- each) (previous year Rs.10 each)	37,564,875	1,844,595

15. a) As the Company is mainly holding the investments in its subsidiaries, joint venture and associate companies, there are no reportable segments.
- b) Geographical segment is also not applicable to the Company.
16. Disclosure in respect of related parties is attached as per Annexure 'I'.
17. Statement of cash flow is attached as per Annexure 'II'
18. Interest expense includes Rs.383,546/-(previous year Rs.363,844/-) towards interest on fixed loan and Rs.5,995/-(previous year Rs.18,748/-) towards interest other than fixed loan.
19. During the year, the Company earned dividend of Rs.378,030,000/- (previous year - NIL) from its trade investments and dividend of Rs.1,631,612/- (previous year - Rs.1,413,670/-) from its other investments.
20. Other additional disclosures require under paras 3, 4C and 4D of Part II of Schedule VI to the Act are not applicable to the Company.
21. Previous years' figures have been re-grouped and re-arranged wherever necessary.

Annexure 'I' to note 16 of Part II of Schedule M

Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

A. List of related parties:

I) Parties where control exists:

a) Subsidiaries:

JM Financial Consultants Private Limited (IBD)
JM Financial Services Private Limited (Financial Services)
JM Financial Investment Managers Limited (Investment Managers)
JM Financial Commtrade Limited (Commtrade)
JM Financial Ventures Limited (SSF)
JM Financial Products Private Limited (NBFC)
JM Financial Securities Private Limited (FID)
JM Financial Institutional Securities Private Limited (IED)
JM Financial Asset Management Private Limited (AMC)
JM Financial Holdings (Mauritius) Limited (JMFM)
JMF-BR Investments Holdings (Mauritius) Limited (JMFBR)
Oracle Enterprises Private Limited (Oracle)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Insurance Broking Private Limited (Insurance Broking)
Persepolis Investments Limited (PIL)
Persepolis PIPE & Investments Limited (PPIL)
Infinite India Investment Management Private Limited (Infinite)

b) Partnership Firm:

Stellar Investments (Stellar)

II) Other parties with whom the Company has entered into transactions during the year:

a) Associates:

JM Financial Asset Reconstruction Company Private Limited (ARC)
JM Financial Trustee Company Private Limited (Trustee)
Financial Engineering Solutions Private Limited (FES)

b) Key management personnel:

Mr. Nimesh N Kampani (NNK)

c) Relative of key management personnel:

Mr. Ashith N Kampani (ASNK)

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.Asset)

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)

- B. I)** No amount in respect of related parties have been written off/back during the year.
- II)** Amount provided during prior year, for diminution in the value of investments in respect of one of the related parties is Rs.15,000,000/- (previous year Rs.15,000,000/-).
- III)** Related party relationships have been identified by the management and relied upon by the auditors.

Annexure 'I' to note 16 of Part II of Schedule M

Related party disclosures:

(Rs. in '000)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which individual in II above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Investments made in (Refer Investment Schedule E)	148,750	900,000	159,500	-	-	-	-	-	-	-	308,250	900,000
Investment redeemed (Refer Investment Schedule E)	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Investment sold to Investment Managers	-	825,414	-	-	-	-	-	-	-	-	-	825,414
Purchase of fixed assets from												
IBD	5,623	3,271	-	-	-	-	-	-	-	-	5,623	3,271
IED	-	166	-	-	-	-	-	-	-	-	-	166
Financial Services	425	377	-	-	-	-	-	-	-	-	425	377
NBFC	4,127	-	-	-	-	-	-	-	-	-	4,127	-
Investment Managers	32	-	-	-	-	-	-	-	-	-	32	-
FICS	-	-	-	-	-	-	-	-	64	-	64	-
Sale of fixed assets to												
ARC	-	-	-	1,011	-	-	-	-	-	-	-	1,011
Infinite	28	-	-	-	-	-	-	-	-	-	28	-
Investment Managers	53	-	-	-	-	-	-	-	-	-	53	-
Employee related transfers from												
IBD	31,125	4,418	-	-	-	-	-	-	-	-	31,125	4,418
Financial Services	695	-	-	-	-	-	-	-	-	-	695	-
Employee related transfers to												
IED	12	-	-	-	-	-	-	-	-	-	12	-

Annexure 'I' to note 16 of Part II of Schedule M (contd.)
Related party disclosures:

(Rs.in '000)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which individual in II above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Dividend received from												
NBFC	294,030	-	-	-	-	-	-	-	-	-	294,030	-
IBD	84,000	-	-	-	-	-	-	-	-	-	84,000	-
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	40,621	203,107	40,621	203,107
J.M.Asset	-	-	-	-	-	-	-	-	17,779	87,693	17,779	87,693
JSB	-	-	-	-	-	-	-	-	971	4,855	971	4,855
KCL	-	-	-	-	-	-	-	-	37	185	37	185
SNK	-	-	-	-	-	-	-	-	1,702	7,310	1,702	7,310
NNK	-	-	-	-	27,072	135,358	-	-	-	-	27,072	135,358
ASNK	-	-	-	-	-	-	7	90	-	-	7	90
Group support fees received from												
IBD	78,000	6,000	-	-	-	-	-	-	-	-	78,000	6,000
Investment Managers	18,000	12,000	-	-	-	-	-	-	-	-	18,000	12,000
IED	78,000	6,000	-	-	-	-	-	-	-	-	78,000	6,000
Infinite	18,000	6,000	-	-	-	-	-	-	-	-	18,000	6,000
NBFC	18,000	6,000	-	-	-	-	-	-	-	-	18,000	6,000
ARC	-	-	18,000	6,000	-	-	-	-	-	-	18,000	6,000
Financial Services	78,000	6,000	-	-	-	-	-	-	-	-	78,000	6,000
AMC	18,000	6,000	-	-	-	-	-	-	-	-	18,000	6,000
SSF	18,000	-	-	-	-	-	-	-	-	-	18,000	-
Group support charges paid to												
IBD	78,000	21,000	-	-	-	-	-	-	-	-	78,000	21,000
NBFC	6,000	-	-	-	-	-	-	-	-	-	6,000	-
IED	2,732	377	-	-	-	-	-	-	-	-	2,732	377
Financial Services	2,273	-	-	-	-	-	-	-	-	-	2,273	-
Rent income received from												
Financial Services	1,923	1,373	-	-	-	-	-	-	-	-	1,923	1,373

Annexure 'I' to note 16 of Part II of Schedule M (contd.)

Related party disclosures:

(Rs.in '000)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in II above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Rent expenses paid to												
JMFICS	-	-	-	-	-	-	-	-	4,115	4,115	4,115	4,115
KPHL	-	-	-	-	-	-	-	-	380	-	380	-
FICS	-	-	-	-	-	-	-	-	864	1,164	864	1,164
Interest and other expenses paid to												
NBFC	304	331	-	-	-	-	-	-	-	-	304	331
Remuneration paid to												
NNK	-	-	-	-	11,486	6,000	-	-	-	-	11,486	6,000
Board meeting fees paid to												
NNK	-	-	-	-	-	5	-	-	-	-	-	5
ASNK	-	-	-	-	-	-	180	70	-	-	180	70
Audit committee sitting fees paid to												
ASNK	-	-	-	-	-	-	100	43	-	-	100	43
Remuneration committee sitting fees paid to												
NNK	-	-	-	-	-	3	-	-	-	-	-	3
Conveyance paid to												
NNK	-	-	-	-	-	-	-	-	-	-	-	-
ASNK	-	-	-	-	-	-	9	5	-	-	9	5
Expenses reimbursed to												
IBD	3,892	40,174	-	-	-	-	-	-	-	-	3,892	40,174
AMC	3	14	-	-	-	-	-	-	-	-	3	14
Investment Managers	-	613	-	-	-	-	-	-	-	-	-	613
NBFC	134	-	-	-	-	-	-	-	-	-	134	-
Financial Services	122	-	-	-	-	-	-	-	-	-	122	-
JMFICS	-	-	-	-	-	-	-	-	150	-	150	-
FICS	-	-	-	-	-	-	-	-	6	8	6	8

Annexure 'I' to note 16 of Part II of Schedule M (contd.)
Related party disclosures:

(Rs.in '000)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which individual in II above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Expenses recovered from												
Investment Managers	#	10,645	-	-	-	-	-	-	-	-	#	10,645
Infinite	374	6,211	-	-	-	-	-	-	-	-	374	6,211
Commtrade	-	451	-	-	-	-	-	-	-	-	-	451
IBD	2,804	20,766	-	-	-	-	-	-	-	-	2,804	20,766
FID	59	2,330	-	-	-	-	-	-	-	-	59	2,330
ARC	-	-	21,356	22,550	-	-	-	-	-	-	21,356	22,550
IED	148	8,251	-	-	-	-	-	-	-	-	148	8,251
AMC	187	7,414	-	-	-	-	-	-	-	-	187	7,414
NBFC	41,597	9,895	-	-	-	-	-	-	-	-	41,597	9,895
Financial Services	187	6,720	-	-	-	-	-	-	-	-	187	6,720
Trustee	-	-	-	67	-	-	-	-	-	-	-	67
FES	-	-	-	10	-	-	-	-	-	-	-	10
SSF	1	638	-	-	-	-	-	-	-	-	1	638
Oracle	-	103	-	-	-	-	-	-	-	-	-	103
JMFICS	-	-	-	-	-	-	-	-	-	5	-	5
FICS	-	-	-	-	-	-	-	-	-	4	-	4
KCL	-	-	-	-	-	-	-	-	-	7	-	7
Property deposits repaid by												
JMFICS	-	-	-	-	-	-	-	-	17,000	-	-	17,000
Directors' commission paid to												
ASNK	-	-	-	-	-	-	450	100	-	-	450	100
Outstanding Balance												
Investments in	14,196,763	14,048,013	1,053,250	893,750	-	-	-	-	-	-	15,250,015	14,941,763
Property deposits received from												
Financial Services	10,000	10,000	-	-	-	-	-	-	-	-	10,000	10,000
Property deposits paid to												
KPHL	-	-	-	-	-	-	-	-	15,000	-	15,000	-

Annexure 'I' to note 16 of Part II of Schedule M (contd.)

Related party disclosures:

(Rs. in '000)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in II above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Receivable from												
Investment Managers	-	378	-	-	-	-	-	-	-	-	-	378
Infinite	-	103	-	-	-	-	-	-	-	-	-	103
AMC	-	67	-	-	-	-	-	-	-	-	-	67
ARC	-	-	6,949	17,492	-	-	-	-	-	-	6,949	17,492
Comtrade	-	3,857	-	-	-	-	-	-	-	-	-	3,857
NBFC	164,015	-	-	-	-	-	-	-	-	-	164,015	-
FID	-	63	-	-	-	-	-	-	-	-	-	63
IBD	84,000	-	-	-	-	-	-	-	-	-	84,000	-
Financial Services	3	5,951	-	-	-	-	-	-	-	-	3	5,951
Payable to												
IBD	10	529	-	-	-	-	-	-	-	-	10	529
AMC	1	-	-	-	-	-	-	-	-	-	1	-
IED	-	52	-	-	-	-	-	-	-	-	-	52
NBFC	595	1,689	-	-	-	-	-	-	-	-	595	1,689
Financial Services	167	-	-	-	-	-	-	-	-	-	167	-
ASNK	-	-	-	-	-	-	450	500	-	-	450	500
FICS	-	-	-	-	-	-	-	-	-	-	-	-
NNK	-	-	-	-	3,600	3,600	-	-	1	3	1	3
	-	-	-	-	-	3,600	-	-	-	-	3,600	3,600

Note: As Infinite became a subsidiary in the financial year 2009-10, figures of the current year and previous year have been disclosed under the head Subsidiaries.

Below Rs. 500/-

Annexure 'II' to note 17 of Part II of Schedule M
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Cash flow from operating activities		
A Profit before tax	487,050	131,514
Adjustment for:		
Depreciation	6,593	2,657
Profit on sale of investments	-	(19,733)
Dividend income	(379,662)	(1,414)
Loss on transfer of fixed assets	-	160
Interest expense	390	383
Provision/(reversal) for/of diminution in the value of investments	(11,100)	18,255
Provision for gratuity	2,016	1,459
Provision for compensated absences	2,350	1,450
Operating profit before working capital changes	107,638	134,731
Adjustment for:		
(Increase)/decrease in trade & other receivables	(402,043)	(16,676)
(Increase)/decrease in trade payables	308,869	(32,919)
Cash generated from operations	14,463	85,136
Direct taxes paid	(54,657)	(55,870)
Net Cash from/(used in) operating activities	(40,194)	29,266
B Cashflow from investment activities		
Purchase of investments	(308,250)	(900,000)
Sale of investments	-	874,963
Purchase of assets	(17,947)	(5,417)
Sale of assets	81	1,130
Income from dividend	379,662	1,414
Net Cash from/(used in) investment activities	53,546	(27,910)

Annexure 'II' to note 13 of Part II of Schedule M (contd.)

(Rs.in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
C Cash flow from financing activities		
Proceeds from issue of share capital/premium	-	55
Secured loan	209	465
Interest expense	(390)	(383)
Dividend paid including dividend distribution tax	(150,456)	(877,463)
Net Cash from/(used in) financing activities	(150,638)	(877,326)
Net Increase in cash & cash equivalents	(137,286)	(875,970)
Cash & cash equivalents (opening)	1,515,308	2,391,278
Cash & cash equivalents (closing)	1,378,022	1,515,308

Previous year's figures have been regrouped/rearranged to confirm to the current year's presentation, wherever necessary

As per our attached
report of even date

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

Shivji K Vikamsey
Partner
Membership No. 2242

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 25, 2010

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer



Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and General Business Profile

(Rs.in '000)

a. Registration details

Registration no.: L67120MH1986PLC038784
 Balance sheet date: 31.03.2010

State Code : 11

b. Capital raised during the year

Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-

c. Position of mobilisation and deployment of funds

Total liabilities	17,667,709
Total assets	17,667,709

Sources of Funds

Paid-up Capital	749,711
Reserves and surplus	15,788,328
Deferred tax liabilities	1,126,646
Secured loans	3,024

Application of Funds

Net fixed assets	28,412
Investments	15,560,153
Net current assets	2,079,144
Miscellaneous expenditure	-
Accumulated losses	-

d. Performance of the Company

Turnover (Including other income)	952,900
Total Expenditure	465,850
Profit before tax	487,050
Profit after tax	473,117
Earnings per share (in Re.)	0.63
Dividend per share (in Re.)	0.50

e. Generic Names of Principal Products of the Company

Item code no. (ITC code)	Not applicable
Product description	Not applicable

Financial Information of the subsidiary companies for the year ended March 31, 2010

(Rs./USD in '000)

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 taxation	Profit/(Loss) after Tax	Dividend proposed ^c
JM Financial Consultants Private Limited	INR	288,500	4,783,210	5,752,540	857,616	680,829	1,109,771	212,192	48,723	163,469	6,141 ^e
JM Financial Services Private Limited	INR	108,125	1,534,589	6,959,974	1,162	5,317,260	2,149,889	337,701	102,231	235,470	-
JM Financial Insurance Broking Private Limited	INR	500	(162)	348	339	10	4	(21)	-	(21)	-
JM Financial Investment Managers Limited	INR	18,000	1,169,546	1,496,056	904,415	308,510	200,692	98,194	15,904	82,290	-
JM Financial Commtrade Limited	INR	75,000	(59,905)	33,995	2,071	18,900	11,789	2,888	-	2,888	-
JM Financial Ventures Limited	INR	90,000	1,991,846	2,149,622	1,658,286	67,777	126,080	310,131	14,000	296,131	-
Oracle Enterprises Private Limited	INR	10,100	(3,320)	6,806	6,755	26	217	168	-	168	-
JM Financial Products Private Limited	INR	5,445,000	1,693,061	23,196,653	3,618,375	16,058,592	1,593,056	857,674	257,276	600,399	^f
JM Financial Securities Private Limited	INR	50,000	40,140	95,966	57,239	5,826	36,445	19,374	5,919	13,455	-
JM Financial Institutional Securities Private Limited	INR	143,500	1,436,874	1,732,995	513,619	152,621	537,438	106,149	12,921	93,228	-
JM Financial Asset Management Private Limited	INR	586,957	594,896	1,326,685	899,378	144,833	351,702	(50,025)	529	(50,554)	-
Infinite India Investment Management Private Limited	INR	16,000	20,455	76,487	53,742	40,032	142,373	25,996	4,430	21,566	-
JM Financial Overseas Holdings Private Limited	INR [*]	4,514	(2,519)	2,209	45	214	-	(2,024)	-	(2,024)	-
	USD	100	(56)	49	1	5	-	(45)	-	(45)	-
JM Financial Holdings (Mauritius) Ltd	INR [*]	451	(439)	67	-	54	68	(56)	-	(56)	-
	USD	10	(10)	1	-	1	2	(1)	-	(1)	-
JMF-BR Investment Holdings (Mauritius) Ltd	INR [*]	338	491	277,798	276,257	276,969	1,176	462	-	462	-
	USD	7	11	6,154	6,120	6,136	26	10	-	10	-
Persepolis Investments Limited ^d	INR [*]	23	(1)	112	-	90	-	(1)	-	(1)	-
	USD	1	(0)	2	-	2	-	(0)	-	(0)	-
Persepolis PIPE Investments Limited ^d	INR [*]	23	(1)	112	-	90	-	(1)	-	(1)	-
	USD	1	(0)	2	-	2	-	(0)	-	(0)	-

* Exchange rate as on March 31, 2010: 1 USD = Rs.45.14

Notes:

- Investments exclude investment in subsidiaries.
- Total liabilities exclude paid-up capital and reserves & surplus.
- Dividend includes dividend distribution tax.
- Financial information is based on the financial statements as on December 31, 2009.
- Interim dividend aggregating Rs.98,275,800/- has been declared by the Board of Directors.
- Interim dividend aggregating Rs.191,111,333/- has been declared by the Board of Directors.

Auditors' Report on the Consolidated Financial Statements

To

The Board of Directors

JM Financial Limited

1. We have audited the attached Consolidated Balance Sheet of **JM Financial Limited** (hereinafter referred to as 'the Company') and its Subsidiaries, Joint Venture and Associates (collectively referred to as the 'JM Financial Group') as at March 31, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements (CFS) of the Company and entities covered in JM Financial Group as referred to in note 1 of Part II of Schedule M have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", AS 23 "Accounting for Investment in Associates" in Consolidated Financial Statements, and AS 27 "Financial Reporting of Interests in Joint Ventures", as notified in Companies (Accounting Standards) Rules, 2006 (as amended).
4. (a) Included in this CFS are Assets of Rs.3,609.61 crore as at March 31, 2010, Revenues of Rs.536.65 crore and Net Cash Inflows of Rs.(84.02) crore of the subsidiaries and Profits of Rs.0.43 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.

(b) Further the CFS includes Assets of Rs.0.01 crore, Revenues of Rs.0.01 crore and Net Cash Inflow of Rs.0.01 crore of four Subsidiaries which are based on unaudited financial statements of these Subsidiaries, and our opinion in so far as it relates to those amounts is based solely on such unaudited financial statements.
5. Attention is drawn to note 10 of Part II of Schedule M, regarding managerial remuneration paid/provided by one of the subsidiaries in respect of earlier years amounting to Rs.6.51 crore pending approval of the Central Government, as applicable.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements/ management's certification and on other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 4 above, give 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 JM Financial Group as at March 31, 2010;
 - b) In the case of the Consolidated Profit and Loss Account, of the profit of JM Financial Group for the year ended on that date; and
 - c) In the case of the Consolidated Cash Flow Statement, of the cash flows of JM Financial Group for the year ended on that 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 25, 2010

Consolidated Balance Sheet as at March 31, 2010

(Rs.in Crore)

	Schedule	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	74.97	74.97
Reserves & surplus	B	1,699.86	1,592.14
Capital reserve on consolidation		82.05	80.34
		1,856.88	1,747.45
Minority interest		127.09	124.44
Loan funds	C	1,842.00	133.95
Deferred tax liabilities		112.66	115.06
Less : Deferred tax assets		13.89	14.16
Deferred tax liabilities (net)		98.77	100.90
Funds employed		3,924.74	2,106.74
APPLICATION OF FUNDS			
Goodwill on consolidation		154.85	154.85
Fixed assets	D		
Gross block		112.24	110.13
Less : Accumulated depreciation		73.04	66.70
Net block		39.20	43.43
Capital work in progress		1.16	2.42
		40.36	45.85
Investments	E	995.87	602.62
Current assets, loans & advances			
Securities held as stock in trade		746.23	78.91
Sundry debtors	F	114.32	42.80
Cash and bank balances	G	485.36	524.55
Loans and advances	H	1,792.20	886.58
		3,138.11	1,532.84

(Rs.in Crore)

	Schedule	As at 31.03.2010	As at 31.03.2009
Continued...			
Current liabilities & provisions			
Current liabilities	I	322.27	173.18
Provisions	J	82.18	56.24
		404.45	229.42
Net current assets		2,733.66	1,303.42
Funds utilised		3,924.74	2,106.74
Significant accounting policies & notes to accounts	M		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

**As per our attached
report of even date**

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh N Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place:Mumbai
Date:May 25, 2010

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer



Consolidated Profit & Loss account for the year ended March 31, 2010

(Rs.in Crore)

	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
Income			
Fees, brokerage and commission		335.57	256.76
Securities funding and fund based activities		143.77	133.55
		479.34	390.31
Interest & other income	K	119.47	74.61
Total income		598.81	464.92
Expenditure	L	367.09	298.59
Profit before depreciation and interest		231.72	166.33
Less: Depreciation		12.00	12.11
Interest		58.78	60.01
Profit before provisions		160.94	94.21
Provision/(reversal) for/of diminution in the value of investments		(25.22)	136.72
Provision/(reversal) for/of mark-to-market loss on securities		(15.29)	17.18
Provision on standard assets		-	18.79
Profit/(loss) before tax		201.45	(78.48)
Provision for taxation			
Current tax		49.87	39.66
Deferred tax		(2.08)	(12.77)
Fringe benefit tax		-	1.18
Tax adjustment of earlier years (net)		(0.42)	1.43
Profit/(loss) after tax		154.08	(107.98)
Less: Share of minority interest (net)		4.45	(0.19)
Add: Share of profit in associate companies		2.03	2.58
Net consolidated profit/(loss)		151.66	(105.21)
Add: Balance profit brought forward from earlier years		1,090.55	1,225.40
Profit available for appropriation		1,242.21	1,120.19

(Rs.in Crore)

	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
Continued...			
Appropriations			
Proposed dividend			
- Normal		18.74	15.00
- Silver jubilee special		18.74	-
Dividend distribution tax on proposed dividend			
- of the Company		2.40	0.05
- of the subsidiaries		4.02	2.50
General reserve		6.63	1.00
Statutory reserve		17.93	11.09
Capital redemption reserve		4.69	-
Surplus carried to balance sheet		1,169.06	1,090.55
		1,242.21	1,120.19
Earnings per share (EPS)			
(Face value of Re.1/- each) (Refer note II (7) of Schedule M)			
Basic & Diluted EPS (in Rs.)		2.02	(1.40)
Significant accounting policies & notes to accounts	M		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

**As per our attached
report of even date**

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh N Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 25, 2010

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer



SCHEDULE A SHARE CAPITAL

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Authorised:		
1,000,000,000 (1,000,000,000) equity shares of Re 1/- each	100.00	100.00
Issued, subscribed and paid up :		
749,782,500 (749,782,500) equity shares of Re.1/- each fully paid-up.	74.98	74.98
(Of the above 12,500,000 (12,500,000) equity shares of Re.1/- each issued for consideration other than cash and 449,869,500 (449,869,500) shares are allotted as fully paid bonus shares by capitalisation of reserves)		
Less : Equity shares held under abeyance	0.01	0.01
Add : Forfeited shares	#	#
TOTAL	74.97	74.97

Below Rs.50,000/-

SCHEDULE B RESERVES AND SURPLUS

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Securities premium	306.15	306.15
Capital redemption reserve	6.47	1.79
General reserve	176.03	169.40
Statutory reserve	42.17	24.24
Surplus in profit and loss account	1,169.06	1,090.55
Employee stock option outstanding	0.01	#
Currency translation reserve	(0.03)	0.01
TOTAL	1,699.86	1,592.14

Below Rs.50,000/-

SCHEDULE C LOAN FUNDS

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Secured loans		
Dues under finance lease	0.99	0.85
Total (A)	0.99	0.85
Unsecured loans		
Non convertible debentures	325.00	-
Commercial papers	1,435.00	130.00
Others	81.01	3.10
Total (B)	1841.01	133.10
TOTAL (A + B)	1,842.00	133.95

SCHEDULE D FIXED ASSETS

(Rs.in Crore)

Particulars	Gross block				Depreciation/Amortisation			Net block	
	As at 31.03.2009	Addition due to increase in stake in Joint Venture*	Additions for the year	Deductions for the year	As at 31.03.2010	As at 31.03.2009	Addition due to increase in stake in Joint Venture*	As at 31.03.2010	As at 31.03.2009
<u>Owned Assets:</u>									
Tangible									
Office premises	8.28	-	0.01	#	8.29	3.82	-	4.00	4.29
Leasehold improvements	10.56	-	1.49	1.20	10.85	3.86	-	5.29	5.56
Computers	31.64	0.07	2.47	0.75	33.43	22.95	0.04	25.46	7.97
Office equipments	14.24	0.05	1.25	0.45	15.09	7.98	0.03	9.75	5.34
Furniture and fixtures	13.48	0.04	0.64	0.82	13.34	5.58	0.01	6.65	6.69
Motor vehicles	0.37	-	2.18	0.78	1.77	0.15	-	0.23	1.54
Intangible									
Software	11.32	-	2.67	-	13.99	6.16	-	8.06	5.93
Stock exchange membership	1.43	-	-	-	1.43	1.43	-	1.43	-
Stock exchange non refundable deposit	0.09	-	-	-	0.09	0.09	-	0.09	-
Other intangible assets	10.00	-	-	-	10.00	10.00	-	10.00	-
<u>Leased Assets:</u>									
Vehicles	5.62	0.25	1.34	3.25	3.96	3.03	0.18	2.08	1.88
Assets held for disposal	3.10	-	-	3.10	-	1.65	-	-	-
TOTAL	110.13	0.41	12.05	10.35	112.24	66.70	0.26	73.04	39.20
Previous year	91.32	-	20.12	1.32	110.13	55.35	-	66.70	43.43

* Joint Venture entity considered as a Subsidiary, since additional stake acquired in that entity.

Below Rs.50,000/-

SCHEDULE E INVESTMENTS

(Rs.in Crore)

	As at 31.03.2010		As at 31.03.2009	
	Quantity	Amount	Quantity	Amount
A LONG TERM INVESTMENTS				
I TRADE INVESTMENTS				
1 JM Financial Asset Reconstruction Company Private Limited	102,900,000	102.90	86,950,000	86.95
Add : Share in post acquisition profit		2.17		0.58
		105.07		87.53
2 Financial Engineering Solutions Private Limited (Including goodwill on investment Rs.0.40 crore)	2,400,000	2.40	2,400,000	2.40
Add : Share in post acquisition loss		(1.96)		(1.81)
		0.44		0.59
3 JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		2.02		1.44
		2.05		1.47
II OTHER INVESTMENTS				
1 EQUITY SHARES				
a) Quoted		149.04		268.73
b) Unquoted		67.13		69.11
2 PREFERENCE SHARES		48.98		8.98
3 VENTURE CAPITAL UNITS/SECURITISED ASSETS		110.04		102.85
4 EQUITY ORIENTED MUTUAL FUND SCHEMES		7.59		7.59
		490.34		546.85
Less: Provision for diminution in the value of investments		34.66		128.57
Total (A)		455.68		418.28
B CURRENT INVESTMENTS				
I MUTUAL FUND UNITS		493.86		184.34
II NON CONVERTIBLE DEBENTURES/BONDS		46.33		-
Total (B)		540.19		184.34
TOTAL (A+B)		995.87		602.62

SCHEDULE F SUNDRY DEBTORS

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Debts outstanding for a period exceeding six months	3.52	3.87
Other debts	113.25	41.51
	116.77	45.38
Less : Provision	2.45	2.58
TOTAL	114.32	42.80

SCHEDULE G CASH AND BANK BALANCES

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Cash on hand	0.02	0.03
Bank balance with scheduled banks:		
- In current accounts	37.29	119.14
- In fixed deposits	448.05	405.38
TOTAL	485.36	524.55

SCHEDULE H LOANS AND ADVANCES

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Loans & advances recoverable		
- Secured	1,325.00	572.04
- Unsecured considered good	99.93	82.39
	1,424.93	654.43
Less : Provision	3.95	2.17
	1,420.98	652.26
Deposits	179.73	68.12
Advance tax & tax deducted at source (net of provisions)	182.62	159.22
Others	8.87	6.98
TOTAL	1,792.20	886.58

SCHEDULE I CURRENT LIABILITIES

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
Sundry creditors	306.97	163.20
Unclaimed dividend	0.49	0.45
Other liabilities	14.81	9.53
TOTAL	322.27	173.18

SCHEDULE J PROVISIONS

(Rs.in Crore)

	As at 31.03.2010	As at 31.03.2009
For gratuity	5.51	4.62
For compensated absences	4.08	3.59
For standard assets	26.79	28.57
For proposed dividend		
- of the Company		
• Normal	18.74	15.00
• Silver jubilee special	18.74	-
- of the subsidiary (to minority shareholders)	1.63	1.63
For dividend distribution tax on proposed dividend		
- of the Company	2.40	0.05
- of the subsidiaries	4.29	2.78
TOTAL	82.18	56.24

SCHEDULE K INTEREST & OTHER INCOME

(Rs.in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Interest	50.17	45.62
Dividend	18.08	20.12
Profit on sale of investments (net)	23.71	2.35
Gain on proprietary trading (net)	16.73	1.08
Miscellaneous income	10.78	5.44
TOTAL	119.47	74.61

SCHEDULE L EXPENDITURE

(Rs.in Crore)

	For the year ended 31.03.2010	For the year ended 31.03.2009
Payments to and provisions for employees:		
- Salaries and bonus	204.68	153.37
- Contribution to provident fund and other funds	5.37	5.94
- Staff welfare	2.59	2.67
	212.64	161.98
Sub-brokerage, fees and commission	75.04	49.46
Rent	24.88	26.42
Legal and professional fees	9.11	10.77
Communication expenses	4.89	4.35
Electricity expenses	4.59	4.60
Membership and subscription	4.25	4.02
Information technology expenses	4.15	3.49
Repairs and maintenance	3.83	5.87
Travelling expenses	3.42	3.55
Rates and taxes	3.32	2.23
Printing & Stationery	2.22	2.56
Bank charges	1.78	3.74
Donation	1.25	0.17
Fund expenses	0.83	9.47
Insurance expenses	0.80	0.74
Auditors remuneration	0.66	0.68
Directors' commission	0.45	0.12
Miscellaneous expenses	8.98	4.37
TOTAL	367.09	298.59

SCHEDULE M

Significant Accounting Policies and Notes to Accounts

I. Significant accounting policies

1. Accounting convention

The consolidated financial statements (CFS) comprises the financial statements of JM Financial Limited ("Company") and its subsidiaries, associates and joint venture 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).

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 revenue 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.

3. Principles of consolidation

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

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

Interests in Joint venture have been accounted by using the proportionate consolidation method as per AS 27 - "Financial Reporting of Interests in Joint Ventures".

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 recognized in the CFS as goodwill/capital reserve.

4. Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

- a) 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 arranger's 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.
- b) Commission income from executing client transactions on the secondary market in 'Cash' and 'Futures and Options' segments is recognised in the accounts on the trade date.
- c) 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.
- d) Income from structured products including processing fees, IPO financing and margin financing revenues, income from depository participant business and income from portfolio management services is recognised when the services are determined to be completed.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Interest income is recognised on accrual basis.

5. Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided on the Straight Line Method (SLM), based on rates as per management's estimate of useful lives of the fixed assets, or at the rates prescribed in Schedule XIV to the Companies Act, 1956 (the 'Act') whichever is higher, as per the following table:

Asset	Useful Life
Furniture	10 years
Office equipments	5 years
Computers	5 years
Leasehold improvements	10 years or lease period whichever is lower
Office premises	61 years

Assets costing Rs.5,000/- or less are depreciated at 100%.

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 accounted for at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. At the end of lease term, asset will revert back to the lessor, hence they are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

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 profit and loss account.

7. Investments

Investments are classified as long term or current. Long term investments are carried at cost, however, provision for diminution in the value of 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 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 long-term investments is made as per the Management's estimate. Current investments are carried at lower of cost or market value.

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 profit and loss account.

9. Taxation

Tax expense comprises current tax and deferred tax.

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

Deferred tax for timing differences 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.

10. Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognized in the profit and loss account on accrual basis.

Defined benefit plan

The Company's liabilities under the Payment of Gratuity Act 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 account 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 compensated absences

The Company provides for short-term accumulated compensated absences as at balance sheet date using the full-cost method to the extent that the leave will be utilised. The compensated absences on separation is paid on the basic salary.

11. Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in Indian rupees at the following exchange rates:

- a) Revenue and expenses: At the average exchange rate during the period.
- b) All assets and liabilities: At the exchange rate prevailing at the end of the period.

The resultant translation exchange difference has been transferred to currency translation reserve.

12. Foreign currency transactions

Transactions in foreign currency are recorded at the rate 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 profit and loss account. 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.

13. Provisions, contingent liabilities and contingent assets

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

14. Proprietary trading

In the course of its proprietary trading, the Group enters into hedging transactions in the Cash-Future Arbitrage and the Index Arbitrage. The positions in both the Arbitrage businesses are fully hedged.

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 and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips and sale/purchase of Nifty/equity stock options. 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 profit & loss account and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

15. Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the profit and loss account. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

16. 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 profit and loss account.

17. 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 profit and loss account.

II. Notes to Accounts

1. Entities included in consolidation:

Particulars	Country of incorporation	Proportion of interest as on March 31, 2010 (%)	Proportion of interest as on March 31, 2009 (%)
Subsidiaries			
JM Financial Consultants Private Limited (IBD)	India	100.00	100.00
JM Financial Institutional Securities Private Limited. (IED)	India	100.00	100.00
JM Financial Services Private Limited (Financial Services)	India	100.00	100.00
JM Financial Investment Managers Limited (Investment Manager)	India	100.00	100.00
JM Financial Commtrade Limited (Commtrade)	India	100.00	100.00
JM Financial Insurance Broking Private Limited (Insurance Broking)	India	100.00	100.00
JM Financial Ventures Limited (SSF)	India	97.78	97.78
Oracle Enterprises Private Limited (Oracle)	India	97.78	97.78
JM Financial Products Private Limited (NBFC)	India	90.00	90.00
JM Financial Securities Private Limited (FID)	India	90.00	90.00
JM Financial Asset Management Private Limited (AMC)	India	53.60	53.60
JM Financial Overseas Holdings Private Ltd (JMF Overseas)	Mauritius	100.00	100.00
JM Financial Holding (Mauritius) Ltd (JMFM)	Mauritius	100.00	100.00
JMF-BR Investments Holdings (Mauritius) Ltd (JMFBR) (Refer note a and c)	Mauritius	100.00	100.00
Persepolis Investments Limited (PIL) (Refer note b and c)	Mauritius	100.00	-
Persepolis PIPE Investments Limited (PPIL) (Refer note b and c)	Mauritius	100.00	-
Infinite India Investment Management Private Limited (Infinite) (Refer note d)	India	96.88	50.00 (Joint Venture)
Partnership Firm			
M/s Stellar Investments (Stellar)	India	97.80	97.80
Associates			
JM Financial Asset Reconstruction Company Private Limited (ARC)	India	49.00	49.00
Financial Engineering Solutions Private Limited (FES)	India	30.00	30.00
JM Financial Trustee Company Private Limited (Trustee)	India	25.00	25.00

Notes:

- a) As JMFBR follows the accounting year from January to December and gets its annual accounts audited on a December year-end basis. Separate financial statements for the period ended March 31, 2010 included in CFS are unaudited, the amounts whereof are not material.
- b) On May 25, 2009 and May 27, 2009, JMF Overseas has acquired 100% stake in PIL and PPIL respectively and accordingly the accounts of PIL and PPIL have been consolidated. PIL and PPIL are collective investment schemes set up as fund in Mauritius with the status of a private company limited by shares under the Mauritius Companies Act.
- c) The Group, holds the management shares in JMFBR, PIL and PPIL, and is not entitled to any beneficial interest in the profit and loss nor is required to make good any shortfall. In substance there are no direct or indirect economic benefits received by the management shareholders. The Group's investment is only in management shares. Accordingly, JMFBR, PIL and PPIL are consolidated in respect of management shares of the entity having regard to substance over form of the entity.
- d) Consequent upto the termination of joint venture agreement between the Company and SRS Private Investment Management LLC, the Company has acquired additional 46.88% equity shares of Infinite on March 30, 2010. Accordingly, Infinite has been considered as a 'Subsidiary'; and the accounts thereof are consolidated in the CFS.

2. Contingent liability:

Contingent liability in respect of:

Disputed demands of income tax authorities is Rs.6.94 crore (previous year Rs. 5.22 crore).

Disputed demands of service tax authorities is Rs.14.03 crore (previous year Rs.13.91 crore).

Uncalled liability on account of commitment to subscribe in investments is Rs.8.37 crore (previous year Rs.32.45 crore).

Guarantees given on behalf of the subsidiary against pledge of fixed deposits is Rs.Nil (previous year Rs.42.50 crore).

Bank Guarantees given by banks is Rs.22.98 crore (previous year Rs.29.48 crore).

3. Capital commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.1.25 crore (previous year Rs.1.99 crore).

4. Employee stock option scheme (ESOS):

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options for equity shares of the Company to employees and Directors ('the Employees') of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares.

The Scheme provides for grant of options to employees to acquire the equity shares of the Company that vest in a graded manner that are to be exercised within a specified period. During the year, the Company has granted 1,500,000 options at an exercise price of Rs.54.80 per option.

The details of outstanding options are as under:

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Options outstanding at the beginning of the year	11,137,500	Nil
Add: Options granted during the year	1,500,000	11,137,500
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited during the year	Nil	Nil
Less: Options lapsed during the year	Nil	Nil
Less: Options cancelled during the year	Nil	Nil
Outstanding at the end of year	12,637,500	11,137,500
Exercisable at the end of year	Nil	Nil

The Company has used intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme. Since the exercise price is the same/higher than fair market price, the compensation cost for the year ended March 31, 2010 is Nil (previous year Nil).

The estimated fair value of each stock options granted in the general employee stock option scheme is mentioned in the table below. This was calculated by applying Black-Scholes-Merton model. The model takes into consideration the share price at respective grant date, exercise price of Rs.54.80, volatility of 65.73% to 66.95%, dividend yield of 0.86%, expected term of options in the range of 5 years to 6 years, and a risk-free interest rate of 7.11% to 7.30%.

Details of options granted during the year 2009-10, based on the graded vesting and fair value of the options:

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	500,000	October 29, 2012	23.45
33.33%	500,000	October 29, 2013	24.62
33.33%	500,000	October 29, 2014	25.87

Details of options granted during the previous year, based on the graded vesting and fair value of the options:

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	3,712,500	April 15, 2011	18.08
33.33%	3,712,500	April 15, 2012	19.53
33.33%	3,712,500	April 15, 2013	20.91

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 Rs.6.13 crore (previous year Rs.5.37 crore) Accordingly, had the compensation been determined using the fair value approach, the Company's net income and basic & diluted earnings per share as reported would have reduced by the stock-based employee compensation amounts as under:

(Rs.in Crore)

Particulars	As reported		As adjusted	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Net profit	151.66	(105.21)	145.53	(110.58)
Basic and diluted earnings per share (in Rs.)	2.02	(1.40)	1.94	(1.47)

Subsidiary companies:

a) JM Financial Asset Management Private Limited (AMC):

The shareholders of AMC had on December 24, 2007 granted 30 lakh Equity Stock Options to its employees under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period from December 2008 to December 2011 in the graded manner. Of the options granted, 14,75,000 options were lapsed/forfeited during the year. As at March 31, 2010 the option exercised is Nil.

b) JM Financial Institutional Securities Private Limited (IED):

The shareholders of IED had on January 7, 2008 granted 1.99 lakh Equity Stock Options to its employees under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period from December 2008 to December 2011 in the graded manner. Of the options granted, 27,400 options were lapsed during the year. As at March 31, 2010 the option exercised is Nil.

5. Share capital:

The issued, subscribed and paid-up share capital, inter alia, includes an amount in respect of 287,500 shares (previous year 287,500 shares) held in abeyance under Section 206A of the Act.

6. Deferred tax assets/(liabilities) at the year-end comprise timing differences on account of:

(Rs.in Crore)

Particulars	As at March 31, 2010	As at March 31, 2009
Depreciation	(0.58)	(0.77)
Expenditure	3.39	3.55
Provision on standard assets	8.90	9.71
Provision for doubtful debts	2.10	1.59
Unabsorbed short term capital loss	(112.81)	(115.43)
Expenses allowable under section 35D & 35DD	0.23	0.45
TOTAL	(98.77)	(100.90)

7. Earnings per share is calculated as under:

(Rs.in Crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Profit after tax	151.66	(105.21)
Weighted average number of equity shares outstanding during the year	74,97,82,500	74,97,82,500
Basic and diluted earnings per share (in Rs.)	2.02	(1.40)

8. Lease transactions:

A. Finance lease:

The Group has acquired vehicles on finance lease. The tenure of lease arrangements ranges between 36 to 60 months with an option to prepayments/foreclosure.

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

(Rs.in Crore)

Particulars	Total minimum lease payment outstanding as at March 31, 2010	Interest not due	Present value of the minimum lease payment outstanding as at March 31, 2010	Total minimum lease payment outstanding as at March 31, 2009	Interest not due	Present value of the minimum lease payment outstanding as at March 31, 2009
Not later than 1 year	0.94	0.22	0.73	1.20	0.30	0.90
Later than 1 year but not later than 5 years	0.88	0.17	0.71	0.77	0.11	0.66
Later than 5 years	-	-	-	-	-	-
TOTAL	1.82	0.39	1.44	1.97	0.41	1.56

B. Operating lease:

- Operating lease are executed for a period ranging from 36 to 90 months with a renewal clause and also provided for termination at will by lessee giving a prior notice period between 1 to 6 months.

Operating lease rentals charged to revenue are:

(Rs.in Crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Office premises	21.70	19.74
Furniture hire charges	1.78	1.69
Car rentals	-	#
Residential flat	0.53	0.58
TOTAL	24.01	22.01

Below Rs.50,000/-

- ii. Minimum lease rentals outstanding in respect of non-cancelable operating lease are as under:

(Rs.in Crore)

Particulars	Total lease payments outstanding as at March 31, 2010	Total lease payments outstanding as at March 31, 2009
Not later than 1 year	11.36	10.46
Later than 1 year but not later than 5 years	18.02	22.63
Later than 5 years	-	-
TOTAL	29.38	33.09

9. Disclosure pursuant to reporting under AS 27 on 'Financial Reporting of Interests in Joint Ventures':

(Rs.in Crore)

Sr. No.	Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2010*	Proportion of ownership interest as at March 31, 2009
a.	Name of the joint venture company			
	Infinite India Investment Management Private Limited	India	-	50%
b.	Aggregate of the Company's share in the above venture in:			
	Net fixed assets		-	0.27
	Investments		-	1.16
	Net current assets		-	(0.65)
	Deferred tax asset		-	0.06
	Income		7.12	8.35
	Expenses (Including depreciation & taxation)		6.04	6.57

Notes:

The ownership interest for the previous year has been calculated on the basis of the audited accounts of the joint venture entity.

*Infinite has ceased to be a joint venture w.e.f. March 30, 2010 upon termination of joint venture agreement between the Company and SRS Private Investment Management LLC. The income and expenses have been consolidated to the extent of 50%.

10. Managerial remuneration:

(Rs.in Crore)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Salary and bonus	4.70	4.08
Contribution to provident fund and other funds	0.08	0.13
Perquisites in cash or in kind	0.95	2.09
TOTAL	5.73	6.30

Notes:

- The above amount of Rs.5.73 crore (previous year Rs.6.30 crore) does not includes the Directors' commission of Rs.0.45 crore (previous year Rs.0.12 crore)
- In relation to one of the subsidiaries of the Company, the remuneration paid/payable to the managerial person (erstwhile Managing Director) for the previous year of Rs.1.32 crore, the Ministry of Corporate Affairs, Government of India, vide its letter dated March 23, 2010 accorded its approval to the Company for payment of remuneration up to the permissible limit under Schedule XIII to the Act. The said subsidiary company has, however, represented the matter to the Central Government giving the detailed justification along with financial data requesting it to consider payment of higher remuneration to such managerial person.

The Ministry of Corporate Affairs, Government of India, vide its letter dated May 6, 2009, rejected a subsidiary company's proposal for payment of remuneration of Rs.1.54 crore (of which Rs. 0.68 crore is in excess of limits prescribed under the Act) to the erstwhile Managing Director on the grounds stated therein, which the Company has been legally advised are untenable. The said amount was provided and/or paid by the said subsidiary company for the financial year 2007-08 pending approval of the Central Government. The said subsidiary company has again represented the matter to the Central Government seeking its approval for payment of the entire amount.

Further, as regards the remuneration paid/payable to another managerial person (erstwhile Whole-time Director) for the financial year 2007-08 aggregating Rs.4.50 crore, the Ministry of Corporate Affairs, Government of India, vide its letter dated March 22, 2010 accorded its approval to a subsidiary of the Company for payment of total remuneration not exceeding the permissible limit as specified under Schedule XIII to the Act. The said subsidiary company has however represented the matter again giving detailed justification along with financial data as requested by the Central Government seeking its approval for payment of the entire amount.

11. Segmental reporting:

I. Business segment:

The Group has four reportable segments, namely, Investment banking & securities business, securities funding & 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, to offer wealth advisory services to HNIs and to distribute financial products in an open architecture environment to retail investors through a large network of franchisees and direct sales agents.
Securities funding & fund based activities	Securities funding and fund based activities include providing finance against securities to a diverse range of corporates and non-corporate clients. Further, 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, real estate fund and special situations.
Asset management	Assets 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 as per Annexure 'I'.

II. Geographical segment:

The Group does not have any reportable geographical segment.

12. Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosures':

As per Annexure 'II'.

13. Statement of cash flow pursuant to AS 3 on 'Cash Flow Statements':

As per Annexure 'III'.

14. During the previous year 2008-09, the Group had made provision for diminution in value of long term investments in view of global financial crises and slowdown in economic growth. Outstanding provision for diminution in value of Investments stood at Rs.128.57 crore in the books as on March 31, 2009.

During the year 2009-10, the Group exited few of its investments which have resulted into reversal of provision over and above the actual loss booked against each provision. Further, the Group has also reviewed outstanding provision on diminution in value of investments at the year-end. Balance of outstanding provision stood at Rs.34.66 crore as on March 31, 2010.

15. Derivative instruments:

The Group does not enter into any foreign currency derivative instruments for hedge or speculation. The year-end foreign currency exposures have not been hedged by a derivative instrument.

16. Previous year's figures have been regrouped and rearranged wherever necessary.

Annexure 'I' to note 11 of Part II of Schedule M
Segmentwise details

(Rs.in Crore)

Particulars	As at 31.03.2010	As at 31.03.2009
Segment revenue		
A Investment banking and securities business	364.98	262.80
B Securities funding and fund based activities	162.95	148.36
C Alternative asset management	39.83	43.37
D Asset management	35.17	40.35
E Unallocated	95.29	24.54
Total segment revenue	698.22	519.42
Less: Inter - segmental revenue	99.41	54.50
Total revenue	598.81	464.92
Segment results (prior to inter segment elimination)		
A Investment banking and securities business	65.69	(45.59)
B Securities funding and fund based activities	87.71	74.65
C Alternative asset management	42.15	(114.98)
D Asset management	(5.00)	(5.45)
E Unallocated	10.90	12.89
Total segment results	201.45	(78.48)
Segment assets (prior to inter segment elimination)		
A Investment banking and securities business	1,098.27	597.17
B Securities funding and fund based activities	2,375.48	887.61
C Alternative asset management	371.92	331.59
D Asset management	135.38	129.49
E Unallocated	314.31	284.65
Total segment assets	4,295.36	2,230.51
Segment liabilities (prior to inter segment elimination)		
A Investment banking and securities business	616.00	169.13
B Securities funding and fund based activities	1,608.38	165.64
C Alternative asset management	41.64	42.05
D Asset management	14.71	4.19
E Unallocated	185.51	132.46
Total segment liabilities	2,466.24	513.47

Annexure 'I' to note 11 of Part II of Schedule M (contd.)

(Rs.in Crore)

Particulars	As at 31.03.2010	As at 31.03.2009
Capital expenditure incurred during the year		
A Investment banking and securities business	4.91	12.41
B Securities funding and fund based activities	1.48	2.57
C Alternative asset management	1.19	0.20
D Asset management	1.42	3.73
E Unallocated	1.79	0.54
Total capital expenditure	10.79	19.45
Depreciation/amortisation for the year		
A Investment banking and securities business	7.38	8.17
B Securities funding and fund based activities	0.82	0.51
C Alternative asset management	0.79	0.78
D Asset management	2.35	2.38
E Unallocated	0.66	0.27
Total depreciation/amortisation	12.00	12.11

Annexure 'II' to note 12 of Part II of Schedule M

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)

Financial Engineering Solutions Private Limited (FES)

JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel:

Mr. Nimesh N Kampani (NNK)

C Relatives of key management personnel:

Ms. Aruna N Kampani (ANK)

Mr. Vishal N Kampani (VNK)

Mr. Ashith N Kampani (ASNK)

D Enterprise over which key management personnel is able to exercise significant influence:

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)

SNK Investments Private Limited (SNK)

Persopolis Investment Company Private Limited (PICPL)

Kampani Properties & Holdings Limited (KPHL)

Kampani Consultants Limited (KCL)

JSB Securities Ltd. (JSB)

J.M. Assets Management Private Limited (J.M. Asset)

FICS Consultancy Services Limited (FICS)

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

Annexure 'II' to note 12 of Part II of Schedule M

Related party disclosures:

(Rs.in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in B above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Investment in										
ARC	15.95	-	-	-	-	-	-	-	15.95	-
Security deposit given to										
KCL	-	-	-	-	-	-	1.20	-	1.20	-
Security deposit received back from										
JMFICS	-	-	-	-	-	-	1.20	3.68	1.20	3.68
Advances given to										
VNK	-	-	-	-	-	#	-	-	-	#
Advances recovered from										
VNK	-	-	-	-	-	#	-	-	-	#
ICD taken from										
JMFICS	-	-	-	-	-	-	18.00	-	18.00	-
FICS	-	-	-	-	-	-	14.00	-	14.00	-
SNK	-	-	-	-	-	-	15.00	-	15.00	-
PICPL	-	-	-	-	-	-	23.00	-	23.00	-
ICD repaid to										
JMFICS	-	-	-	-	-	-	18.00	-	18.00	-
FICS	-	-	-	-	-	-	14.00	-	14.00	-
SNK	-	-	-	-	-	-	15.00	-	15.00	-
PICPL	-	-	-	-	-	-	23.00	-	23.00	-
Advance repaid to										
NNK	-	-	0.08	-	-	-	-	-	0.08	-
Property deposits paid to										
JMFICS	-	-	-	-	-	-	-	1.70	-	1.70
Purchase of fixed assets from										
FES	0.19	0.34	-	-	-	-	-	-	0.19	0.34
FICS	-	-	-	-	-	-	0.01	-	0.01	-
Sale of fixed assets to										
ARC	-	0.10	-	-	-	-	-	-	-	0.10
JMFICS	-	-	-	-	-	-	0.16	-	0.16	-
Professional fees paid to										
FES	0.40	0.22	-	-	-	-	-	-	0.40	0.22
Interest expense paid to										
JMFICS	-	-	-	-	-	-	0.09	-	0.09	-
FICS	-	-	-	-	-	-	0.06	-	0.06	-
SNK	-	-	-	-	-	-	0.08	-	0.08	-
PICPL	-	-	-	-	-	-	0.15	-	0.15	-

Annexure 'II' to note 12 of Part II of Schedule M (contd.)

Related party disclosures:

(Rs.in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in B above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Secondary brokerage received from										
KCL	-	-	-	-	-	-	#	-	#	-
ANK	-	-	-	-	0.09	-	-	-	0.09	-
Rent paid to										
JMFICS	-	-	-	-	-	-	2.10	2.04	2.10	2.04
PHL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
FICS	-	-	-	-	-	-	0.09	0.12	0.09	0.12
KCL	-	-	-	-	-	-	0.21	0.04	0.21	0.04
ANK	-	-	-	-	0.05	0.05	-	-	0.05	0.05
Group support fees received from										
ARC	1.80	0.60	-	-	-	-	-	-	1.80	0.60
Service charges paid to										
JMFICS	-	-	-	-	-	-	-	0.06	-	0.06
Support service paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Conveyance paid to										
NNK	-	-	-	#	-	-	-	-	-	#
ASNK	-	-	-	-	#	#	-	-	#	#
Dividend paid to										
JMFICS	-	-	-	-	-	-	4.06	20.31	4.06	20.31
J.M.Asset	-	-	-	-	-	-	1.78	8.77	1.78	8.77
JSB	-	-	-	-	-	-	0.10	0.49	0.10	0.49
KCL	-	-	-	-	-	-	#	0.02	#	0.02
SNK	-	-	-	-	-	-	0.17	0.73	0.17	0.73
NNK	-	-	2.71	13.54	-	-	-	-	2.71	13.54
ASNK	-	-	-	-	#	0.01	-	-	#	0.01
Advance received towards expenses from										
NNK	-	-	1.65	1.00	-	-	-	-	1.65	1.00
Expenses against advance received from										
NNK	-	-	1.84	0.73	-	-	-	-	1.84	0.73
Recovery of expenses from										
ARC	2.14	2.25	-	-	-	-	-	-	2.14	2.25
Trustee	0.88	0.91	-	-	-	-	-	-	0.88	0.91
FES	-	#	-	-	-	-	-	-	-	#
JMFICS	-	-	-	-	-	-	-	0.01	-	0.01
FICS	-	#	-	-	-	-	-	#	-	#
KCL	-	-	-	-	-	-	-	#	-	#

Annexure 'II' to note 12 of Part II of Schedule M (contd.)

Related party disclosures:

(Rs.in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in B above is able to exercise significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Reimbursement of expenses from										
JMFICS	-	-	-	-	-	-	0.62	0.59	0.62	0.59
FICS	-	-	-	-	-	-	0.13	0.13	0.13	0.13
Remuneration paid to										
NNK	-	-	1.15	2.16	-	-	-	-	1.15	2.16
VNK	-	-	-	-	4.07	1.13	-	-	4.07	1.13
ASNK	-	-	-	-	2.62	0.79	-	-	2.62	0.79
Directors' commission paid to										
ASNK	-	-	-	-	0.05	0.01	-	-	0.05	0.01
Board meeting fees paid to										
NNK	-	-	-	#	-	-	-	-	-	#
ASNK	-	-	-	-	0.02	0.01	-	-	0.02	0.01
Audit committee meeting fees paid to										
ASNK	-	-	-	-	0.01	#	-	-	0.01	#
Remuneration committee meeting fees										
NNK	-	-	-	#	-	-	-	-	-	#
Receivable from										
JMFICS	-	-	-	-	-	-	8.50	9.70	8.50	9.70
ARC	0.69	1.75	-	-	-	-	-	-	0.69	1.75
Trustee	0.37	0.32	-	-	-	-	-	-	0.37	0.32
FES	-	#	-	-	-	-	-	-	-	#
KCL	-	-	-	-	-	-	1.20	-	1.20	-
KPHL	-	-	-	-	-	-	1.50	-	1.50	-
Payable to										
JMFICS	-	-	-	-	-	-	-	0.59	-	0.59
NNK	-	-	0.73	1.00	-	-	-	-	0.73	1.00
ASNK	-	-	-	-	2.00	0.05	-	-	2.00	0.05
VNK	-	-	-	-	7.65	4.50	-	-	7.65	4.50
FES	#	0.47	-	-	-	-	-	-	#	0.47
FICS	-	-	-	-	-	-	#	#	#	#

Below Rs.50,000/-



Annexure 'III' to note 13 of Part II of Schedule M
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2010

(Rs.in Crore)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
A Cash flow from operating activities		
Profit/(loss) before tax	201.45	(78.48)
Adjustment for:		
Depreciation	12.00	12.11
Provision for diminution in the value of investments	(25.22)	136.72
Provision/(reversal) for/of mark-to-market loss on securities	(15.29)	17.18
Provision on standard assets	-	18.79
Profit on sale of investments	(23.71)	(2.35)
Provision for doubtful debts	0.52	-
Dividend income	(18.08)	(20.12)
Interest income	(50.17)	(45.62)
Interest expenses	58.78	60.01
Loss on sale of fixed assets	0.21	0.07
Operating profit before working capital changes	140.49	98.31
Adjustment for:		
(Increase)/decrease in trade & other receivables	(1,607.53)	733.12
Increase/(decrease) in trade payables	152.41	(278.58)
Cash generated from/(used in) operations	(1,314.63)	552.85
Direct taxes paid	(72.84)	(74.27)
Net Cash from/(used in) operating activities	(1,387.47)	478.58
B Cash flow from investment activities		
Purchase of investments	(21,171.57)	(10,627.21)
Sale of investments	20,830.08	10,695.96
Purchase of fixed assets	(10.78)	(19.46)
Sale of fixed assets	4.22	0.49
Interest income	50.17	45.62
Dividend income	18.08	20.12
Net Cash from/(used in) investment activities	(279.80)	115.52

Annexure 'III' to note 13 of Part II of Schedule M (contd.)

(Rs.in Crore)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
C Cash flow from financing activities		
Proceeds from issue of shares	-	63.87
Proceeds/(repayment) of borrowings (net)	1,708.05	(892.04)
Share issue expense	-	(0.09)
Interest paid	(58.78)	(60.01)
Dividend paid including dividend distribution tax	(15.05)	(87.75)
Dividend distribution tax paid by subsidiaries	(4.41)	(0.08)
Net Cash from financing activities	1,629.81	(976.10)
Net Increase in cash & cash equivalents	(37.46)	(382.00)
Cash & cash equivalents (opening)	518.55	900.55
Cash & cash equivalents (closing)	481.09	518.55

Notes

1) 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.

2) Cash and cash equivalents

Cash and bank balances	485.36	524.55
Less: Interest accrued on bank Deposits	(4.27)	(2.00)
Less: Overdrawn bank balances as per books	-	(0.96)
Less: Bank overdraft	-	(3.04)
Balance as shown in cash flow statement	481.09	518.55

3) The interest income reflected above is other than interest income on securities funding and fund based activity.

4) Previous year's figures have been regrouped/rearranged to confirm to the current year's presentation, wherever necessary.

**As per our attached
report of even date**

For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh N Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 25, 2010

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer



Persons falling under the Group of JM Financial Limited

Persons falling under the Group of JM Financial Limited (Other than Subsidiaries and Associates) includes

- Mr. Nimesh N Kampani
- Ms. Aruna N Kampani
- Mr. Vishal N Kampani
- Ms. Madhu V Kampani
- Ms. Amishi N Kampani
- Mr. Shiv V Kampani
- Ms. Avantika V Kampani
- J.M. Financial & Investment Consultancy Services Private Limited
- J.M. Assets Management Private Limited
- JSB Securities Limited
- FICS Consultancy Services Limited
- Kampani Consultants Limited
- SNK Investments Private Limited
- Persepolis Investment Company Private Limited
- Kampani Properties & Holdings Limited
- NK Investments
- AK Investments

Names of the subsidiaries and associates are given in the Annexure 'I' to note 16 of Part II of Schedule M. These names of the subsidiaries and associates also fall under the Group of JM Financial Limited.

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

JM FINANCIAL LIMITED

ATTENDANCE SLIP

Twenty Fifth Annual General Meeting
(To be handed over at the entrance of the Meeting hall)

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company on Wednesday, July 28, 2010 at 3.30 p.m. at Y. B. Chavan Centre, Gen. J. B. Marg, Next to Sachivalaya Gymkhana, 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 Proxy (in BLOCK LETTERS) _____

Member's /Proxy's Signature _____

----- 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
_____ of _____ in the district of _____ as
my/ our proxy to vote for me/ us on my/our behalf at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on
Wednesday, July 28, 2010 and at any adjournment thereof.

Signed this ____ day of _____ 2010

Signature _____

Affix
Re. 1/-
Revenue
Stamp

Note: This proxy form duly completed and signed must be deposited at the Registered Office of the Company not later than Forty-Eight hours before the Meeting.

----- CUT HERE -----

JM FINANCIAL LIMITED

MANDATE FORM - ECS/NECS

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

To

(Name & Address of the DP/RTA/Company)

Please register the following details for receipt of dividend:

Type of Instruction : Remittance of amount through ECS/NECS

Name :

DP ID/Folio No. :

Client ID :

Bank Details :

Bank Name : _____

Bank Address : _____

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

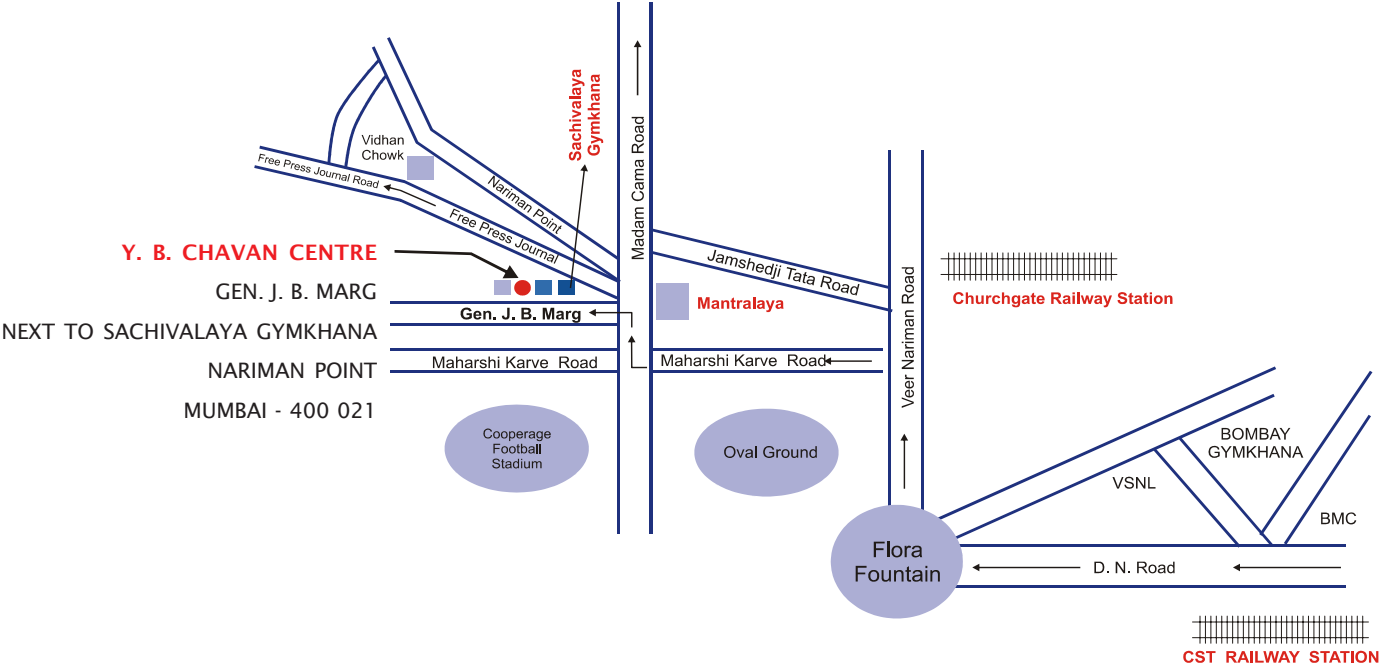
9 Digit MICR Code: _____

Date:

Signature of the Member(s)



AGM VENUE ROUTE MAP





JM Financial Limited

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