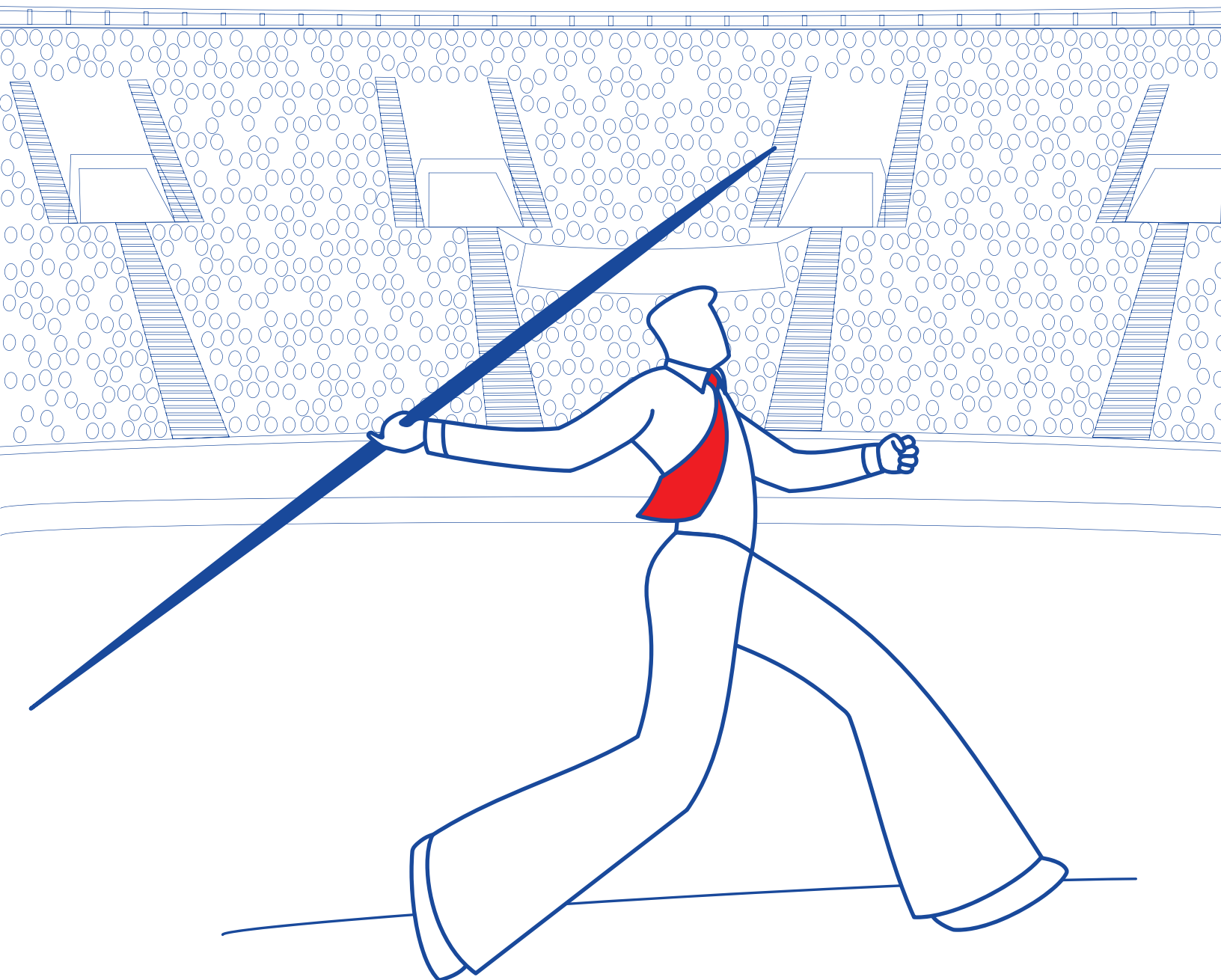


Delivering
today.
Imagining
tomorrow.



2015-16 Annual Report
JM Financial Limited

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Standalone

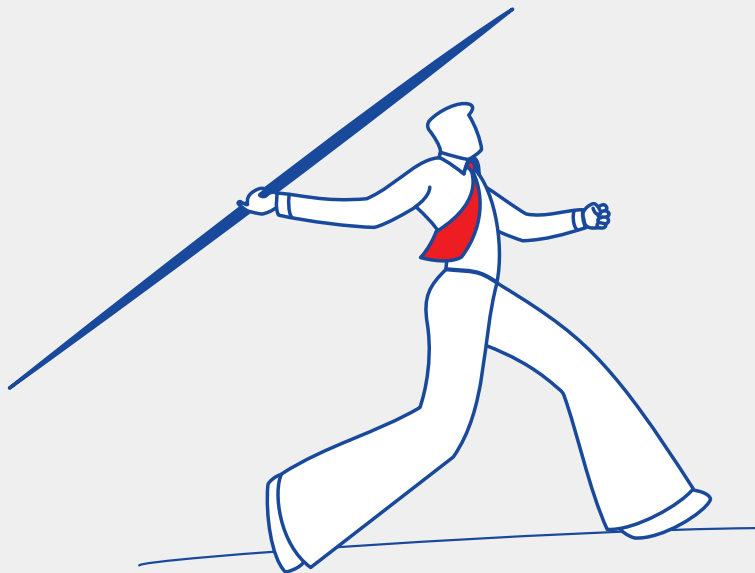
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Consolidated

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The red tie man, represented as a javelin thrower, depicts the importance of having clear knowledge of the distance ahead to succeed. Similarly, a successful market leader should be able to visualise the future landscape to deliver value, consistently.

At JM Financial, our corporate credo has been to **'deliver value'** consistently. With over four decades of expertise and experience, we have emerged as a frontrunner in the financial services space.



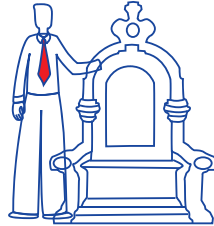
Our strength emanates from the trust of people that we have earned over the years by providing customised solutions to our clients. Today, we are known for our diversified product portfolio and prominent position in all our service areas. The recognition we have earned through several awards and accolades is a testimony to our excellence. We are ready with optimism to leverage future opportunities.

Financial services in India have come out of a volatile cycle and with government initiatives to drive financial inclusion and the future opportunity landscape looks attractive. Private enterprises are coming out of their shell and taking bold steps. As a leading financial services group, we aspire to remain ahead of the curve. We aim to invest in fintech companies to adopt tech-driven processes and expand our lending verticals to new products and business lines, besides focusing on start-ups.

Therefore, we are charting a well-defined path for **'tomorrow'** to take forward our rich legacy and build a glorious journey.

Our Values

Client Focus



We always put the interest of our clients before our own. We understand our client needs, seek new opportunities for them, address them and deliver unique solutions as per their expectations. The success of our clients is the biggest reward for us.

Integrity



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

Innovation

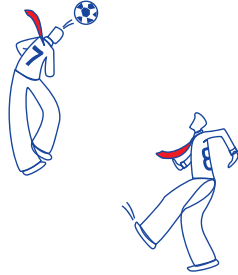


We understand our clients' needs and develop solutions for the most complex or the simplest, the biggest or the smallest financial transactions, whether for individuals or institutions. Creativity and innovation are key factors to everything we do. We encourage new ideas which help us address unique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

Partnership



Our relationships 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.

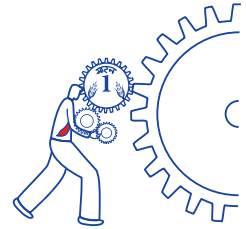


Team Work

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.

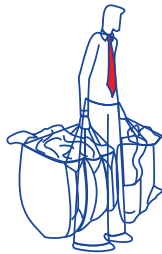
Implementation

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



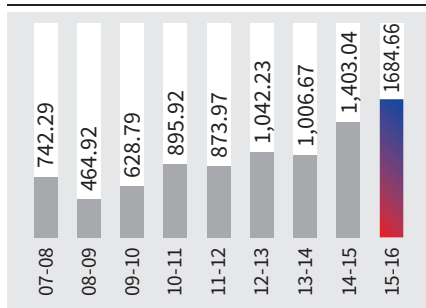
Performance

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 recognise and reward talent based on merit.

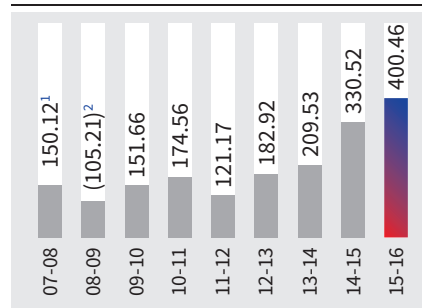


Consolidated Performance Review

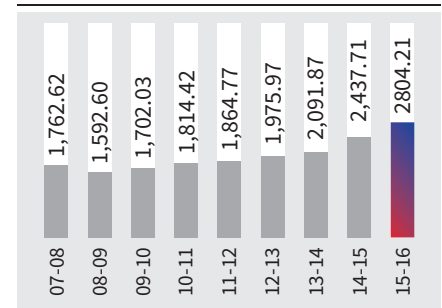
Gross Income [₹ in Crore]



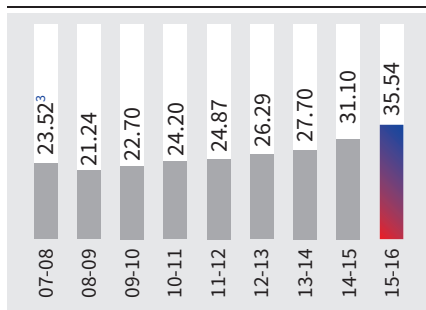
Profit / (Loss) [₹ in Crore]



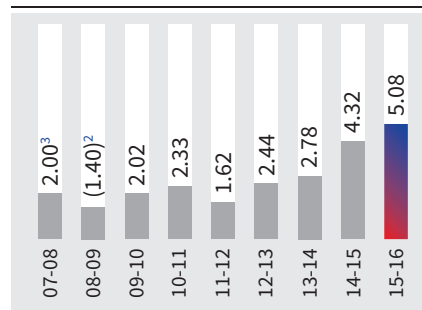
Networth [₹ in Crore]



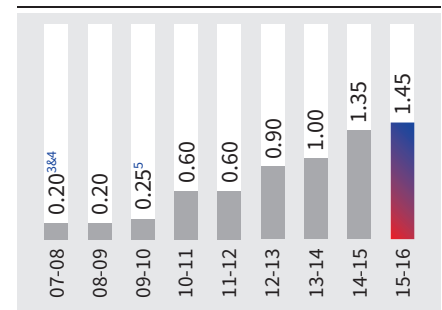
Book Value [₹ per Share]



Earnings Per Share [₹ per Share]



Dividend Per Share [₹ per Share]



1 The profit after tax for the year 2007- 08 excludes ₹ 1,156.95 crore towards exceptional income earned during the year.

2 As a matter of abundant caution, the Group had made a provision for diminution in value of long term investments aggregating ₹ 136.72 crore resulting in a loss during the year 2008-09.

3 Adjusted for split and bonus issue.

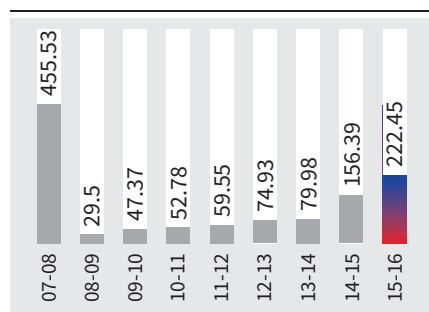
4 Excludes Special dividend of ₹ 0.80 per share.

5 Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

Consolidated Tax Information

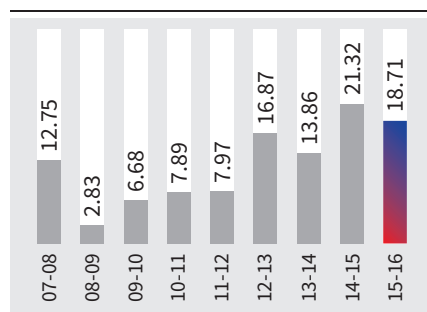
[₹ in Crore]

Corporate Tax¹



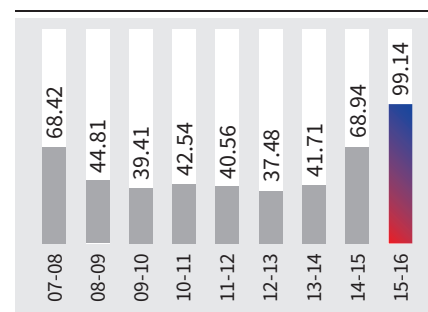
[₹ in Crore]

Dividend Distribution Tax²



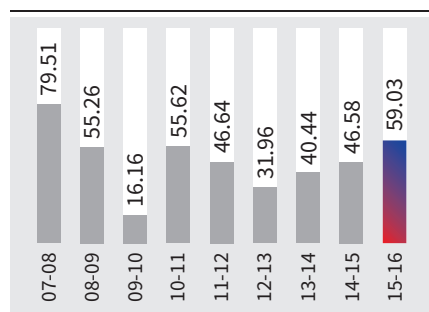
[₹ in Crore]

Service Tax³



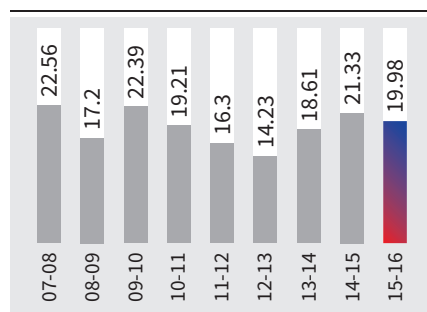
[₹ in Crore]

Payroll Tax⁴



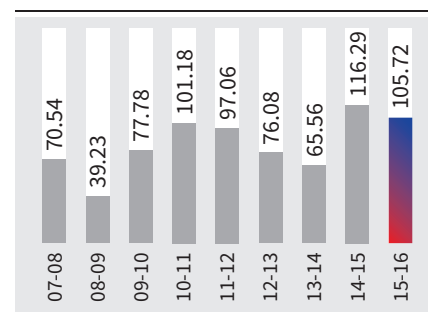
[₹ in Crore]

Non Payroll Tax⁵



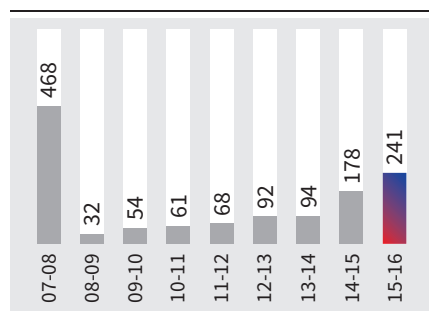
[₹ in Crore]

Securities Transaction Tax⁶



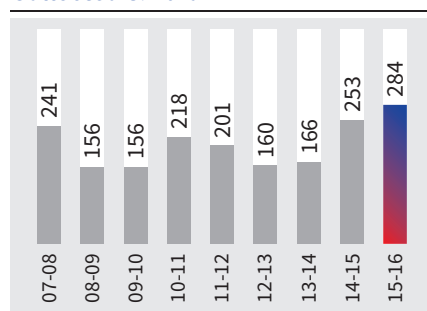
[₹ in Crore]

Total Tax Borne & Paid⁷



[₹ in Crore]

Total Tax Deducted / Collected & Paid⁸



1 Comprises provision for taxes, including deferred tax.

2 Comprises tax on corporate dividend distributed, before minority interest.

3 Comprises gross service tax liability.

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

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

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

7 Comprises corporate tax and dividend distribution tax.

8 Comprises service tax, payroll tax, non-payroll tax and Securities transaction tax.

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

The graphs are not to scale.

Board of Directors



Mr. Nimesh Kampani
Chairman & Managing Director



Mr. E A Kshirsagar
Independent Director



Mr. Darius E Udawadia
Independent Director



Mr. Paul Zuckerman
Independent Director



Dr. Vijay Kelkar
Independent Director



Mr. Keki Dadiseth
Independent Director



Ms. Jagi Mangat Panda
Independent Director



Mr. Vishal Kampani
Non Executive Director

Management Insight



Mr. Nimesh Kampani

Chairman & Managing Director

Over the years, we have built a credible reputation by delivering customised financial solutions to our clients. Our valued insights and trusted experience have helped us move along an impressive growth trajectory. We are prepared for the future and well-poised to take a leap forward. We constantly improve our processes and re-imagine our business strategies to create value for tomorrow and beyond.



Ms. Dipti Neelakantan

Group Chief Operating Officer

At JM Financial, our core competencies and experience have helped us maintain robust growth in a competitive environment which is witnessing major changes. Growing challenges in the landscape push us to strengthen ourselves with new ideas and strategies that will raise our own benchmarks of performance.



Mr. V P Shetty

Executive Chairman (JM Financial Asset Reconstruction Company Pvt Ltd)

In the recent past, we have witnessed series of financial sector reforms initiated by the Government. The ease of doing business will further accelerate investments from the private sector. This conducive environment has helped JM Financial to transform itself from being a capital market power house to a dominant player in the diversified financial services space with innovative products and ideas. The Group's performance in recent years is a testimony to this belief.



Mr. Vishal Kampani

Non Executive Director

India is steadily moving into the brighter phase of growth which will witness accelerated economic activities. The emerging landscape offers a different set of opportunities compared to the past. New set of skills and strategies will define the parameters of growth and we are well equipped to scale up the momentum.

Leadership Team

Mr. Atul Mehra

MD & Co-CEO, Investment Banking Business

Mr. Rajeev Chitrabhanu

MD & CEO, Investment Advisory & Distribution Business

Mr. Adi Patel

MD & Co-CEO, Investment Banking Business

Mr. Subodh Shinkar

MD & COO, Investment Advisory & Distribution Business

Mr. Prakash Chellam

MD & CEO, Singapore Operations

Mr. Vipul Shah

ED, Wealth Co-Head

Mr. Manish Prasad

MD & CEO, Institutional Equities Business

Mr. Ajay Mishra

ED, Wealth Co-Head

Mr. Shashwat Belapurkar

MD & CEO, Financing and Lending Business

Mr. Dimplekumar Shah

ED, Head - Retail Broking

Mr. Anil Bhatia

MD & CEO, Asset Reconstruction Business

Mr. Sanjay Bhatia

ED, Head - Equity Trading

Mr. Bhanu Katoch

MD & CEO, Mutual Fund Business

Mr. Surajit Misra

Director, Head - IFD Group

Mr. Prashant Choksi

Group Head, Compliance, Legal & Company Secretary

Mr. Anil Salvi

Group Head, Human Resources & Administration

Mr. Manish Sheth

Group Chief Financial Officer

Mr. Chaitanya Wagh

Group Head, Information Technology

Business Review

At JM Financial, we consistently deliver customised financial solutions to a wide client base through our diverse business segments. Over the last four decades, we have been using our knowledge, insight, prudence and brand equity to cater to diverse customer needs. The Group’s businesses are divided in four segments; these are investment banking and securities business comprising investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, commodity broking, and portfolio management; fund-based activities comprising non-banking financial activities (NBFC) and asset reconstruction; alternative asset management comprising private equity and real estate fund management; asset management comprising mutual fund business.

INVESTMENT BANKING AND SECURITIES

Investment Banking

A. Mergers & Acquisitions

The Group’s Investment Banking arm further strengthened its M&A credentials and witnessed increased activity in the M&A space.

During FY 2015-16 we were associated with several marquee M&A transactions which include the following:

- Sole financial advisor to Hotel Leelaventure Limited on the sale of The Leela, Goa to Medtube Group
- Sole financial advisor and manager to open offer to Reliance Infrastructure Limited on its acquisition of equity stake in Pipavav Defence and Offshore Engineering Company Limited
- Lead financial advisor to Adani Enterprises Limited on its group restructuring and subsequent listing of a resultant company, Adani Transmission Limited

We provided fairness opinion in a number of transactions including:

- Ultratech Cement Limited’s acquisition of cement units from Jaiprakash Associates Limited, pursuant to a scheme

- Merger of Cairn India Limited with Vedanta Limited
- Demerger of branded apparel business of Aditya Birla Nuvo (Madura Garments) and apparel retail business of Madura Garments Lifestyle Retail Company Limited into Pantaloons Fashion & Retail Limited

B. Equity Capital Markets

We advise corporates for fund raising and lead manage equity, debt and

related offerings. During the year, the equity fund raising activity amounted to ₹ 58,229 crore, with the private sector offerings amounting to ₹ 38,407 crore (Source: Prime Database). We were involved in the following transactions:

- IPO of S.H. Kelkar Ltd (₹ 508 crore)
- Rights issue of IL&FS Transportation Networks Ltd (₹ 740 crore)



Mr. Atul Mehra speaking at the inaugural JM Financial JADE Conference

- Qualified institutional placement by Bajaj Finance Limited (₹ 1,400 crore), IndusInd Limited (₹ 4,328 crore), HDFC Limited (₹ 5,051 crore) and Suprajit Limited (₹ 150 crore)
- Seller's brokers to the Government of India in their offer for sale of equity shares in Indian Oil Corporation Limited (₹ 9,396 crore) and Rural Electrification Corporation Limited (₹ 1,610 crore)
- Reliance Industries Ltd., in their offer for sale of equity shares in Network18 Media & Investments Ltd (₹ 182 crore)

- Advisor to Essar Oil Ltd. and Essar Ports Ltd. for their delisting offer

C. Private Equity Syndication

In FY 2015-16, Consumer Technology, Financial Services and IT/ITES sectors got maximum interest from private equity investors.

We acted as an advisor to the following companies / funds in private equity advisory:

- Bajaj Finance for raising ₹ 700 crore from GIC
- KKR for block deal investment in Max Financial Services for ₹ 951 crore

D. Singapore Operations

During FY 2015-16, JM Financial Singapore continued to work closely with SE Asia headquartered firms.

- In February 2016, we advised a consortium of private equity firms led by Bain Capital, which together with others invested around USD 350 Million in QuEST Global Singapore Pte Ltd. It was the largest technology services transaction for the year in Singapore
- We also worked with a mid-tier Chinese IT services major on inorganic options for their India entry strategy

Awards Won

BW Business World Magna Awards 2015

JM Financial Institutional Securities Ltd awarded the M&A Deal Maker of the Year

The Asset Triple A Country Awards

JM Financial Institutional Securities Ltd awarded 'Best Corporate and Institutional Bank – Domestic'

The Acquisition International 2015 M&A Awards

JM Financial Singapore Pte awarded Dealmaker of the Year 'Altran Acquisition of Foliage Inc'

SKOCH BSE Award For Aspiring India

JM Financial Institutional Securities Ltd awarded highest independent honour in India

Institutional Equities

Our Institutional Equities business firmly expanded its global distribution platform. We successfully distributed some of the most marquee capital market transactions to domestic and global funds including: Bajaj Finance ₹ 1,400 crore QIP in June 2015; IndusInd Bank ₹ 4,328 crore QIP in June 2015; IPO of SH Kelkar in November 2015 and IPO of Suprajit Engineering in March 2016, among other capital market transactions.



Mr. Nimesh Kampani with Mr. Adi Godrej at the 7th JM Financial India Conference

Business Review (Contd.)

- Our Institutional research unit produced some unique and differentiated research and thematic products, which were well received by the institutional investor fraternity. This helped enhance the franchise reach across global funds in various geographies
- We successfully hosted the 7th JM Financial India Conference in Mumbai in November 2015. Some of the biggest Indian corporate and government luminaries were speakers of this event. Their speech proved to be useful for managers and buy-side analysts
- On the back of a successful India conference in Mumbai, we hosted a conference in New York in March 2016, making further inroads into a wider investor audience

Investment Advisory and Distribution

A. Wealth Management Group (WMG)

- Our wealth business is currently being offered in seven major cities in India and through Hub & Spoke model
- Our clients are serviced through a team of over 50 senior advisors
- We provide a complete range of financial and custody solutions to clients, which includes family office, advisory and execution services
- The Group advises high networth individuals and corporates having an aggregate of Assets under Management (AUM) of over ₹ 26,000 crore



Ms. Dipti Neelakantan, Mr. Rajeev Chitrabhanu, and Mr. Subodh Shinkar presenting awards to star employees at the 'JM Financial Services Ltd. Awards Night 2015'

B. Equity Brokerage Group (EBG)

- Our Equity Brokerage Group (EBG) serviced over 43,000 clients with a client-centric advisory approach
- The Group has increased the reach by enhancing presence in 111 cities

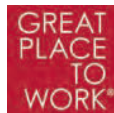
C. Independent Financial Distribution Group (IFDG)

- This Group facilitates about 8,300 active Independent Financial Distributors (IFDs) every year;

- they distribute various financial products across the country
- The Group is among the top 6 players in the overall IPO business in the industry
- The Group is among the top players in terms of distribution of mutual funds, IPOs and fixed deposits
- The Group is ranked among the top 5 players in the retail and non-institutional category for equity IPO business

Awards Won

Placed among top 10 performers in the Equity Broking Segment (Retail Trading) of BSE



Ranked among the top 3 performers in Primary Market Segment (IPO / FPO Bids members) of BSE

JM Financial Services Limited - Ranked among 'India's 100 Best Companies To Work For 2015' - Overall

Awarded the Best Performing National Financial Advisor – Institutional UTI & CNBC

JM Financial Services Limited - Ranked 1st in the Investments Industry Category in 'India's Best Companies To Work For 2015'

FUND BASED ACTIVITIES

Fixed Income and Lending for Commercial Real Estate

The outlook for the NBFC segment looks promising due to favourable economic scenario. Our endeavour is to strengthen our relationships with the existing clients while also building new partnerships.

- Our lending book grew from ₹ 5,388 crore in FY 15 to ₹ 7,214 crore in FY 16 and our real estate lending book grew from ₹ 2,845 crore in FY 15 to ₹ 5,629 crore in FY 16
- With a predominant focus on residential development projects in Tier 1 cities, we have lent against a few completed Grade A commercial properties in Mumbai, Pune, Chennai, and Bengaluru

- Our innovative strategies, ability to create customised lending solutions, backed by strong relations with several of India's top 200 promoter groups, set us apart and help in keeping pace with the improving business scenario
- We undertake due diligence to check the creditability and the track record of the borrowers who were able to service the debt on an on-going basis. Promoter lineage is given the utmost importance at the time of evaluation

We plan to further grow our portfolio by adding high-quality clients in key established markets. In the coming years, we believe there will be huge commercial

real estate maturities that will drive future originations. With heightened activities and disciplined approach, we see opportunities to capture additional market share in targeted geographies while maintaining our credit and pricing discipline.

Business Review (Contd.)

Asset Reconstruction

- At JM Financial ARC, our focus has been on Hotel Leelaventure Limited, the largest in our portfolio. We continue working with them towards their speedy recovery and revival. As part of Hotel Leelaventure Limited’s plan to pare off debt and become asset light, the sale of its Goa Hotel was completed during the year. This subsequently contributed to significant recovery of Hotel Leelaventure Limited’s outstanding dues
- In line with our acquisition strategy, we acquired some large single-credit accounts during the year. Focused efforts were made towards resolution of our acquired portfolio leading to significant recovery and redemption of security receipts
- We sold part of the security receipts of one of the accounts to a foreign portfolio investor. This was a first-of-its-kind transaction in the ARC industry



Mr. V P Shetty addressing the employees of JM Financial ARC during Business Strategy Meet - 2015 at Singapore

With persistent high level of NPAs in the Indian banking system and improving economic scenario, the outlook for the business looks promising. We will continue to focus on acquisition of accounts with revival potential and restructuring & resolution of our acquired portfolio.

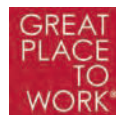
ASSET MANAGEMENT

Mutual Fund

- The average AUM of mutual fund industry touched ₹ 13.53 lakh crore for the quarter ended March 2016
- Our Mutual Fund business displayed a promising performance during the year. JM Financial Mutual Fund’s average AUM for FY 2015 -16 increased to ₹ 14,891 crore, compared with ₹ 11,351 crore in the previous financial year
- Despite slowdown in global and other emerging markets, India is well placed compared to other economies. Mutual

funds, with its diverse product range, will provide a great investment avenue to create wealth for investors

Awards Won



JM Financial Asset Management Limited - Ranked among ‘India’s 100 Best Companies To Work For 2015’ – Overall

JM Financial Asset Management Limited - Ranked 5th best in the Financial Services Industry Category in ‘India’s Best Companies to Work For 2015’

Our Clients Speak



I would like to take this opportunity to thank the team at JM Financial Institutional Securities Ltd ('JM Financial') for their support and guidance in relation to the IPO and after-market support to SH Kelkar.

On behalf of SH Kelkar, I express great satisfaction with the competence, dedication and professionalism displayed by the JM Financial team. We could not be more pleased with our selection of advisors for this process.

It was a great pleasure working with the JM Financial team.

Mr. Kedar Vaze

Promoter & CEO,
S H Kelkar and Company



I would like to thank the entire team at JM Financial for the impressive work done to successfully complete our maiden QIP of ₹ 1,400 crore. Being the sole banker to the QIP, the enormous effort put in by JM Financial is commendable.

We appreciate JM Financial's efforts in ensuring the timely completion of the QIP documentation, which helped us to be in a state of readiness for launching the issue at short notice.

JM Financial's deep understanding of our Company and the sector helped position Bajaj Finance appropriately to the investor community. Further, JM Financial's extensive investor reach and robust distribution capabilities helped us build a strong demand book with marquee global investors.

The timely communication of the investor feedback and identification of the correct window enabled us to launch and consummate the QIP successfully.

Keep up the excellent work and look forward to our continued association.

Mr. Rajeev Jain

Managing Director,
Bajaj Finance



The JM Financial team in Singapore invested in a multi-year relationship to identify and help diligence assets in the engineering services space. We were impressed by Prakash Chellam and his team's vertical knowledge and their contributions helped Bain Capital Private Equity close its investment in QuEST Global earlier this year.

Mr. Samonoi Banerjee

Principal,
Bain Capital



JM Financial has a deep understanding of the real estate industry and its structured financing requirements demonstrated by their expertise. We appreciate their ability to put together flexible options to meet our specific needs and their impressive turnaround times – we at the Embassy Group have been extremely happy to partner with JM Financial.

Mr. Jitu Virwani

Chairman & MD,
Embassy Group



Making a Difference

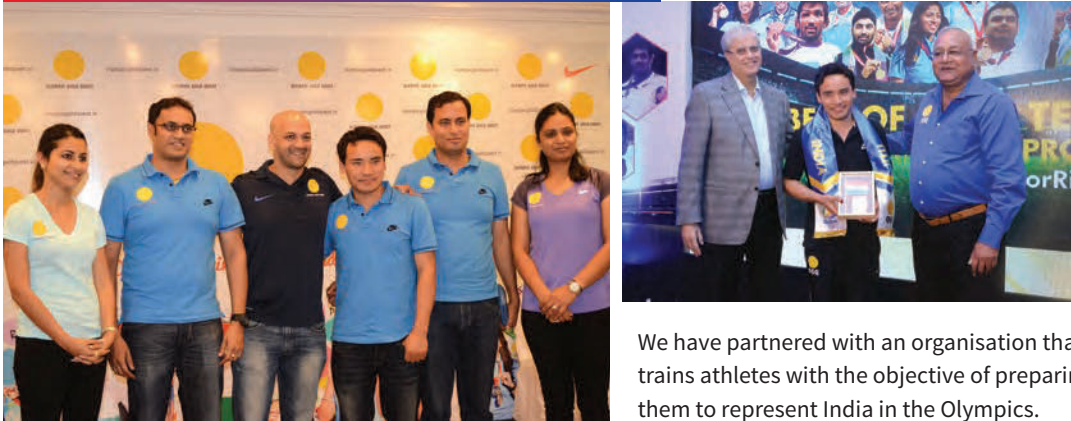
At JM Financial, community development is integral to our sustainability strategy. Our endeavour is to make a difference in the life of marginalised communities, thus contributing to social wellbeing. JM Financial Foundation, in partnership with several NGOs works in diminishing various challenges in the realms of education, health and disaster relief.

We organise free medical camps, free cataract surgeries and other treatments at subsidised cost for underprivileged people. We take special initiatives to improve the life of the physically challenged and provide rehabilitation facilities for them. Besides, we have introduced medical buggies in hospitals to help patients easily access different departments.

HEALTHCARE INITIATIVES



SUPPORT TO ATHLETES



We have partnered with an organisation that trains athletes with the objective of preparing them to represent India in the Olympics.

EDUCATIONAL INITIATIVES



We take significant efforts to make quality education accessible to the girl child, tribal communities and society's other underprivileged sections. We also support the education of children with disabilities, both physical and intellectual. Besides, we provide vocational training to young school dropouts to make them employable citizens.

ANIMAL WELFARE



Animal welfare forms an important part of our social programmes. We support several panjrapoles to build shelter for animals and provide fodder and medical care to them as well. We also run a project for conservation of the snow leopard in the Himalayan region. Here, we support the neighbouring communities to live in harmony with wildlife.

Making a Difference (Contd.)

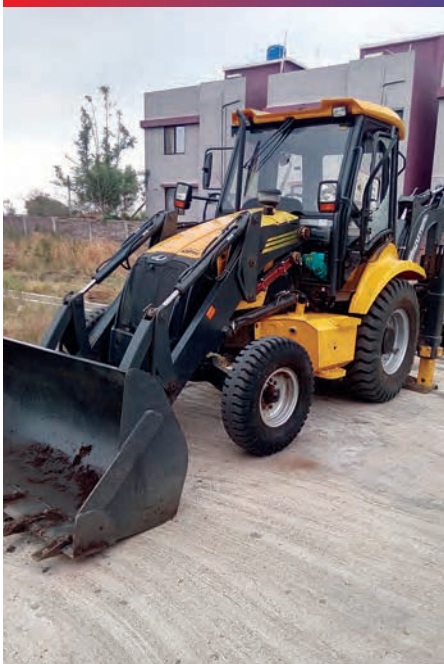
PROMOTION OF HIGHER EDUCATION



While most of our education projects are focussed on providing primary and secondary education to underprivileged children, we also promote higher education for students at Ashoka University, Haryana. IFRE is the sponsor body that set up Ashoka University, which is an independent non-profit private university under the Haryana Private Universities Act, 2006, that is engaged in providing bachelors, masters and post graduate education to students.

The students, who are admitted after a rigorous merit-based admission process, receive world class facilities. We support the campus development and operational activities of the University.

DROUGHT RELIEF



We have partnered with a grass root level NGO to implement our project on rehabilitation of drought-hit villages in Maharashtra. Our employees volunteered to visit the villages in Beed district, Taluka Ambejogai, to survey the drought-relief activities. Desilting several kilometres long broad canals will now entail sufficient rain water collection to overcome the acute water shortage. Villagers are provided with water, food grains and fodder for cattle. Somnath Borgaon, Ambejogai Talao, Makegaon, Hivra Khurd, Jogai Wadi, Chennai, Sangaon, Dewla, Sugaon and Kumbefal are the ten villages supported by us.

Fostering People Engagement

At JM Financial, our strong and dynamic team helps strengthen the foundation of our business. We strive to attract, nurture and retain the best talent. We stand strong on our commitment to provide growth opportunities to every employee, thus creating a harmony between business requirements and individual needs.



People Training

Employee training programmes are integral to our HR vision. Recognising people as our biggest asset, we provide advanced-quality training to employees through professional training organisations and qualified staff. Our primary training programmes and development opportunities include:

- Management development (e.g. coaching and feedback skills)
- Professional Skills (e.g. presentation, business writing and negotiating)
- Product training (e.g. cash and derivatives, equity and fixed income instruments)
- Core technical skills (e.g. firm orientation, telephone manners and secretarial skills)

People Engagement

We believe an engaged workforce connects more, performs more and adds more value to a business. Therefore, we organise several employee-engagement activities throughout the year to remain close to employees and ensure better business performance.



JM Financial Walkathon

We organise an annual event called JM Financial Walkathon, through our philanthropic arm viz. JM Financial Foundation, where we invite our employees and clients to participate. The participants walk to pledge support for the betterment of society's marginalised sections. Therefore, it not only serves as an important platform to engage with employees, but also helps in social welfare. This year, the JM Financial Walkathon was held on 7th February, 2016.



Other Employee-engagement Initiatives

- Yoga session for our employees
- Diwali celebrations
- Cricket tournament for our employees
- Women's Day celebrations
- Various offsites conducted to encourage team bonding and discuss business strategy

Corporate Information

BOARD OF DIRECTORS**Chairman & Managing Director**

Mr. Nimesh Kampani

Independent Directors

Mr. E A Kshirsagar

Mr. Darius E Udawadia

Mr. Paul Zuckerman

Dr. Vijay Kelkar

Mr. Keki Dadiseth

Ms. Jagi Mangat Panda

Non Executive Director

Mr. Vishal Kampani

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. Prashant Choksi

GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

PRINCIPAL BANKER

HDFC Bank Limited

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

Unit: JM Financial Limited

Karvy Selenium Tower B,

Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Phone: 040-67162222, Fax: 040-23001153

Toll Free no.: 1800-345-4001

Email ID: einward.ris@karvy.com

Website: www.karvycomputershare.com

REGISTERED OFFICE

JM Financial Limited

7th Floor, Cnergy,

Appasaheb Marathe Marg,

Prabhadevi, Mumbai - 400 025

Tel: 91-22-66303030 Fax: 91-22-66303223

Email: shareholdergrievance@jmfl.com

Website: www.jmfl.com

CIN: L67120MH1986PLC038784

Notice

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON TUESDAY, AUGUST 2, 2016 AT 4.00 P.M. AT RAMA AND SUNDRI WATUMULL AUDITORIUM, KISHINCHAND CHELLARAM COLLEGE, 124, DINSHAW WACHHA ROAD, CHURCHGATE, MUMBAI 400 020 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors thereon; and
 - (b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditors' Report thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Nimesh Kampani (DIN: 00009071), the Managing Director who though liable to retire by rotation is retiring by rotation to enable compliance by the Company with the provisions of Section 152 of the Companies Act, 2013 (hereinafter called "the Act") and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (Registration No. 105146W) as the Statutory Auditors of the Company to hold office from the conclusion of the Thirty First Annual General Meeting until the conclusion of the Thirty Second Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Vishal Kampani (DIN 00009079), who was appointed by the Board of Directors as an Additional Director of the Company with effect from February 3, 2016, pursuant to Section 161(1) of the Companies Act, 2013 (hereinafter called "the Act") read with the Article 132 of the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member along with requisite deposit under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013 (hereinafter called "the Act") and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V to the Act, so long as the Company has a Managing Director or Whole-time Director or Manager, the Company do pay to its Directors (other than the Managing Director or Whole-time Director), commission not exceeding 1% of the net profits of the Company in any financial year, commencing from April 1, 2017, computed in the manner laid down in Section 198 of the Act, such commission being divisible among the Directors in such proportion as the Board of Directors may from time to time determine."

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

"RESOLVED FURTHER THAT the Company do pay to its Directors (other than the Managing Director or Whole-time Director) commission in excess of 1 % of the net profits computed as aforesaid where the Company has a Managing Director or Whole-time Director or Manager and commission in excess of 3% of the net profits computed in the manner aforesaid where the Company does not have a Managing Director or Whole-time Director or Manager, subject in either

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case with the prior approval, if any and to the extent required, of the Central Government under Section 197 and other applicable provisions of the Act.”

7. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Sections 23, 42, 71 and other applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification or re-enactment thereof, for the time being in force) and pursuant to the applicable provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and the circulars and clarifications issued by the Reserve Bank of India from time to time to the extent applicable to the Company and subject to the provisions of the Company’s Memorandum and Articles of Association, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include any Committee thereof) to offer, issue and allot secured/unsecured redeemable non-convertible debentures, in one or more series/tranches, aggregating up to ₹ 1,000 Crore (Rupees One Thousand Crore), on private placement basis and/or through public offer, on such terms and conditions as the Board may, from time to time, determine and consider proper and beneficial to the Company.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give full effect to the above resolution and matters connected therewith or incidental thereto.”

8. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”) and Section 188, if and to extent applicable, and other applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) read

with Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into any and all transactions/contracts/arrangements with JM Financial Credit Solutions Limited (JM Financial Credit Solutions), a subsidiary of the Company and a ‘related party’ as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, relating to making of loans to, and/or giving of guarantees or providing security on behalf of JM Financial Credit Solutions and/or making of investments in the securities of JM Financial Credit Solutions and/or the purchase from and/or sale to it of any securities and/or providing/availing of any services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such transactions/contracts/arrangements that may be entered into by the Company with JM Financial Credit Solutions and remaining outstanding at any one point in time shall not exceed Rs. 500 Crore during any one financial year.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution.”

9. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”) and Section 188, if and to extent applicable, and other applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) read with Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (“the Board” which term shall be deemed to include a Committee of the Board) to enter into any and all transactions/contracts/arrangements with JM Financial Asset Reconstruction Company Private Limited (JM Financial ARC), an associate of the Company and a ‘related party’ as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of

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the Listing Regulations, relating to making of loans to, and/or giving of guarantee or providing security on behalf of JM Financial ARC and/or making of investments in the securities of JM Financial ARC and/or the purchase from and/or sale to it of any securities and/or providing/availing of any services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such transactions/contracts/arrangements that may be entered into by the Company with JM Financial ARC and remaining outstanding at any one point in time shall not exceed Rs. 500 Crore during any one financial year.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as

may be necessary, proper or expedient for the purpose of giving effect to this resolution.”

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 13, 2016

Registered Office:

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
(CIN: L67120MH1986PLC038784)

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL 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.

Pursuant to the provisions of the Companies Act, 2013 (hereinafter called “the Act”) and the Rules made thereunder a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in the aggregate not more than ten percent (10%) of the total issued and paid up share capital of the Company. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. A member holding more than ten percent (10%) of the total issued and paid up share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

1. The relevant statements to be annexed to the Notice pursuant to Section 102 of the Act, which sets out details relating to the special business at Item Nos. 5 to 9 of the Notice are annexed hereto.
2. Members are requested to:
 - i bring their copies of the Annual Report and the attendance slip duly completed and signed at the meeting.

- ii quote their respective folio numbers or DP ID and Client ID numbers for easy identification of their attendance at the meeting.
3. Bodies Corporate, who are the members of the Company, are requested to send a certified copy of the board resolution authorising their representative(s) to attend and vote at the meeting.
4. The Register of Members of the Company will remain closed from Wednesday, May 25, 2016 to Friday, May 27, 2016 (both the days inclusive).
5. The final dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid on and from August 4, 2016 to those members:
 - i whose names appear in the Register of Members at the close of business hours on May 24, 2016, in respect of shares held by them in physical form; and
 - ii whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on May 24, 2016, in respect of shares held by them in dematerialised form.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 (since the applicable Section of the Act has not yet been notified), the amount of dividend which

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remain unclaimed 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 2008-09 is due for transfer to the IEPF in October 2016. Members, who have not yet claimed their dividend for the financial year 2008-09 or for any subsequent financial years, are requested to claim the same from the Company. No claims shall lie against IEPF or the Company in respect of the amount of dividend remaining unclaimed after the said transfer to IEPF.

The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), to help the members ascertain status of the unclaimed dividend amounts. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the financial years from 2008-09 to 2013-14 and Interim Dividend for the financial year 2014-15 as on the date of the Thirtieth Annual General Meeting (AGM) held on July 30, 2015, on the website of the IEPF viz., www.iepf.gov.in and under "Investor Relations" section on the Website of the Company viz. www.jmfl.com.

7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company has transferred an amount of ₹ 15,86,825/- being the unclaimed dividend for the financial year 2007-08 to IEPF on September 23, 2015. The details in respect of the transfer of amount of unclaimed dividend for last seven years is given in the General Shareholders' Information section of this Annual Report.
8. Pursuant to the provisions of Sections 101 and 136 of the Act read with the Companies (Accounts) Rules, 2014 electronic copy of the Annual Report for the financial year 2015-16 is being sent to all those members whose e-mail IDs are registered with their respective Depository Participants (DPs), the Company or its Registrars & Share Transfer Agents for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses so far, are requested to promptly intimate the same to their respective DPs or with the Company/Registrars & Share Transfer Agents, as the case may be. Physical copies of the Annual Report for the year 2015-16 will be sent through the permitted mode in cases where the email addresses are not available with the Company.
9. Electronic copy of the Notice convening the Thirty First Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members who hold shares in dematerialised mode and whose e-mail IDs are registered with their respective DPs. For those members who have not registered their e-mail address, physical copies of the said Notice *inter alia* indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.
10. Members may also note that the Annual Report for the financial year 2015-16 including the Notice convening the Thirty First Annual General Meeting will also be available on the Company's website www.jmfl.com, which can be downloaded from the site. The physical copies of the aforesaid documents will also be available at the Company's registered office in Mumbai for inspection during normal business hours on all the working days except Saturdays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the members may also send their requests to the designated e-mail ID: shareholdergrievance@jmfl.com.
11. Voting through electronic means
 - I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides to its members, the facility to exercise their right to vote on resolutions proposed to be considered at the Thirty First Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Private Limited (Karvy).
 - II. The facility for voting through ballot paper shall also be made available at the AGM and the members attending

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the meeting shall be able to exercise their right to vote at the meeting through ballot paper in case they have not casted their vote by remote e-voting.

III. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM **but shall not be entitled to cast their votes again.**

IV. The remote e-voting period commences on Saturday, July 30, 2016 (9.00 a.m.) and ends on Monday, August 1, 2016 (5.00 p.m.). During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 26, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.

V. Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.

VI. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

VII. The process and manner for remote e-voting is as under:

A. Members whose e-mail IDs are registered with the Company/DPs will receive an e-mail from Karvy informing them of their User-ID and Password. Once the Members receives the e-mail, he or she will need to go through the following steps to complete the e-voting process:

(i) Launch internet browser by typing the URL: <https://evoting.karvy.com>

(ii) Enter the login credentials (i.e. User ID and password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

(iii) After entering these details appropriately, click on "LOGIN".

(iv) You will now reach password change Menu

wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

(v) You need to login again with the new credentials.

(vi) On successful login, the system will prompt you to select the E-Voting Event Number for JM Financial Limited.

(vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

(viii) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

(ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(x) You may then cast your vote by selecting an appropriate option by clicking on "Submit".

(xi) A confirmation box will be displayed. Click "OK"

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- to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: jayshreedagli@gmail.com or shareholdergrievance@jmfl.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_EVENT NO.”
- B. In case a member receives physical copy of the Notice of AGM [for members whose e-mail IDs are not registered or have requested the physical copy]:
- a) Initial password is provided in below format at the bottom of the Attendance Slip for the AGM:

USER ID	PASSWORD
---------	----------
 - b) Please follow all steps from Sl. No. (i) to Sl. No. (xii) above to cast vote.
- VIII. In case of any query pertaining to e-voting, please visit Help & FAQ’s section available at Karvy’s website <https://evoting.karvy.com>.
- IX. If the member is already registered with Karvy e-voting platform then he/she/it can use his/her/its existing User ID and password for casting the vote through remote e-voting.
- X. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication.
- XI. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of July 26, 2016.
- XII. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 26, 2016, may obtain the User ID and password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No./DP ID/Client ID, the member may send SMS : **MYEPWD** <space> E-Voting Event Number + Folio No. or DP ID Client ID to **9212993399**
 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678
 Example for CDSL :
 MYEPWD <SPACE> 1402345612345678
 Example for Physical :
 MYEPWD <SPACE> XXXX1234567890
 - b) If e-mail address or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a new password.
 - c) Member may call Karvy’s toll free number 1-800-3454-001 for any queries relating to e-voting.
 - d) Member may send an e-mail request to evoting@karvy.com. If the member is already registered with Karvy e-voting platform then he/she/it can use his/her/its existing User ID and password for casting the vote through remote e-voting.
- XIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., July 26, 2016 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIV. Ms. Jayshree S Joshi, Company Secretary (Membership No. FCS 1451), Proprietor of Jayshree Dagli & Associates, Company Secretaries, Mumbai has been appointed as the Scrutiniser by the Board of Directors of the Company to scrutinise the e-voting process in a fair and transparent manner.
- XV. Voting shall be allowed at the end of discussion on the resolutions on which voting is to be held with the assistance of Scrutiniser, by use of ballot paper for all

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those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.

XVI. The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.

XVII. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company www.jmfl.com and on the website of Karvy after the declaration of result by the Chairman or by a person duly authorised. The results shall also be forwarded to the National Stock Exchange of India Limited and BSE Limited, where the equity shares of the Company are listed.

XVIII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e., August 2, 2016.

12. 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 SH.13 in duplicate to the Registrars and Share Transfer Agents (RTA) of the Company. Members may obtain a blank Form SH.13 upon request to the Company or its RTA.

13. The Company has made necessary arrangements for the members to hold their shares in dematerialised form. Members are also entitled to make nomination in respect of the shares held by them in dematerialised form with their respective DPs. Those members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the registered DPs. In case any member wishes to dematerialise his/her/its shares and needs any assistance, he/ she/ it may write to the Company Secretary at the Registered Office of the Company.

14. The Company has paid the annual listing fees for the financial year 2016-17 to National Stock Exchange of India Limited and BSE Limited.

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

16. Members are advised not to leave their demat accounts dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

17. Payment of dividend through Electronic Clearing Services (ECS)/National Electronics Clearing Services (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.

Members holding shares in electronic form are informed that bank particulars registered in their respective demat accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective DPs of the members. Members holding shares in physical form and desirous of either registering their bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company or to its RTA.

18. Members are requested to immediately notify any change in their address to:

- their DPs in case they hold shares in electronic form; and
- RTA or the Company along with their bank account details in case they hold shares in physical form

so as to enable the Company to dispatch the dividend pay orders or the communication relating to the ECS/NECS, as the case may be, at their new address.

REQUEST TO MEMBERS

Members are requested to send their question(s), if any, relating to the financial statements, shareholding, etc., to the Company Secretary/Chief Financial Officer at the Registered Office of the Company, on or before Wednesday, July 27, 2016, so that the answers/details can be kept ready at the AGM.

Annexure to Notice

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (HEREINAFTER CALLED 'THE ACT')

Item No. 5

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors, at its meeting held on February 3, 2016, had appointed Mr. Vishal Kampani, son of Mr. Nimesh Kampani, Chairman and Managing Director, as an Additional (Non-executive) Director under Section 161 (1) of the Act, read with Article 132 of the Articles of Association of the Company. Accordingly, Mr. Vishal Kampani holds office as 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.

The Company has received a notice in writing along with the deposit of requisite amount under Section 160 of the Act from a member proposing Mr. Vishal Kampani as a candidate for the office of a Director of the Company. The Directors are of the view that Mr. Vishal Kampani would bring valuable experience to the Board and the Company would immensely benefit from his appointment as a Director.

Accordingly, the Board commends passing of the Ordinary Resolution proposed at Item No. 5 of the Notice.

Brief profile of Mr. Vishal Kampani and the disclosures required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given as additional information about the Directors, which forms part of the Notice.

None of the Directors/ Key Managerial Personnel of the Company or their relatives, except Mr. Vishal Kampani, being an appointee, and Mr. Nimesh Kampani, father of Mr. Vishal Kampani, is in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of the Notice.

Item No. 6

At the Twenty Eighth Annual General Meeting held on July 31, 2013, the Members had approved, through a Special Resolution, the payment of commission to the Non-Executive Directors of the Company up to 1% (where the Company has a Managing Director or Whole-time Director or Manager) or 3% (where the Company does not have a Managing Director or Whole-time Director or Manager) of the net profits for each of the five financial years with effect from April 1, 2012, such commission to be computed under and in accordance with Section 198 of the Act; the amount of commission and manner of its payment to be determined by the Board of Directors ('the Board') from time to time. The Members had also authorised the Board to pay,

with the approval of the Central Government, commission in excess of 1% or 3% as the case may be, of the net profits of the Company for each of the aforesaid five financial years of the Company.

The above special resolution was for payment of commission to the Non-Executive Directors up to the financial year 2016-17. Pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Act, if any, it is proposed to obtain the approval of Members by way of special resolution for payment of commission to the Non-Executive Directors commencing from April 1, 2017.

Accordingly, the Special Resolution proposed at Item No. 6 of the Notice seeks the authority of the Members to continue to pay commission to the Non-Executive Directors in accordance with the provisions of the Act. The approval of the Members is also sought to pay to the Non-Executive Directors, the commission in excess of 1% or 3% of the net profits, as the case may be, pursuant to Section 197 of the Act with the prior approval of the Central Government, if any and to the extent required.

The Board commends passing of the Special Resolution proposed at Item No. 6 of the Notice.

The Key Managerial Personnel (except Mr. Nimesh Kampani) of the Company and their relatives are not concerned or interested financially or otherwise, in the resolution set out at Item No. 6 of the Notice. All Non-Executive Directors and Mr. Nimesh Kampani, being father of Mr. Vishal Kampani may be deemed to be concerned or interested in the resolution set out at Item No. 6 to the extent of the commission that may be received by them from time to time.

Item No. 7

Pursuant to Sections 23, 42, 71 and other applicable provisions of the Act, if any, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, a company shall not make a private placement or public issue of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the members of a company by a special resolution. In case of any offer or invitation to subscribe for Non-Convertible Debentures (NCDs), it shall be sufficient if such company passes the special resolution only once in a year for all such offers or invitations during the year.

The Company had obtained the approval of members by way of Special Resolution passed at the Thirtieth Annual General Meeting (AGM) held on July 30, 2015 for raising of funds of up to ₹ 1,000 Crore (Rupees One Thousand Crore only) by way of issue of

Annexure to Notice

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NCDs, in one or more tranches. Pursuant to the said approval, the Company has not raised any amount by way of issue of NCDs. The current approval of members is valid up to July 29, 2016. In order to facilitate the raising of funds by way of issue of NCDs, it would be necessary to have the approval of members without any break. Therefore, to avoid approaching members by way of Postal Ballot other than at the AGM and to achieve cost efficiency, it is considered desirable to obtain members' approval at the forthcoming AGM.

The proceeds of the issue of NCDs are proposed to be utilised by the Company, *inter alia*, for grant of loans to its subsidiaries and/or group companies or for the acquisition of securities of its subsidiaries and/or group companies and for the general corporate purposes of the Company. Accordingly, consent of the members is sought for issuing the NCDs aggregating up to ₹ 1,000 Crore by passing the Special Resolution set out at Item No. 7 of the Notice. This resolution will enable the Board of Directors to raise monies through the issue of NCDs, when required from time to time.

The Board commends passing of the Special Resolution set out at Item No. 7 of the Notice.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise (except to the extent of the NCDs that may be offered to, and/or taken up by them), in the resolution set out at Item No. 7 of the Notice.

Item Nos. 8 and 9

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as the Listing Regulations), all related party transactions shall require prior approval of the Audit Committee and all material transactions with related parties shall require approval of the members of a public listed company through a resolution and the related parties shall abstain from voting on such resolution. Additionally, as per the provisions of Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, all related party transactions beyond the thresholds

mentioned in sub-rule (3)(a) thereof, shall require prior approval of the members at a general meeting.

“Material Related Party Transaction” under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2015-16 is ₹ 1,684.66 Crore. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 168.47 Crore (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, the approval of the Members will be required for the same.

The Company is a Core Investment Company (CIC) registered with the Reserve Bank of India (the RBI). In accordance with The CICs (Reserve Bank) Regulations, 2011 (the Regulations), the Company is required to hold not less than 90% of its net assets in the form of investments in equity shares, preference shares, bonds, debentures, debt or loans in its group companies. Additionally, the Company's investments in the equity shares of group companies shall not be less than 60% of its net assets at any point of time. The Company has accordingly made investments in its group companies and it also makes further investments and/or lends funds in/to its group companies from time to time as and when they require funds for their business activities/working capital needs.

The Company has a networth of ₹ 1,655.02 Crore and it enjoys credit Rating of AA/Stable for its borrowings. Apart from lending to the operating group companies, at times the lenders prefer lending to the group holding company. To take advantage of competitive interest rate on the group borrowing, the Company may borrow moneys from the market at attractive rates and onward lend to its subsidiaries and group companies by keeping a spread of upto 1% over the cost of its borrowing. This will effectively reduce the overall cost of borrowings for the group.

It is therefore proposed to obtain the members' approval for the following transactions which may be entered into by the Company with its related parties from time to time:

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of Transaction	Amount (₹ in Crore)*
1.	JM Financial Credit Solutions Limited (JM Financial Credit Solutions)	Subsidiary Company (Holding 50.01%)	Loan/Inter-corporate Deposits/ Investment, purchase and/or sale of securities and/or providing/availing of services, etc.	Up to ₹ 500 Crore
2.	JM Financial Asset Reconstruction Company Private Limited (JM Financial ARC)	Associate Company (Holding 50.00%)	Loan/Inter-corporate Deposits/ Investment, purchase and/or sale of securities and/or providing/availing of services, etc.	Up to ₹ 500 Crore

* The ceiling on the amounts of transactions specified as above would mean the transactions entered into and remaining outstanding at any point in time.

Annexure to Notice

(Contd.)

The Members at the Thirtieth Annual General Meeting had accorded similar approval to inter alia, give loans/inter corporate deposit to JM Financial Credit Solutions and JM Financial ARC for an amount upto ₹ 500 Crore each. Pursuant to the said approval, the Company has done transactions with JM Financial Credit Solutions of an amount aggregating ₹ 146.80 Crore and JM Financial ARC of an amount aggregating ₹ 242 Crore during the financial year 2015-16. Apart from the above, no other transactions have been entered into by the Company with these Companies.

JM Financial Credit Solutions is engaged in lending activities focused on real estate financing which include loan against commercial real estate/properties. Currently, the Company holds 50.01% stake in JM Financial Credit Solutions, which also received an investment of ₹ 540 Crore (representing 49.99%) from the funds managed by Mr. Vikram Pandit and Mr. Hariharan Ramamurthi Aiyar.

JM Financial ARC is engaged in acquisition of non-performing and distressed assets from Banks and Financial Institutions. As per the provisions of Securities and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, governing asset reconstruction companies (ARCs), no company can hold more than 50% stake in ARCs. Hence, the Company at present holds 50% in JM Financial ARC and the balance is held by Banks and other Sponsor Shareholder.

The Board commends passing of the Special Resolutions set out at Item Nos. 8 and 9 of the Notice.

It is particular to note that the above transactions are enabling in nature and have been duly approved by the Audit Committee of

the Board of the Company at its meeting held on May 12, 2016, in terms of the requirements of Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Darius E Udawadia and Mr. Vishal Kampani are Directors of JM Financial Credit Solutions and as such they may be deemed to be interested in the above transactions between the Company and JM Financial Credit Solutions. Mr. Udawadia and Mr. Kampani do not hold any shares in JM Financial Credit Solutions.

Except the above Directors, none of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the Special Resolutions set out at Item Nos. 8 and 9 of the Notice.

By Order of the Board

P K Choksi

Group Head - Compliance, Legal
& Company Secretary

Date: May 13, 2016

Registered Office:

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai - 400 025
(CIN: L67120MH1986PLC038784)

Annexure to Notice

(Contd.)

ADDITIONAL INFORMATION (AS ON MARCH 31, 2016) OF DIRECTORS SEEKING APPOINTMENT AT THE THIRTY FIRST ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND CLAUSE 1.2.5 OF SECRETARIAL STANDARDS ON GENERAL MEETINGS NOTIFIED ON APRIL 23, 2015

Name of the Director	Mr. Nimesh Kampani		
Date of Birth	September 30, 1946		
Date of Appointment	June 12, 1987		
Qualifications	B.Com, FCA		
Expertise in specific functional areas	Investment Banking including Merger, Acquisitions & Restructuring, Corporate Finance and Capital Markets		
Brief Profile	<p>Mr. Nimesh N Kampani is the founder and chairman of JM Financial Group, one of India's leading players in the financial services space. The Group is engaged in businesses covering investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, commodity broking, fixed income broking, non-banking financial services, private equity and asset reconstruction.</p> <p>Beginning 1999, JM Financial had a long joint venture with Morgan Stanley in the areas of investment banking and securities business.</p> <p>In his career spanning over four decades, Mr. Kampani has made pioneering contribution 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, investors on the focus areas for investing, Regulators and Law Makers on progressive regulations for development of financial markets and corporate activities.</p> <p>Mr. Kampani has served as a member on several important committees constituted by the Ministry of Finance, Government of India, Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange Limited, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Institute of Chartered Accountants of India.</p> <p>He was a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre and also a member of the Advisory Panel on Financial Regulation and Supervision constituted by RBI Committee on Financial Sector Assessment. He was a member of the Bloomberg Asia Pacific Advisory Board.</p> <p>Mr. Kampani is currently the Chairman of the CII's National Committee on Financial Markets and a member of the Governing Board of Centre for Policy Research. Mr. Kampani is also a member of the India Advisory Board of Bain & Company and Advisory Board of Venture Studio promoted by Ahmedabad University.</p> <p>Mr. Kampani serves as an Independent Director on the Board of leading Indian companies such as Apollo Tyres Limited, Britannia Industries Limited and Deepak Nitrite Limited. He also serves as Non-Executive Director on the Board of KSB Pumps Limited.</p> <p>Mr. Kampani is actively engaged in social outreach through two foundations, namely, Kampani Charitable Trust (formed in February 1983) and JM Financial Foundation (formed in March 2001). These two foundations support several social causes including healthcare, education, research in ayurvedic medicine, animal welfare, employment generation and entrepreneurship development.</p>		
Directorships held in other listed companies excluding foreign companies	<ul style="list-style-type: none"> • Apollo Tyres Limited • Britannia Industries Limited • Deepak Nitrite Limited • KSB Pumps Limited 		
Membership of Committees in other listed companies*	Name of the Company	Audit Committee	Stakeholders' Relationship Committee
	Britannia Industries Limited	Member	Member
Shareholding in the Company**	Mr. Kampani holds 13,53,57,500 as on March 31, 2016, including by or for other persons on a beneficial basis.		
Relationship with other Directors and Key Managerial Personnel	Mr. Nimesh Kampani is father of Mr. Vishal Kampani.		
No. of Board Meetings attended during the financial year 2015-16	Attended all 7 (Seven) meetings which were held during the year.		
Terms and conditions of appointment	To enable compliance by the Company with the provisions of Section 152 of the Companies Act, 2013, Mr. Kampani is being made liable to retire by rotation.		

*only Audit Committee and Stakeholders' Relationship Committee memberships have been considered.

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

Annexure to Notice

(Contd.)

Name of the Director	Mr. Vishal Kampani		
Date of Birth	January 30, 1977		
Date of Appointment	February 3, 2016		
Qualifications	M.Com, M.S. (Finance) from London Business School		
Expertise in specific functional areas	Institutional Securities Business including investment banking, financing activities, managing Real Estate fund and Private Equity fund		
Brief Profile	<p>Mr. Vishal Kampani, 39, is a Master of Commerce from University of Mumbai and has completed his M.S. (Finance) from London Business School, University of London.</p> <p>Mr. Kampani is currently the Managing Director of a subsidiary of the Company viz., JM Financial Products Ltd., a non-banking finance company registered with the Reserve Bank of India, which <i>inter alia</i> focuses on the business of financing and advancing short-term and long-term loans and credits to individuals, companies, bodies corporate, etc. He also heads the Institutional Securities Business of JM Financial group, which consists of Investment Banking, Institutional Equities, Fixed Income securities and also oversees the international operations of Institutional Securities Business. Mr. Kampani also serves as a Non-Executive Vice-Chairman of JM Financial Credit Solutions Limited, a non-banking financial company in which the funds managed by Mr. Vikram Pandit has made investment along with JM Financial Limited.</p> <p>In his professional career spanning over 19 years, Mr. Kampani has worked as a Senior Banker in the Investment Banking division of JM Morgan Stanley, which was then a joint venture between JM Financial Group and Morgan Stanley, where he was responsible for building and maintaining key client relationships, procuring and overseeing the execution of business transactions, advising corporate clients in raising capital, etc.</p> <p>Prior to working in India, Mr. Kampani also worked with Morgan Stanley Dean Witter & Co. in New York, in the Equity Capital Markets Group, where he was involved in structuring creative products for the firm's clients most of whom were fortune 500 companies.</p>		
Directorships held in other listed companies excluding foreign companies	None		
Membership of Committees in other listed companies	Name of the Company	Audit Committee	Stakeholders' Relationship Committee
	Not Applicable		
Shareholding in the Company	Mr. Vishal Kampani holds 1,01,63,647 shares as on March 31, 2016, including by or for other person on a beneficial basis.		
Relationship with other Directors and Key Managerial Personnel	Mr. Vishal Kampani is son of Mr. Nimesh Kampani, the Chairman & Managing Director of the Company.		
No. of Board Meetings attended during the financial year	Two (Only two meetings were held since his appointment on February 3, 2016)		
Terms and conditions of appointment	Appointment as Non-Executive Director liable to retire by rotation.		

Directors' Report

To,
The Members,

The Directors of the Company are pleased to present their Thirty First Annual Report together with the annual audited financial statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The summary of the consolidated and standalone financial performance for the financial year ended March 31, 2016 and the previous financial year ended March 31, 2015 is given below:

Particulars	(₹ in Crore)			
	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Gross income	1,684.66	1,403.04	157.77	104.54
Profit before depreciation and amortisation expenses, finance costs & tax expenses	1,225.23	955.16	139.64	88.49
Less: Depreciation and amortisation expenses	20.29	18.05	0.38	0.40
Less: Finance costs	512.09	420.20	27.15	7.59
Profit before tax	692.85	516.91	112.11	80.50
Current tax	224.48	158.96	0.10	2.50
Deferred tax	(2.03)	(2.78)	(0.24)	(0.10)
Tax adjustments of earlier years (net)	(0.01)	0.21	-	-
Profit after tax but before minority interest and share in associate companies	470.41	360.52	112.25	78.10
Less: Share of minority interest	125.28	48.76	-	-
Add: Share in profit of associates	55.33	18.76	-	-
Net Profit	400.46	330.52	112.25	78.10

FINANCIAL PERFORMANCE

Consolidated

The consolidated turnover of JM Financial Group was higher by 20% at ₹ 1,684.66 Crore for the financial year ended March 31, 2016 as against ₹ 1,403.04 Crore during the previous financial year. The Group made a consolidated net profit of ₹ 400.46 Crore for the year ended March 31, 2016 as compared to the net profit of ₹ 330.52 Crore in the previous year registering an increase of 21%.

The consolidated financials reflect the cumulative performances of JM Financial Limited along with its various subsidiaries and associates. Detailed description about the business carried on by these entities is contained in the Management Discussion and Analysis report.

Standalone

Being a Core Investment Company, most of the Company's investments are in the securities of subsidiary & associate

companies. Accordingly most of its revenue on standalone basis is in nature of dividend income on investments in subsidiary companies.

The gross revenue of the Company stood at ₹ 157.77 Crore for the year ended March 31, 2016 as against ₹ 104.54 Crore in the previous year. The Company made a net profit of ₹ 112.25 Crore for the year ended March 31, 2016 as compared to the net profit of ₹ 78.10 Crore in the previous year.

DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 0.85 per share of the face value of ₹ 1/- each for the financial year 2015-16 (previous year ₹ 0.80 per share). The Company also paid an interim dividend of ₹ 0.60 per equity share of the face value ₹ 1/- each (Previous year ₹ 0.55 per share). With the above recommendation, the total dividend works out to ₹ 1.45 per share

Directors' Report

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(Previous year ₹ 1.35 per share). The total outgo on account of interim and final dividend would be ₹ 114.45 Crore for the financial year 2015-16 as against ₹ 106.15 Crore in the previous year.

The final dividend, if declared, at the Thirty First Annual General Meeting, will be paid on and from August 4, 2016 to the eligible members.

APPROPRIATIONS

The following appropriations have been made out of the available profits of the Company:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Net Profit	400.46	330.52	112.25	78.10
Add: Balance brought forward from previous year	1,597.08	1,456.70	1,016.67	1,062.74
Less: Transferred to minority interest	(0.08)	-	-	-
Less: Depreciation of earlier years adjusted	-	(0.28)	-	#
Profit available for appropriation	1,997.46	1,786.94	1,128.92	1,140.84
Less: Appropriations				
Interim dividend	47.33	43.09	47.33	43.09
Proposed final dividend	67.12	63.06	67.12	63.06
Dividend on equity shares allotted after the adoption of previous years' accounts	-	0.10	-	0.10
Dividend distribution tax	18.96	20.22	0.40	2.29
Transfer to Statutory reserve	95.98	63.39	22.46	15.63
Surplus carried to balance sheet	1,768.07	1,597.08	991.61	1,016.67

denotes amount below ₹ 50,000

SHARE CAPITAL

Issue of shares arising out of Employees' Stock Option Scheme

During the financial year 2015-16, an aggregate of 52,61,959 equity shares have been allotted upon exercise of stock options by the eligible employees ('the Employees') under the Employees' Stock Option Scheme – Series 1, Series 4, Series 5, Series 6 and Series 7.

Consequent to the allotment made to the Employees as above, the paid-up equity share capital of the Company has increased to ₹ 78,89,85,636 (comprising 78,89,85,636 equity shares of ₹ 1/- each) as on March 31, 2016 as against ₹ 78,37,23,677 as at the end of the previous financial year (comprising 78,37,23,677 equity shares of ₹ 1/- each).

Additionally, an aggregate of 6,03,381 equity shares have been allotted on May 12, 2016 to the Employees on exercise of stock options by them under Series 5, 6, 7 and 8. Subsequent to the said allotment, the paid-up equity share capital of the Company has increased post March 31, 2016 to ₹ 78,95,89,017 representing 78,95,89,017 equity shares of the face value of ₹ 1/- each.

EMPLOYEES' STOCK OPTION SCHEME

The Nomination and Remuneration Committee of the Board granted 14,44,440 stock options to the eligible employees ('the Employees') under the Employees' Stock Option Scheme – Series 8 on April 16, 2015. Out of the total number of stock options so far granted under Series 1 to 8, an aggregate of 1,58,22,258 (up to March 31, 2016) stock options have been exercised by the Employees and 1,44,82,165 stock options have lapsed. The aggregate number of stock options outstanding as on March 31, 2016 is 1,04,61,226.

The Nomination and Remuneration Committee, at its meeting held on May 12, 2016, has further granted 12,55,515 stock options to the Employees under the Employees' Stock Option Scheme – Series 9.

The disclosures required to be made under applicable SEBI Regulations/Guidelines and Section 62(1) of the Companies Act, 2013 ('the Act') read with Rule 12(2) of the Companies (Share Capital and Debentures) Rules, 2014 are covered in **Annexure I** to this Report.

Directors' Report

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DEPOSITS

During the year, the Company has neither invited nor accepted any deposits from the public.

SUBSIDIARIES AND ASSOCIATES

As on March 31, 2016, the Company had 16 subsidiaries (including step down subsidiaries) and 2 associates. These subsidiaries are; JM Financial Institutional Securities Limited, JM Financial Services Limited, JM Financial Commtrade Limited, JM Financial Overseas Holdings Private Limited (Mauritius), JM Financial Singapore Pte Limited (Singapore), JM Financial Securities, Inc. (Delaware - United States of America), JM Financial Products Limited, JM Financial Credit Solutions Limited, JM Financial Capital Limited, JM Financial Investment Managers Limited, Infinite India Investment Management Limited, JM Financial Asset Management Limited, JM Financial Properties and Holdings Limited, CR Retail Malls (India) Limited, JM Financial Insurance Broking Private Limited and Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, subsidiaries of the Company are partners.

The Company's associates as on March 31, 2016 are JM Financial Asset Reconstruction Company Private Limited and JM Financial Trustee Company Private Limited.

JM Financial Capital Limited was promoted by the Company's subsidiary, JM Financial Services Limited during the financial year 2015-16. The main business of JM Financial Capital Limited will be to provide funding facility to their brokerage and wealth clients.

The process of winding up of PT JM Financial Securities, Indonesia, a step down subsidiary was completed during the year.

In accordance with Section 129(3) of the Act and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consolidated financial statements of the Company and all its subsidiary/associate companies have been prepared and form part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary and associate companies is also included in the Annual Report at page no. 145 and 146.

The Annual Report of the Company, containing, *inter alia*, its standalone and the consolidated financial statements has been placed on the website of the Company viz., www.jmfl.com in accordance with third proviso to Section 136(1) of the Act. Further, the audited financial statements of each of the subsidiary

companies have also been placed on the website of the Company. Members interested in obtaining a copy of the audited financial statements of the subsidiary companies may write to the Company Secretary at the Company's registered office.

The Company shall make available, the audited financial statements and related information of its subsidiaries, to those members who wish to have copies of the same and these documents will also be kept open for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Thirty First Annual General Meeting.

AWARDS AND RECOGNITIONS

Various subsidiaries of the Company were conferred the following awards and recognitions during the year:

JM Financial Institutional Securities Limited

- At the Asset's Triple A Country Awards 2015, JM Financial Institutional Securities Limited received the award for the 'Best Corporate and Institutional Bank-Domestic' and 'Best Equity House'.
- At the SKOCH BSE Award For Aspiring India, JM Financial Institutional Securities Limited was included in the Order of Merit list receiving the award for Highest Independent Honour in India for Institutional Leadership.

JM Financial Services Limited

- At the UTI MF & CNBC-TV18's Financial Advisor Awards 2015, JM Financial Services Limited received the award for Best Performing National Financial Advisor (Institutional).
- At the Great Places to Work for 2015 conducted by The Great Place to Work Institute, India in partnership with The Economic Times, JM Financial Services Limited received the following awards:
 - Ranked amongst "India's 100 Best Companies to Work For 2015"- Overall
 - Ranked 1st in the Investment Industry Category in "India's 100 Best Companies to Work For 2015".

JM Financial Asset Management Limited

At the Great Places To Work For 2015 conducted by The Great Place to Work Institute, India in partnership with The Economic Times,

Directors' Report

(Contd.)

JM Financial Asset Management Limited received the following awards:

- Ranked amongst "India's 100 Best Companies to Work for 2015"
- Ranked 5th best in the Industry (Financial Services) in "India's Best Companies To Work For 2015".

JM Financial Singapore Pte. Ltd.

At the Acquisition International 2015 M&A Awards, JM Financial Singapore Pte. Ltd. was awarded as the Dealmaker of the year for the transaction "Altran Acquisition of Foliage Inc" where JM Financial Singapore Pte. Ltd. advised Foliage Inc.

CHANGE OF REGISTRARS & SHARE TRANSFER AGENTS

The Company has appointed Karvy Computershare Private Limited as its Registrars & Share Transfer Agents in place of Sharepro Services (India) Private Limited (Sharepro Services).

Sharepro Services and some of its employees had committed certain irregularities in the share related operations and wrongful encashment of dividends in respect of the equity shares of various companies including the Company. Consequent on this, the Company had intimated Securities and Exchange Board of India (SEBI) and Stock Exchanges about the irregularities and terminated its share registry agreement with Sharepro Services.

SEBI has also passed an Interim Order dated March 22, 2016 restraining Sharepro Services, its promoters, directors, some of its employees and other persons from dealing in securities market and associating themselves with the securities market till further orders. In accordance with the directions in SEBI Interim Order, the Company has appointed Deloitte Touche Tohmatsu India LLP to conduct a thorough review of the records and systems of Sharepro Services with respect to Company's share operations handled by them, which is currently being done by them.

The findings of the said report will be submitted to SEBI.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Vishal Kampani as an Additional (Non-Executive) Director of the Company with effect from February 3, 2016. Mr. Kampani holds office as an Additional Director until the Thirty First Annual

General Meeting, and is eligible for appointment as a Director as provided under Article 132 of the Articles of Association of the Company. Mr. Kampani is a relative (son) of Mr. Nimesh Kampani, Chairman & Managing Director. The Company has received a notice under Section 160 of the Act from a member with requisite deposit signifying her intention to propose the candidature of Mr. Kampani for the office of a Director. A brief profile of Mr. Vishal Kampani is given as an Additional Information in the notice convening the Thirty First Annual General Meeting.

Mr. Nimesh Kampani, Chairman and Managing Director, though appointed as the Managing Director for a fixed term of 5 years with effect from April 1, 2012, will retire by rotation as a Director, to enable compliance by the Company with the provisions of Section 152 of the Act.

As on March 31, 2016, the Board of Directors of the Company comprised eight Directors, one of whom is the Chairman & Managing Director. Out of the remaining seven Directors, one is Non-Executive Director and six are Independent Directors.

Mr. Nimesh Kampani, the Chairman & Managing Director is the Key Managerial Personnel (KMP) within the meaning of Section 203(1) of the Act.

Mr. Prashant Choksi and Mr. Manish Sheth are the other KMPs designated as the Company Secretary and the Chief Financial Officer (CFO) respectively.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors have confirmed to the Board that they meet the criteria of independence as specified under Section 149(6) of the Act and that they qualify to be independent directors pursuant to the Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. They have also confirmed that they meet the requirements of 'Independent Director' as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The confirmations were placed before and noted by the Board.

BOARD MEETINGS

The Board meets at regular intervals to discuss and take a view on the Company's policies and strategy apart from other Board matters. The tentative annual calendar of the Board and Committee meetings is circulated in advance to facilitate the Directors to plan their schedule and to ensure participation in the

Directors' Report

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meetings. The notice for the board meetings is also given well in advance to all the Directors.

The Board of Directors met seven times in the financial year 2015-16 viz., May 29, 2015; July 30, 2015; September 22, 2015; October 29, 2015; December 11, 2015; February 3, 2016 and March 29, 2016. The maximum time period between the two board meetings did not exceed 120 days.

POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act, are appended as **Annexure II(a)** and **II(b)** to this Report.

EVALUATION OF BOARD OF DIRECTORS

The Board carried out formal annual evaluation of its own performance and that of its Committees viz., the Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee (NRC), Corporate Social Responsibility Committee and Allotment Committee. The Board also carried out the evaluation of all the individual directors. Additionally, NRC also carried out the evaluation of the performance of all the individual directors of the Company. The performance evaluation was carried out by way of obtaining feedback from the Directors through a structured questionnaire prepared separately for individual directors, for the Board as a whole and its various Committees.

The structured questionnaire prepared to evaluate the performance of individual directors contained *inter alia*, parameters such as professional conduct, roles and functions, discharge of duties, and their contribution to Board/ Committee/ Senior Management. The questionnaire prepared for evaluation of the Board and its Committees, *inter alia*, covered various aspects such as structure and composition, effectiveness of board process, information and functioning of the Board and its Committees, establishment and determination of responsibilities of Committees, the quality of relationship between the board and the management.

The feedback received from the Directors in the above forms was reviewed by the Chairman & Managing Director and the Chairman of the NRC and then discussed at the meetings of the Board and NRC. The performance evaluation of the Chairman & Managing Director and the Board as a whole was carried out by

the Independent Directors at their separate meeting held on December 11, 2015.

BOARD COMMITTEES

The Board of Directors has constituted five Committees, viz.,

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee
5. Allotment Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) read with Section 134(5) of the Act with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made in following the same;
- (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made 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 and loss of the Company for that period;
- (c) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Act have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, if any;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co., Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Act, for a period of three years from the

Directors' Report

(Contd.)

conclusion of the Twenty Ninth Annual General Meeting until the conclusion of the Thirty Second Annual General Meeting (AGM). As per Section 139 (2) of the Act and the applicable rules, the appointment of Statutory Auditors needs to be ratified by the members at every AGM.

The Company has received a confirmation from M/s. Khimji Kunverji & Co. that their appointment, if ratified, at the Thirty First AGM will be in accordance with Sections 139 and 141 of the Act and rules made thereunder. Accordingly, the members are requested to ratify the appointment of the Statutory Auditors at the Thirty First AGM.

SECRETARIAL AUDIT

Pursuant to the requirements of Section 204(1) of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Naren Shroff & Associates, Company Secretary in Practice to conduct the secretarial audit for the financial year 2015-16.

The Secretarial Audit Report as received from M/s. Naren Shroff & Associates is appended as **Annexure III** to this Report.

COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors, in their Audit Report and by M/s. Naren Shroff & Associates, Company Secretary in Practice, in his Secretarial Audit Report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2015-16.

CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. The CSR Policy of the Company, *inter alia*, lists the activities that can be undertaken or supported by the Company for CSR, composition and meetings of CSR Committee, details of existing Charitable trusts within the JM Financial group, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/projects. The details of CSR activities undertaken by the Company are described in the prescribed format appended as **Annexure IV** to this Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has a well-defined risk management framework in place. Further, it has established procedures to periodically place before the Board, the risk assessment and management measures.

The details of the risks faced by the Company and the mitigation thereof are discussed in detail in the Management Discussion and Analysis report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

During the financial year 2015-16, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

The reports on Corporate Governance and Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form part of this Report. The certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

In accordance with the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules are provided in the Annual Report. The disclosures as specified under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been appended to this Report as **Annexure V**.

As per the provisions of Section 136 (1) of the Act, the reports and accounts are being sent to all the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The same is available for inspection by Members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Thirty First Annual General Meeting. Any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request.

Directors' Report

(Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investments under Section 186 of the Act are not furnished since the provisions of Section 186 of the Act are not applicable to the Company pursuant to sub-section 11 thereof.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, as prescribed in Form AOC - 2 are appended as **Annexure VI** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is appended as **Annexure VII** to this Report.

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

The particulars regarding Conservation of Energy and Technology Absorption are not furnished since they are not applicable to the Company.

During the year, the Company has not earned any foreign exchange on standalone basis; the details of the amount spent in foreign exchange is provided at note number 2.31 of the notes to the standalone financial statements which forms part of the audited annual accounts.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the Management, their genuine concerns about behaviour of employees, the details of which are included in the Report on Corporate Governance.

During the financial year 2015-16, no cases under this mechanism were reported in the Company and any of its subsidiaries/associates.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company's policy against sexual harassment is embodied both in the Code of Conduct of JM Financial Group as also in

a specifically written policy in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2015-16, no cases in the nature of sexual harassment were reported at any workplace of the Company and any of its subsidiaries/associates.

CEO & CFO CERTIFICATION

Certificate from Mr. Nimesh Kampani, Chairman & Managing Director and Mr. Manish Sheth, Chief Financial Officer, pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year 2015-16 was placed before the Board of Directors of the Company at its meeting held on May 13, 2016 and also forms part of Report on Corporate Governance.

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) Limited, Forward Markets Commission, Metropolitan Stock Exchange of India Limited, National Commodity and Derivatives Exchange Limited, other government and regulatory authorities, lenders, financial institutions and the bankers of JM Financial group for the continuous support provided by them.

The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries/associates across all levels, resulting in satisfactory performance during the year.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 13, 2016

Nimesh Kampani
Chairman & Managing Director

Directors' Report

(Contd.)

ANNEXURE I

Details of Employee Stock Option Scheme as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014 and Companies Act, 2013

1. Options granted during the year (FY 2015-16)	:	14,44,440												
2. Pricing formula	:	As determined by the Nomination and Remuneration Committee												
3. Options vested during FY 2015-16	:	54,41,131												
4. Options exercised during FY 2014-15	:	13,50,000 (Exercise price - ₹ 54.80) 39,11,959 (Exercise price - ₹ 1)												
5. Total number of shares arising as a result of exercise of Options during FY 2015-16	:	52,61,959												
6. Options lapsed during FY 2015-16	:	97,70,877												
7. Variation of terms of Options	:	None												
8. Money realised from the Employees by exercise of Options during FY 2015-16	:	₹ 7,39,80,000/- ₹ 39,11,959/-*												
9. Total Options in force as on March 31, 2016	:	1,04,61,226												
10. Employee wise details of Options granted to:														
(i) senior managerial personnel	:	9,33,738 Stock Options have been granted to 18 senior managerial personnel (eligible employees/directors of the Company and/or its subsidiaries).												
(ii) any other employee who received a grant in any one year of Option amounting to 5% or more Options granted during that year	:	None												
(iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	None												
11. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'.	:	Standalone - ₹ 1.41 Consolidated - ₹ 5.04												
12. Difference between the employee compensation cost using intrinsic value method and fair value method.	:	a. On Standalone basis Reduced by ₹ 0.02 Crore												
The impact of this difference on profits and on EPS of the Company.		<table border="1"> <thead> <tr> <th>Particulars</th> <th>As reported</th> <th>As adjusted</th> </tr> </thead> <tbody> <tr> <td>Net profit (₹ in Crore)</td> <td>112.25</td> <td>112.23</td> </tr> <tr> <td>Basic EPS (₹)</td> <td>1.42</td> <td>1.42</td> </tr> <tr> <td>Diluted EPS (₹)</td> <td>1.41</td> <td>1.41</td> </tr> </tbody> </table>	Particulars	As reported	As adjusted	Net profit (₹ in Crore)	112.25	112.23	Basic EPS (₹)	1.42	1.42	Diluted EPS (₹)	1.41	1.41
Particulars	As reported	As adjusted												
Net profit (₹ in Crore)	112.25	112.23												
Basic EPS (₹)	1.42	1.42												
Diluted EPS (₹)	1.41	1.41												
		b. On Consolidated basis Increased by ₹ 0.81 Crore												
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>As reported</th> <th>As adjusted</th> </tr> </thead> <tbody> <tr> <td>Net profit (₹ in Crore)</td> <td>400.46</td> <td>401.27</td> </tr> <tr> <td>Basic EPS (₹)</td> <td>5.08</td> <td>5.09</td> </tr> <tr> <td>Diluted EPS (₹)</td> <td>5.04</td> <td>5.05</td> </tr> </tbody> </table>	Particulars	As reported	As adjusted	Net profit (₹ in Crore)	400.46	401.27	Basic EPS (₹)	5.08	5.09	Diluted EPS (₹)	5.04	5.05
Particulars	As reported	As adjusted												
Net profit (₹ in Crore)	400.46	401.27												
Basic EPS (₹)	5.08	5.09												
Diluted EPS (₹)	5.04	5.05												
13. Weighted-average exercise prices and weighted average fair values of Options for Options whose exercise price is either equal to or exceeds or is less than the market price of the stock Options.	:	Weighted average exercise price - ₹ 54.80 for 13,50,000 Options ₹ 1.00 for 39,11,959 Options Weighted average value of option - ₹ 42.20												
14. A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:	:	Black-Scholes-Merton model												
i. Risk-free interest rate	:	8%												
ii. Life of options	:	7 years												
iii. Expected volatility	:	55.42%												
iv. Expected dividend yield	:	2.62%												
v. The price of the underlying share in market at the time of Option grant	:	₹ 51.70												

*In addition to the above amount, an aggregate amount of ₹ 7,37,74,228/- being the difference between the grant price and market price on the date of grant has been received on relevant vesting dates from the respective subsidiary Company on behalf of the Employees on their pay roll to whom the stock options have been granted.

Directors' Report

(Contd.)

ANNEXURE II (a)

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS

Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 (the Act), the Nomination and Remuneration Committee of a company is required to formulate the criteria for determining the qualifications, positive attributes and independence of a director proposed to be appointed as a director on the board of the Company.

This Policy document records the criteria for selection and appointment of directors on the Board of the Company.

Scope:

This Policy is applicable to selection and appointment of directors on the Board of the Company.

Criteria for selection of Directors:

The Nomination and Remuneration Committee ('the Committee') of the Board of the Company to keep the following criteria in mind while assessing the suitability of an individual as a director on the Board of the Company:

- Demonstration of independence, integrity, high personal and professional ethics;
- Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- Understanding of the Company's/Group's business and related industry;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company/Group;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Ability to assessment the conflict of interest, if any;
- Personal accomplishments and ability to influence decisions.

The above are the broad parameters for assessing the candidate's suitability. The Committee has the discretion to apply additional or different criteria as it may deem fit.

The Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

The Committee will also keep in mind regulatory requirements in this regard. For example, a person cannot serve on more than seven public listed company boards in addition to the Company. Also a person who serves as the Managing Director/ Chief Executive Officer (or equivalent position) of any company cannot serve on the Board of more than three additional public listed companies.

The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be re-appointed earlier than one year before the expiry of their term.

An Independent Director can hold office for a term up to five consecutive years on the Board of the Company and he is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director can hold office for more than two consecutive terms of five years, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

The Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

Persons to be considered for appointment as directors are selected by the Nomination and Remuneration Committee in accordance with the policies and principles above and under the Act and the Listing Agreement. The invitation to join the Board may be extended by the Chairman of the Board.

Directors' Report

(Contd.)

ANNEXURE II (b)

POLICY ON PERFORMANCE EVALUATION AND REMUNERATION OF THE DIRECTORS

Scope:

- All members of the Board of Directors

Objective

- To assist in the process of assessing the participation and contribution in the Board level deliberations by the directors of JM Financial Limited
- To monitor and evaluate the attainment of the Board objectives
- To provide the Directors an opportunity to reflect on, and assess their areas of strength and development

Evaluation Process for Independent Directors:

JM Financial Group follows annual 360 degree evaluation for its Key Managerial Persons and other eligible employees including the senior management team. A process modelled on this method has been designed for evaluation of Directors. Under this process, the Company Management team will:

- help define criteria for evaluations
- formulate the process for evaluating and rating each Director
- design the evaluation templates/questionnaire and implementation process
- coordinate and collate feedback received from each Director
- analyse feedback received from each Director and prepare summary thereof
- share the evaluation summary with the Chairman of the Nomination and Remuneration Committee
- share the feedback with the Chairman of the Board.

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at, and active engagement in the discussion of business performance, competitive landscape and strategies
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices
- Nudging for long-term focus areas such as Succession Planning, Business Continuity Planning etc.
- Management of conflicts in Board discussion
- Management of Conflict of Interest

Criteria for determination of Remuneration of Directors

The Non-Executive Directors and Independent Directors will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committee thereof, as decided by the Board from time to time subject to the limits specified under the Companies Act, 2013 (the Act) including any amendments thereto. In addition to the sitting fees, the Non-Executive and Independent Directors may also be paid commission as may be determined by the Board subject to the limits specified under the Act.

The remuneration of Non-Executive Directors and Independent Directors will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

The compensation structure for Executive Director consists of two parts – Fixed and Variable:

• Fixed compensation

The objective of fixed compensation is to ensure internal and external parity. The fixed component is reviewed annually and a market aligned fixed compensation structure is proposed.

• Variable compensation

Apart from the fixed component, Executive Directors are eligible for a performance linked variable compensation component i.e. 'Discretionary Bonus'. The payout of this component depends on Executive Director's individual performance and performance of the Company.

The compensation strategy of the Company is meritocracy-based and the remuneration policy is designed to encourage high performance culture while aligning itself to the highly competitive business environment.

The compensation structure of the Executive Director is also being reviewed by the Nomination and Remuneration Committee and approved by the Shareholders of the Company.

The Fixed and Variable compensation of Executive Director is determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Company

Secretarial Audit Report

for the year ended March 31, 2016

ANNEXURE III

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
JM FINANCIAL LIMITED
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi,
Mumbai - 400 025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **JM FINANCIAL LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. We have examined the Secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, as shown to us during our audit, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- II. We have also examined compliance with the applicable clauses of the erstwhile Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited and, regulations of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st December, 2015.

- III. During the year under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

- IV. We further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and record in pursuance thereof, the Company has complied with the following Regulation applicable specifically to the Company;

Core Investment Companies (Reserve Bank) Directions, 2011.

- V. We further report that the Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India, effective from 1st July, 2015.

- VI. The following Regulations and Guidelines prescribed under The Securities and Exchange Board of India Act, 1992 were, in our opinion, not attracted during the financial year under report;

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

- VII. The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder in relation to Overseas Direct Investment and External Commercial Borrowings were not attracted during the financial year under report.

- VIII. We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors' Report

(Contd.)

Directors/Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

- IX.** We have relied on the representation made by the Company and its officers for the compliance of various applicable laws, rules, regulations and guidelines and after examining the system and mechanism followed by the Company for compliances we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure the compliance of applicable laws, rules, regulations and guidelines.
- X.** We further report that during the audit period the Company has;
- a) Allotted 52,61,959 equity shares of ₹ 1/- each under Employees Stock Option Scheme, on various dates.

We further report that based on the Securities and Exchange Board of India (SEBI)'s Ex Parte-AD-Interim Order dated 22nd March, 2016, Sharepro Services (India) Private Limited (Sharepro), a Category I Registrar & Share Transfer Agent registered with SEBI and some of its employees have been found to be involved in irregularities with reference to the share related operations and dividend encashment activities in respect of its clients including the Company. As advised by SEBI, the Company has appointed Deloitte Touche Tohmatsu India LLP to conduct a thorough audit of records and system of Sharepro with respect to Company's share related operations.

For **Naren Shroff & Associates**

Company Secretaries

Naren S. Shroff

Proprietor

FCS-2414, CP-1563

Dated: May 13, 2016

Place: Mumbai

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

ANNEXURE A

(To the Secretarial Audit Report of JM FINANCIAL LIMITED for the financial year ended 31st March, 2016)

To,
The Members,
JM FINANCIAL LIMITED
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. In respect of the filing of forms/returns by the Company, related to the period under audit, we have not observed any material non-compliance, which can have bearing on the financials of the Company and hence have not reported in our audit report.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Naren Shroff & Associates**

Company Secretaries

Naren S. Shroff

Proprietor

FCS-2414, CP-1563

Dated: May 13, 2016

Place: Mumbai

Directors' Report

(Contd.)

ANNEXURE IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

1. CSR Policy of the Company lists the activities that can be undertaken by the Company for CSR, composition of CSR Committee, details of existing charitable trusts within the JM Financial group, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/projects. The CSR Policy is hosted on the Company's website viz., www.jmfl.com.

In accordance with the CSR activities listed in the CSR Policy adopted pursuant to the provisions of Section 135 of the Companies Act, 2013 (hereinafter called "the Act") by the companies in JM Financial Group including JM Financial Limited, JM Financial Foundation and Kampani Charitable Trust are the two philanthropic arms through which our CSR allocation and spending can be administered and monitored.

Accordingly, the Board and the CSR Committee of the Company and its relevant subsidiaries/associate companies approved release of an aggregate amount of ₹ 7.77 Crore (including ₹ 24 Lakh for the Company) in respect of FY 2015-16 through the philanthropic arms viz., JM Financial Foundation and Kampani Charitable Trust for allocation to projects that will be approved by the CSR Committees from time to time.

2. The Composition of the Company's CSR Committee:
 1. Mr. Nimesh Kampani (Chairman)
 2. Mr. Keki Dadiseth (Independent Director)
 3. Mr. Paul Zuckerman (Independent Director)
3. Average net profit before tax of the Company for last three financial years as per the provisions of the Act: ₹ 11.68 Crore
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 23.36 Lakh
5. Details of CSR spent during the financial year:
 - (a) Total amount spent for the financial year: ₹ 24.00 Lakh
 - (b) Amount unspent, if any: Nil
 - (c) Manner in which the amount spent during the financial year is detailed below:

(1) Sr. No.	(2) CSR Project or activity identified.	(3) Sector in which the Project is covered	(4) Projects or programmes (i) Local area or other (ii) Specify the State and district where projects or programmes was undertaken.	(5) Amount Outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	(7) Cumulative expenditure up to the reporting period.	(8) Amount spent: Direct or through implementing agency.
1.	The Committee in consultation with the management has been exploring various projects for allocation of CSR funds during the year. The situation of drought in various parts of the country added an additional but important aspect to this exercise. We believe that our efforts in this regard should be towards projects that contribute to basic facilities and infrastructure towards a long lasting solution for an identified cause. In line with this thinking, we have decided to explore a wider range of projects and their longer lasting impact for allocation of the CSR funds of the Company and to monitor the use and progress of the projects. Based on the projects so examined and then shortlisted by the management, and post approval of the CSR Committee of the Company, JM Financial Foundation and Kampani Charitable Trust will be advised about the release of funds for the concerned projects.			₹ 24.00 Lakh	-	₹ 24.00 Lakh	The earmarked amount has been contributed to JM Financial Foundation and Kampani Charitable Trust through whom the CSR activities will be undertaken. Details of the activities of these Trusts are given under the Corporate Social Responsibility section of Management Discussion and Analysis Report.

Directors' Report

(Contd.)

Update on the projects undertaken by the Company during FY 2014-15:

As approved by the CSR Committee and the Board of the Company, an aggregate amount of ₹ 16 Lakh was disbursed to JM Financial Foundation (₹ 8 lakh) and Kampani Charitable Trust (₹ 8 lakh) with a clear mandate to use these funds on the identified projects in the following manner:

- ₹ 8,84,200/- to be spent for promotion of education on campus development and for operating the Ashoka University, Haryana, Kundli over a period of two years i.e., FY 2014-15 and FY 2015-16.
- ₹ 7,15,800/- to be spent for promotion of healthcare by the Children's Hospital, Haji Ali, Mumbai over a period of two to three years.

ASHOKA UNIVERSITY

As advised by the Company, JM Financial Foundation and Kampani Charitable Trust disbursed an amount of ₹ 2,21,050/- each to Ashoka University during the FY 2014-15. The above amount has been spent on the campus development and for the operations of the University.

Four phase construction of the University's campus commenced in FY 2013-14. The campus is expected to have a built up area of approx. 1.3 million sq. ft. for an estimated capacity of 4,000 students, on completion. Phase I construction involving construction of 0.3 million sq. ft. was completed in year 2014. Phase II construction comprising two hostel buildings, academic block and dining block started in June 2014 and is scheduled to be completed by June 2016. Total budgeted project cost for Phase II construction is ₹ 175 Crore. The aggregate capital expenditure likely to be incurred by the University till March 31, 2016 is estimated to be ₹ 128.65 Crore.

A follow-up on the progress of the activities was done during several discussions and meetings among Group Company Officials and Ashoka University. Our Group Head – Human Resources, also visited the campus in January 2016.

The second instalment of ₹ 2,21,050/- each by the above Trusts has been disbursed on March 31, 2016. With this we have spent the aggregate amount of ₹ 8,84,200/- on the Ashoka University project.

CHILDREN'S HOSPITAL

Since our decision to allocate our CSR contribution to the Children's Hospital, there have been regular discussions among senior management of JM Financial Group and Children's Hospital team. As the Children's Hospital had already received commitments to fully cover the cost of Phase I of the project, they were looking for firming up commitments for funding Phase II of the project and requested us not to disburse any funds during their Phase I construction.

Accordingly, the funds were not disbursed to the Children's Hospital by the Foundation/Trust. We understand that the Hospital with completed Phase I is scheduled to be commissioned in November 2016 and Phase II will be started sometime after that. Accordingly, the release of funds in respect of Children's Hospital will be based on further feedback on the progress of the project. Thus an amount of ₹ 7.16 Lakh earmarked for the Children's Hospital remains undisbursed from the Trusts.

In view of the above, the CSR Committee and the Board of the Company approved the re-allocation of part of the undisbursed amount of ₹ 5.89 Lakh from CSR allocation for the FY 2014-15 in respect of Children's Hospital to Ashoka University Project to be disbursed to them over the years 2016-17 and 2017-18.

The Board of Directors further approved allocation of the balance undisbursed amount of ₹ 1.27 Lakh together with interest accrued on the total amount till date of ₹ 1.07 Lakh to the following projects:

(₹ in Lakh)	
Organisation and area of utilisation	Amount allocated by the Company
Samasta Mahajan for adoption of ten drought hit villages in Maharashtra for creating long term water collection and retention solution and providing immediate support of food, water, fodder etc to the residents of these villages.	1.50
Kherwadi Social Welfare Association for skill development of students in the areas of multi-skill technicians, computer skills, tailoring and other courses pertaining to the livelihood in rural areas.	0.70
Bombay Natural History Society for various projects towards conservation of nature by way of nature trails and trips for students from less privileged sections of the society.	0.14
Total Allocation	2.34

- In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: **Not Applicable**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For JM Financial Limited and CSR Committee

Nimesh Kampani

Place: Mumbai
Date: May 13, 2016

Chairman & Managing Director and
Chairman of CSR Committee

Directors' Report

(Contd.)

ANNEXURE V

Disclosures pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Disclosure Requirement	Disclosure Details												
1.	Ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Mr. Nimesh Kampani, Chairman & Managing Director Ratio: 29.79 times												
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table border="1"> <thead> <tr> <th>Director/KMP</th> <th>Designation</th> <th>% increase/ (decrease) in Remuneration</th> </tr> </thead> <tbody> <tr> <td>Mr. Nimesh Kampani</td> <td>Chairman & Managing Director</td> <td>55.21%</td> </tr> <tr> <td>Mr. Prashant Choksi</td> <td>Group Head – Compliance, Legal & Company Secretary</td> <td>19.53%</td> </tr> <tr> <td>Mr. Manish Sheth</td> <td>Group Chief Financial Officer</td> <td>18.87%</td> </tr> </tbody> </table>	Director/KMP	Designation	% increase/ (decrease) in Remuneration	Mr. Nimesh Kampani	Chairman & Managing Director	55.21%	Mr. Prashant Choksi	Group Head – Compliance, Legal & Company Secretary	19.53%	Mr. Manish Sheth	Group Chief Financial Officer	18.87%
Director/KMP	Designation	% increase/ (decrease) in Remuneration												
Mr. Nimesh Kampani	Chairman & Managing Director	55.21%												
Mr. Prashant Choksi	Group Head – Compliance, Legal & Company Secretary	19.53%												
Mr. Manish Sheth	Group Chief Financial Officer	18.87%												
3.	Percentage increase in the median remuneration of employees in the financial year	13.34%												
4.	Number of permanent employees on the rolls of Company at the end of the year	12												
5.	Explanation on the relationship between average increase in remuneration and Company performance	<p>The remuneration expenses of the Company has increased by 16.61% as against 50.93% increase in the revenues for the FY 2015-16. The increase in the remuneration is based on the following factors:</p> <ul style="list-style-type: none"> • Performance of the Company on consolidated basis. • Individual performance. • Compensation benchmarking with market and trends in the industry 												
6.	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company	Aggregate compensation of KMPs has increased by 38.18% as against 50.93% increase in revenues for the FY 2015-16.												
7.	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	<table border="1"> <thead> <tr> <th>Particulars</th> <th>March 31, 2016</th> <th>March 31, 2015</th> <th>Variation (%)</th> </tr> </thead> <tbody> <tr> <td>Market Capitalisation</td> <td>₹ 3,004 Crore</td> <td>₹ 3,738 Crore</td> <td>(19.64%)</td> </tr> <tr> <td>Price earnings ratio (based on consolidated EPS)</td> <td>7.55</td> <td>11.04</td> <td>(31.61%)</td> </tr> </tbody> </table> <p>As on March 31, 2016, the shares of the Company were quoted at ₹ 38.05 per share on National Stock Exchange of India Limited and ₹ 38.10 per share on BSE Limited. The Stock price as at March 31, 2016 has increased 9,518.75% to ₹ 38.05/38.10 over the last public offering in April 1991 at a price of ₹ 0.40 per share (adjusted for sub-division and bonus in 2008).</p>	Particulars	March 31, 2016	March 31, 2015	Variation (%)	Market Capitalisation	₹ 3,004 Crore	₹ 3,738 Crore	(19.64%)	Price earnings ratio (based on consolidated EPS)	7.55	11.04	(31.61%)
Particulars	March 31, 2016	March 31, 2015	Variation (%)											
Market Capitalisation	₹ 3,004 Crore	₹ 3,738 Crore	(19.64%)											
Price earnings ratio (based on consolidated EPS)	7.55	11.04	(31.61%)											
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The aggregate remuneration of employees other than KMPs has increased by 14.82% and that of the KMPs has increased by 38.18% .												

Directors' Report

(Contd.)

Sr. No.	Disclosure Requirement	Disclosure Details			
9.	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Directors/KMP	Designation	Remuneration – FY 2015-16	
				% of PBT (Standalone)	% of PBT (Consolidated)
		Mr. Nimesh Kampani	Chairman & Managing Director	5.28%	0.85%
		Mr. Prashant Choksi	Group Head – Compliance, Legal & Company Secretary	1.89%	0.31%
		Mr. Manish Sheth	Group Chief Financial Officer	1.74%	0.28%
10.	Key parameters for any variable component of remuneration availed by the directors	The key parameters for variable component of remuneration availed by directors are: <ul style="list-style-type: none"> • Group Performance; • Business Performance; and • Individual Performance. 			
11.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable.			
12.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid to the employees including KMPs is as per the Remuneration Policy of the Company			

Note:

The Non-executive and Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions of the Act and within the limits approved by the members. The details of remuneration of Non-executive and Independent Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive and Independent Directors Remuneration is therefore not considered for the above purpose.

For and on behalf of the Board of Directors

 Place: Mumbai
 Date: May 13, 2016

Nimesh Kampani
 Chairman & Managing Director

Directors' Report

(Contd.)

ANNEXURE VI

FORM AOC – 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of Companies Act, 2013 ('the Act') including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date(s) of approval by the Board, if any.	Amount paid as advances, if any.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
JM Financial Products Limited (Subsidiary Company)	Purchase of Equity Shares of a step down subsidiary, viz., JM Financial Services Limited (JM Financial Services) from JM Financial Products Limited, a subsidiary company, which is a related party.	There is no duration under the contract since it is a transaction of receipt of the delivery of shares purchased against the payment of consideration therefor.	Purchase of 4,55,00,000 equity shares of the face value of ₹ 10/- each of JM Financial Services at an aggregate consideration of ₹ 95,00,00,000/-, which is the cost of acquisition of the shares in the books of JM Financial Products Limited.	Since the contract/ transaction was among the group companies and involving purchase of equity shares of a step down subsidiary from a subsidiary of the Company, it was thought proper to acquire the shares of JM Financial Services at the acquisition cost in the books of a subsidiary to make JM Financial Services a direct subsidiary of the Company.	May 29, 2015	None	The special resolution seeking permission of the members to enter into transactions with JM Financial Products Limited, a related party, for an aggregate amount up to ₹ 500 Crore was passed on December 22, 2014 through postal ballot.

2. Details of material contracts or arrangement or transactions at arm's length basis:

During the year, there were no material contracts or arrangements or transactions under sub-section (1) of Section 188 of the Act.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 13, 2016

Nimesh Kampani
Chairman & Managing Director

Directors' Report

(Contd.)

ANNEXURE VII

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

for the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L67120MH1986PLC038784
- ii) Registration Date : January 30, 1986
- iii) Name of the Company : JM Financial Limited
- iv) Category / Sub-Category of the Company : Company Limited by Shares and an Indian Non-Government Company
- v) Address of the Registered office and contact details : 7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
Tel.: 022-6630 3030 Fax: 022-6630 3223
E-mail ID: prashant.choksi@jmfl.com Website: www.jmfl.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited (w.e.f. May 2, 2016)
Unit: JM Financial Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel.: 040-6716 2222 Fax: 040-2300 1153
Toll Free No.: 1800-345-4001
E-mail ID: einward.ris@karvy.com
Website: www.karvycomputershare.com
Sharepro Services (India) Private Limited (upto May 1, 2016)

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Core Investment Company	64200	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	JM Financial Institutional Securities Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65192MH1995PLC092522	Subsidiary	100	2(87)(ii)
2	JM Financial Products Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1984PLC033397	Subsidiary	98.49*	2(87)(ii)
3	JM Financial Asset Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65991MH1994PLC078879	Subsidiary	53.47	2(87)(ii)
4	JM Financial Investment Managers Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74100MH1985PLC035954	Subsidiary	100	2(87)(ii)
5	Infinite India Investment Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH2006PLC163489	Subsidiary	100	2(87)(ii)

Directors' Report

(Contd.)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
6	JM Financial Credit Solutions Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1980PLC022644	Subsidiary	50.01	2(87)(ii)
7	JM Financial Properties and Holdings Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65990MH2010PLC201513	Subsidiary	100	2(87)(ii)
8	JM Financial Insurance Broking Private Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U66000MH2008PTC184656	Subsidiary	100	2(87)(ii)
9	JM Financial Services Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67120MH1998PLC115415	Subsidiary	100*	2(87)(ii)
10	JM Financial Commtrade Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U51100MH2005PLC153110	Subsidiary	100*	2(87)(ii)
11	JM Financial Capital Limited (w.e.f. December 4, 2015) 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65190MH2015PLC270754	Subsidiary	100*	2(87)(ii)
12	CR Retail Malls (India) Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U92190MH1999PLC122208	Subsidiary	100*	2(87)(ii)
13	JM Financial Overseas Holdings Private Limited C/o. Minerva Fiduciary Services (Mauritius) Limited Suite 2004, Level 2, Alexander House 35 Cybercity, Ebène Republic of Mauritius	-	Subsidiary	100*	2(87)(ii)
14	JM Financial Singapore Pte Limited 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624	-	Subsidiary	100*	2(87)(ii)
15	JM Financial Securities, Inc. 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808 United States of America	-	Subsidiary	100*	2(87)(ii)
16	JM Financial Asset Reconstruction Company Private Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67190MH2007PTC174287	Associate	50	2(6)
17	JM Financial Trustee Company Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	U65991MH1994PTC078880	Associate	25	2(6)
18	Astute Investments 1st & 2nd Floor, Suashish IT Park, Plot No. 68E, Off Datra Pada Road, Opp. Tata Steel, Borivali (East), Mumbai 400 066	-	Partnership Firm in which Wholly Owned Subsidiaries of the Company are Partners	100*	-

* Holding together with the Company's wholly owned subsidiary(ies)

Directors' Report

(Contd.)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A(i). Promoters									
(1) Indian									
a) Individual/HUF	135,357,500	-	135,357,500	17.27%	135,357,500	-	135,357,500	17.16%	-0.11%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	203,406,600	-	203,406,600	25.95%	203,406,600	-	203,406,600	25.78%	-0.17%
e) Banks/FIS	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
A(ii). Promoter Group									
(1) Indian									
a) Individual/HUF	56,256,757	-	56,256,757	7.18%	56,614,985	-	56,614,985	7.17%	-0.01%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	122,768,408	-	122,768,408	15.67%	122,768,408	-	122,768,408	15.56%	-0.11%
e) Banks/FIS	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	517,789,265	-	517,789,265	66.07%	518,147,493	-	518,147,493	65.67%	-0.40%
(2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other- Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corporate	-	-	-	-	-	-	-	-	-
j) Banks/FIS	-	-	-	-	-	-	-	-	-
k) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of promoter (A) = (A)(1)+(A)(2)	517,789,265	-	517,789,265	66.07%	518,147,493	-	518,147,493	65.67%	-0.40%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	22,653,646	-	22,653,646	2.89%	24,712,670	-	24,712,670	3.13%	0.24%
b) Banks /FI	147,964	-	147,964	0.02%	96,820	-	96,820	0.01%	-0.01%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	108,069,862	-	108,069,862	13.79%	107,628,580	-	107,628,580	13.64%	-0.15%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	130,871,472	-	130,871,472	16.70%	132,438,070	-	132,438,070	16.78%	0.08%

Directors' Report

(Contd.)

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-institutions									
a) Bodies Corporate									
i) Indian	14,868,183	39,750	14,907,933	1.90%	16,179,192	39,750	16,218,942	2.06%	0.16%
ii) Overseas					-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	43,101,386	5,495,147	48,596,533	6.20%	42,713,433	5,297,621	48,011,054	6.09%	-0.11%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	58,041,630	211,995	58,253,625	7.43%	60,304,932	-	60,304,932	7.64%	0.21%
c) Others									
i) NRIs	12,922,774	5,000	12,927,774	1.65%	13,483,070	5,000	13,488,070	1.71%	0.06%
ii) Trust	2,575	374,500	377,075	0.05%	377,075	-	377,075	0.05%	-
Sub-total (B)(2):-	128,936,548	6,126,392	135,062,940	17.23%	133,057,702	5,342,371	138,400,073	17.55%	0.32%
Total Public Shareholding (B) = (B)(1)+(B)(2)	259,808,020	6,126,392	265,934,412	33.93%	265,495,772	5,342,371	270,838,143	34.33%	0.40%
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	777,597,285	6,126,392	783,723,677	100.00%	783,643,265	5,342,371	788,985,636	100.00%	-0.00%

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	25.95	-	203,406,600	25.78	-	-0.17
2	J M Assets Management Private Limited	102,268,408	13.05	-	102,268,408	12.96	-	-0.09
3	JSB Securities Limited	6,505,000	0.83	-	6,505,000	0.82	-	-0.01
4	Nimesh Kampani	135,357,500	17.27	-	135,357,500	17.16	-	-0.12
5	SNK Investments Private Limited	11,660,000	1.49	-	11,660,000	1.48	-	-0.01
6	Persepolis Investment Company Private Limited	1,650,000	0.21	-	1,650,000	0.21	-	-
7	Kampani Consultants Limited	685,000	0.09	-	685,000	0.09	-	-
8	Aruna Nimesh Kampani	38,451,250	4.91	-	38,451,250	4.87	-	-0.03
9	Vishal Kampani	9,805,419	1.25	-	10,163,647	1.29	-	0.04
10	Amishi Kampani	8,000,000	1.02	-	8,000,000	1.01	-	-0.01
11	Ashith Nagindas Kampani	88	-	-	88	-	-	-
	Total	517,789,265	66.07	-	518,147,493	65.67	-	-0.40

Notes:

- The percentage decrease in the entire shareholding of the promoter/promoter group is due to the allotment of an aggregate of 52,61,959 equity shares by the Company pursuant to exercise of stock options by the eligible employees during FY 2015-16.
- The percentage increase in the shareholding of Mr. Vishal Kampani is due to purchase of 3,58,228 equity shares by him from the open market during the year.

Directors' Report

(Contd.)

(iii) Change in Promoters' shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the company				No. of Shares	% of total shares of the Company
At the beginning of the year								
1	J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	25.95	01.04.2015				
					No change in the shareholding during the year			
2	J M Assets Management Private Limited	203,406,600	25.78	31.03.2016				
		102,268,408	13.05	01.04.2015				
3	JSB Securities Limited	102,268,408	12.96	31.03.2016				
		6,505,000	0.83	01.04.2015				
4	Nimesh Kampani	6,505,000	0.82	31.03.2016				
		135,357,500	17.27	01.04.2015				
5	SNK Investments Private Limited	135,357,500	17.16	31.03.2016				
		11,660,000	1.49	01.04.2015				
6	Persepolis Investment Company Private Limited	11,660,000	1.48	31.03.2016				
		1,650,000	0.21	01.04.2015				
7	Kampani Consultants Limited	1,650,000	0.21	31.03.2016				
		685,000	0.09	01.04.2015				
8	Aruna Nimesh Kampani	685,000	0.09	31.03.2016				
		38,451,250	4.91	01.04.2015				
9	Vishal Kampani	38,451,250	4.87	31.03.2016				
		9,805,419	1.25	01.04.2015				
				16.11.2015	49,745	Purchase	9,855,164	1.25
				01.12.2015	36,000	Purchase	9,891,164	1.25
				04.12.2015	200,000	Purchase	10,091,164	1.28
				07.12.2015	13,000	Purchase	10,104,164	1.28
				08.12.2015	5,687	Purchase	10,109,851	1.28
				09.12.2015	9,850	Purchase	10,119,701	1.28
				14.12.2015	4,869	Purchase	10,124,570	1.28
				15.12.2015	8,731	Purchase	10,133,301	1.28
				16.12.2015	30,346	Purchase	10,163,647	1.29
				10,163,647	1.29	31.03.2016		
10	Amishi Kampani	8,000,000	1.02	01.04.2015				
					No change in the shareholding during the year			
11	Ashith Nagindas Kampani	8,000,000	1.01	31.03.2016				
		88	-	01.04.2015				
					No change in the shareholding during the year			
		88	-	31.03.2016				

Notes:

- The percentage decrease in the entire shareholding of the promoter/promoter group is due to the allotment of an aggregate of 52,61,959 equity shares by the Company pursuant to exercise of stock options by the eligible employees during FY 2015-16.
- The percentage increase in the shareholding of Mr. Vishal Kampani is due to purchase of 3,58,228 equity shares by him from the open market during the year as per the details provided above.

Directors' Report

(Contd.)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No	Shareholder's Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	% of total Shares of the Company
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	
1	Morgan Stanley	57,308,920	7.31	01.04.2015				
	Asia (Singapore) Pte.			17.07.2015	136,220	Purchase	57,445,140	7.29
				24.07.2015	532,931	Purchase	57,978,071	7.36
				31.07.2015	770,506	Purchase	58,748,577	7.45
				07.08.2015	928,554	Purchase	59,677,131	7.57
				14.08.2015	565,265	Purchase	60,242,396	7.64
				21.08.2015	839,056	Purchase	61,081,452	7.75
				28.08.2015	904,779	Purchase	61,986,231	7.86
				04.09.2015	448,775	Purchase	62,435,006	7.92
				11.09.2015	171,807	Purchase	62,606,813	7.94
				18.09.2015	-74,172	Sale	62,532,641	7.93
				25.09.2015	240,107	Purchase	62,772,748	7.96
				30.09.2015	-328,562	Sale	62,444,186	7.92
				09.10.2015	-86,855	Sale	62,357,331	7.91
				23.10.2015	-1,249,968	Sale	61,107,363	7.75
				30.10.2015	-469,417	Sale	60,637,946	7.69
				06.11.2015	459,315	Purchase	61,097,261	7.75
				13.11.2015	-139,000	Sale	60,958,261	7.73
				20.11.2015	-928,486	Sale	60,029,775	7.61
				27.11.2015	-308,641	Sale	59,721,134	7.57
			04.12.2015	-8,790,056	Sale	50,931,078	6.46	
			11.12.2015	1,436,613	Purchase	52,367,691	6.64	
			18.12.2015	-765,251	Sale	51,602,440	6.54	
			25.12.2015	-219,099	Sale	51,383,341	6.51	
			31.12.2015	-1,000,000	Sale	50,383,341	6.39	
			08.01.2016	-465,700	Sale	49,917,641	6.33	
			22.01.2016	1	Purchase	49,917,642	6.33	
			11.03.2016	5,748	Purchase	49,923,390	6.33	
			18.03.2016	3,251	Purchase	49,926,641	6.33	
			31.03.2016	1,838	Purchase	49,928,479	6.33	
		49,928,479	6.33	31.03.2016				
2	IDFC Premier Equity Fund	22,650,000	2.89	01.04.2015				
				05.06.2015	250,000	Purchase	22,900,000	2.91
				12.06.2015	397,000	Purchase	23,297,000	2.96
				19.06.2015	296,546	Purchase	23,593,546	2.99
		23,593,546	2.99	31.03.2016				
3	Azim Hasham Premji	21,875,000	2.79	01.04.2015				
				No change in the shareholding during the year				
		21,875,000	2.77	31.03.2016				

Directors' Report

(Contd.)

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	% of total Shares of the Company
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	
4	Valiant Mauritius	13,502,015	1.72	01.04.2015				
	Partners Offshore Limited			08.01.2016	2,650,000	Purchase	16,152,015	2.05
				19.02.2016	106,217	Purchase	16,258,232	2.06
				04.03.2016	907,610	Purchase	17,165,842	2.18
		17,165,842	2.18	31.03.2016				
5	Valiant Mauritius Partners Limited	12,584,385	1.61	01.04.2015				
				08.01.2016	2,350,000	Purchase	14,934,385	1.89
				19.02.2016	18,005	Purchase	14,952,390	1.90
				04.03.2016	-907,610	Sale	14,044,780	1.78
		14,044,780	1.78	31.03.2016				
6	Vikram Pandit	11,646,939	1.49	01.04.2015				
		11,646,939	1.48	31.03.2016				
7	Aparna Murthy Aiyar	5,823,469	0.74	01.04.2015				
		5,823,469	0.74	31.03.2016				
8	Hariharan Ramamurthi Aiyar	5,823,470	0.74	01.04.2015				
		5,823,470	0.74	31.03.2016				
9	Dimensional Emerging Markets Value Fund	4,580,382	0.58	01.04.2015				
				17.07.2015	27,958	Purchase	4,608,340	0.58
				24.07.2015	16,224	Purchase	4,624,564	0.59
				31.07.2015	24,263	Purchase	4,648,827	0.59
				14.08.2015	68,586	Purchase	4,717,413	0.60
				28.08.2015	65,228	Purchase	4,782,641	0.61
				04.09.2015	45,138	Purchase	4,827,779	0.61
				11.09.2015	25,306	Purchase	4,853,085	0.62
				18.09.2015	18,395	Purchase	4,871,480	0.62
				06.11.2015	19,914	Purchase	4,891,394	0.62
				13.11.2015	24,724	Purchase	4,916,118	0.62
			18.12.2015	-22,640	Sale	4,893,478	0.62	
			19.02.2016	22,431	Purchase	4,915,909	0.62	
			11.03.2016	12,563	Purchase	4,928,472	0.62	
		4,928,472	0.62	31.03.2016				
10	TIMF Holdings	-	0.00	01.04.2015				
				04.12.2015	5,000,000	Purchase	5,000,000	0.63
				08.01.2016	1,000,000	Purchase	6,000,000	0.76
		6,000,000	0.76	31.03.2016				

Directors' Report

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(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	For each of the Directors and Key Managerial Personnel	No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Mr. Nimesh Kampani	135,357,500	17.27	01.04.2015				
	Chairman & Managing Director					No change in the shareholding during the year		
		135,357,500	17.16	31.03.2016				
2	Mr. E. A. Kshirsagar	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				
3	Mr. Darius E. Udawadia	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				
4	Mr. Paul Zuckerman	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				
5	Dr. Vijay Kelkar	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				
6	Mr. Keki Dadiseth	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				
7	Ms. Jagi Mangat Panda	0	0.00	01.04.2015				
	Independent Director					No change in the shareholding during the year		
		0	0.00	31.03.2016				

Directors' Report

(Contd.)

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
	For each of the Directors and Key Managerial Personnel	No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
8	Mr. Vishal Kampani	9,805,419	1.25	01.04.2015				
	Non-Executive Director			16.11.2015	49,745	Purchase	9,855,164	1.25
				01.12.2015	36,000	Purchase	9,891,164	1.25
				04.12.2015	200,000	Purchase	10,091,164	1.28
				07.12.2015	13,000	Purchase	10,104,164	1.28
				08.12.2015	5,687	Purchase	10,109,851	1.28
				09.12.2015	9,850	Purchase	10,119,701	1.28
				14.12.2015	4,869	Purchase	10,124,570	1.28
				15.12.2015	8,731	Purchase	10,133,301	1.28
				16.12.2015	30,346	Purchase	10,163,647	1.29
		10,163,647	1.29	31.03.2016				
9	Mr. Prashant Choksi	171,857	0.02	01.04.2015				
	Group Head- Compliance, Legal & Company Secretary			13.05.2015	63,333	Allotment pursuant to exercise of Stock Options	235,190	0.03
		235,190	0.03	31.03.2016				
10	Mr. Manish Sheth	165,298	0.02	01.04.2015				
	Group Chief Financial Officer			13.05.2015	63,332	Allotment pursuant to exercise of Stock Options	228,630	0.03
		228,630	0.03	31.03.2016				

Notes:

- The percentage decrease in the shareholding of Mr. Nimesh Kampani, Chairman & Managing Director is due to the allotment of an aggregate of 52,61,959 equity shares by the Company pursuant to exercise of stock options by the eligible employees during FY 2015-16.
- The percentage increase in the shareholding of Mr. Vishal Kampani, Non-executive Director is due to purchase of 3,58,228 equity shares by him from the open market during the year as per the details provided above.

Directors' Report

(Contd.)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	37.93	12,500.00	-	12,537.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	37.93	12,500.00	-	12,537.93
Change in indebtedness during the financial year				
Addition	1.12	186,000.00	-	186,001.12
Reduction	34.26	155,000.00	-	155,034.26
Net Change	(33.14)	31,000.00	-	30,966.86
Indebtedness at the end of the financial year				
i) Principal amount	4.79	43,500.00	-	43,504.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	4.79	43,500.00	-	43,504.79

Note: The Indebtedness in respect of unsecured loans at the end of financial year is ₹ 42,633.80 Lakh (previous year ₹ 12,187.87 Lakh), after excluding the unamortised discount on commercial papers.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Nimesh Kampani	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	508.00	508.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	70.76	70.76
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	578.76	578.76
	Ceiling as per the Act		597.80

Directors' Report

(Contd.)

B. Remuneration to other Directors:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. E. A. Kshirsagar	Mr. Darius E Udawadia	Mr. Paul Zuckerman	Dr. Vijay Kelkar	Mr. Keki Dadiseth	Ms. Jagi Mangat Panda	Mr. Vishal Kampani	
1	Independent Directors								
	Fee for attending board/ committee meetings	9.60	5.90	7.90	7.00	6.40	5.00	-	41.80
	Commission	20.00	18.00	18.00	20.00	18.00	18.00	-	112.00
	Others (Fee for attending Independent Directors' Meeting)	1.00	1.00	1.00	1.00	1.00	-	-	5.00
	Total (1)	30.60	24.90	26.90	28.00	25.40	23.00	-	158.80
2	Other Non-Executive Directors								
	Fee for attending board/committee meetings	-	-	-	-	-	-	2.00	2.00
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	2.00	2.00
	Total (B)=(1+2)	30.60	24.90	26.90	28.00	25.40	23.00	2.00	160.80
	Total Managerial Remuneration including Sitting Fees								739.56
	Overall Ceiling as per the Act								717.36

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	181.38	164.64	346.02
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	30.85	30.98	61.83
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	Cost included in 1(b) above	Cost included in 1(b) above	
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	212.23	195.62	407.85

Directors' Report

(Contd.)

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalties / Punishment / Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty				None	
Punishment					
Compounding					
B. DIRECTORS					
Penalty				None	
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty				None	
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 13, 2016

Nimesh Kampani
Chairman & Managing Director

Management Discussion and Analysis

GLOBAL ECONOMIC CONDITIONS – WEAK RECOVERY, MODEST GROWTH PROSPECTS, LOW INFLATION

Global growth recovery has weakened amid increasing financial turbulence and is forecast to remain modest at 3.2% in 2016, strengthening in 2017 and beyond. Emerging markets and developing economies are expected to be the primary drivers of growth momentum as stressed economies begin gradually to normalize. Global demand remains subdued as reflected in weak manufacturing and trade activity. However, with increasing uncertainties, risks of weaker global economy may hover for some time.

While advanced economies led by US show some signs of improvement, owing to continuing easy fiscal policies and strengthening housing and labour markets, the overall growth outlook remains modest as they still deal with the damages of the global financial crisis. On the other hand, prospects for emerging markets and developing economies, drivers of growth in 2016, continue to be uneven as countries like Brazil and Russia are still in deep recessions and oil exporting nations are faced with macroeconomic tensions (political uncertainty and weaker terms of trade). For China and India, while growth has been much in line with IMF expectations, trade growth has actually slowed down owing to weak investment growth across emerging market economies. In India, there is a need to build resilience against potential global shocks emanating from volatile financial markets while simultaneously focussing on reviving domestic economy.

It would not be wrong to say that the global economy is being influenced by 3 key factors: 1) rebalancing the Chinese economy – away from investment and manufacturing towards consumption and services led growth, 2) lower commodity and energy prices, 3) US Fed's transition from an extraordinarily accommodative to relatively tight monetary policy.

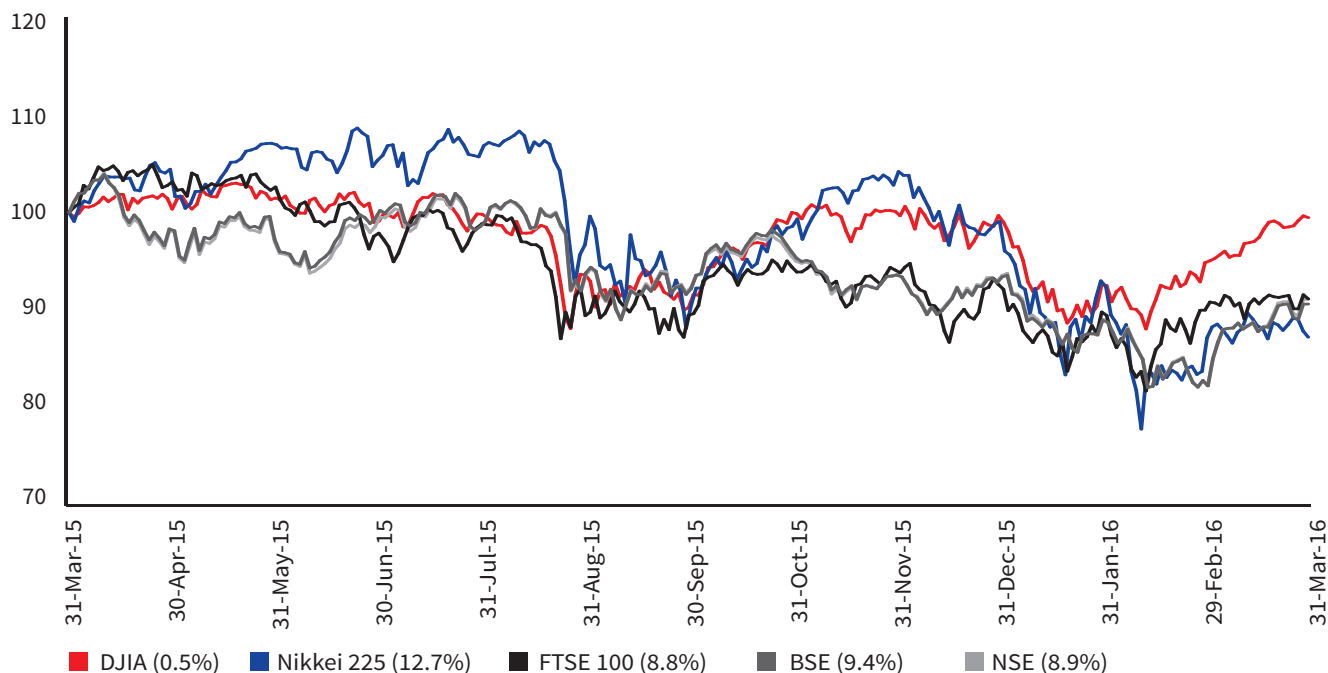
Headline inflation in advanced economies in 2015, at 0.3% on average, was the lowest since the financial crisis strongly reflecting the weak commodity prices, core inflation remained stable, below Central Bank targets, at 1.6-1.7%. Most of the emerging markets also witnessed inflation easing on the back of lower crude oil and commodity prices with the exceptions of countries like Brazil, Colombia and Russia where sizeable currency depreciation offset the impact of lower commodity prices resulting in higher inflation.

With slackening global trade prospects and weak commodity prices, global growth is projected to increase slightly from 3.1% in 2015 to 3.2% in 2016 to 3.5% in 2017 according to the International Monetary Fund (IMF). Growth in currently distressed economies of Brazil, Russia, LATAM and Middle East, while remaining weak or negative, is projected to rise and expected to turn positive in LATAM and CIS with substantial pick up in sub-Saharan Africa. Growth in these economies may offset the impact of Chinese slowdown. Among advanced economies, growth is projected to increase only marginally owing to the expectations of growth decline in Japan (due to higher consumption tax). Despite slackening Chinese economy, emerging market and developing economies are projected to witness modest growth.

Stock markets of advanced nations dropped in FY 2015-16. The Dow Jones Industrial Average closed the year at 17,685 after touching a high of 18,312 and a low of 15,660 during FY 2015-16, down 0.5% YoY. Japan's Nikkei 225 fell 12.7% YoY to close at 16,759 after touching a high of 20,868 and a low of 14,953 during FY 2015-16. UK's FTSE 100 touched a high of 7,104 and a low of 5,537 during FY 2015-16 and closed at 6,175 - a fall of 8.8% YoY. Back in India, the BSE Sensex was down 9.4% YoY after touching a high of 29,044 and a low of 22,952 during FY 2015-16. The Nifty also dropped 8.9% YoY to close at 7,738 reaching a high of 8,834 and a low of 6,971 during FY 2015-16. The comparative movement of the above indices is given below:

Management Discussion and Analysis

(Contd.)



INDIAN ECONOMY

According to the Advance Estimates published by the Ministry of Statistics & Programme Implementation, India's GDP growth rate in the FY 2015-16 is estimated at 7.6%, as compared to the growth rate of 7.2% in 2014-15, an increase of 0.4% mainly on the back of recent policy initiatives, pick up in investments and lower oil prices. This is achieved mainly because of restoring macroeconomic stability achieved on account of fiscal consolidation; control over inflation and support from fall in the global commodity prices. Going forward, growth rate is estimated at 7.5% by IMF (7.6% by RBI), which would mean that India will outpace most emerging economies including China, ASEAN, LATAM and Africa.

As per the advance estimates for FY 2015-16, the Central Statistical Office (CSO) has projected a growth rate of 4.4% in agriculture and allied sectors as against 4.9% growth a year earlier. Manufacturing, however, is expected to register a growth of 8.1% in FY 2015-16 – sharp rise from a growth of 7.6% in the previous year. Mining and quarrying is likely to grow at higher 3.7%, compared with a 2.8% growth a year ago. Construction activity is likely to witness a slack in growth at 0.6% in FY 2015-16 as against 7.8% in FY 2014-15. Growth in electricity, gas and water production is likely to fall to 10.5% in FY 2015-16 from 12.9% in FY 2014-15. Trade, hotels, transport and communication sectors are projected to grow by 6.4% as against 13.3% in FY 2014-15. Public administration, defence and other services growth would be lower at 12.5% compared with 17.3% in FY 2014-15.

The government has decided to stick to the path of fiscal prudence and achieve deficit targets of 3.9% GDP in FY16 and 3.5% GDP in FY17. This is to be achieved through the government's stake sale in state owned entities and rationalization of fuel subsidy amid higher devolution to the states as per the recommendation of the 14th Finance Commission. The government has increased the share of capital expenditure in total expenditure to kick-start investments in the economy through higher allocation to agriculture and rural development, transportation infrastructure including roads, railways and ports. The Government is also confident of achieving the Fiscal Responsibility and Budget Management Act, 2003 (FRBM) fiscal target of 3% of GDP by FY 2017-18. However, it is important to note that fiscal consolidation as envisaged is subject to risks, especially with respect to the impact of global commodity prices, lower tax revenues if the economy does not grow on expected lines.

The subdued global demand and weak commodity prices resulted in a fall in India's overall exports (Rs.17 trillion in FY16). On imports front, the fall in international crude prices translated into a sizable saving on account of petroleum and oil imports, despite a pick-up in import volumes in Q3. While volume of gold imported rose sharply to a total of 930 tonnes by Feb'16, its import value rose only marginally on account of fall in the prices. On the other hand, non-oil non-gold and silver import growth slowed in FY 2015-16 to 3.3% (vs 13.6% in FY 2014-15). At an aggregate level,

Management Discussion and Analysis

(Contd.)

the value of overall imports in FY 2015-16 grew marginally at 2.6%. In view of the above, the current account deficit (CAD) for FY 2015-16 is estimated at ~1% of GDP. In the past, CAD has been comfortably financed by net capital inflows, mainly in the form of buoyant portfolio flows but also supported by foreign direct investment inflows and external commercial borrowings. The exchange rate during FY 2015-16 averaged ₹ 65.43 per US\$ after touching an all-time high of ₹ 68.71 per US\$. Foreign exchange reserves were US\$ 359.76 billion as on April 1, 2016.

The outlook for growth has improved modestly on the back of disinflation, real income gains from decline in oil prices, easier financing conditions and some progress on stalled projects.

These conditions should augur well for a reinvigoration of private consumption demand, but the overall impact on growth could be partly offset by the weaker global growth outlook and very short-run fiscal drag due to likely compression in plan expenditure in order to meet consolidation targets set for the year. Domestically, conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure.

INFLATION

The Reserve Bank of India (RBI) formally adopted the path of disinflation in terms of headline consumer prices, with milestones of 8% by January 2015, 6% by January 2016, 5% by March 2017 and 4% by January 2018. In FY 2015-16, RBI adopted an accommodative, though cautious, policy stance to set the economy firmly on the disinflation path. Reflecting the ongoing transmission of monetary policy impulses through the economy, inflation excluding food and fuel has increased to 4.30% in March 2016 from 4.06% in March 2015. Food inflation, on the other hand, moderated from 6.29% in March 2015 to 5.27% in March 2016. The momentum of headline inflation continued to be weak mostly due to the prices of non-durable goods, especially perishable foods. The annual rate of inflation, based on monthly WPI, stands at -2.53% in FY 2015-16 as against 2.00% in FY 2014-15.

MONETARY CONDITIONS

For FY16, overall credit growth stood at 10.7%YoY. Primary contributors to growth momentum were personal loans (19.4% growth YoY), agriculture and allied activities (15.3% growth YoY). Services (9.1% growth YoY) registered stable growth while industry (2.7% growth YoY) lagged.

Broad money (M3) growth remained low during Q2 and Q3. Credit growth (10.7%YoY) outperformed deposit growth (9.7%), thereby creating situations of liquidity mismatches. Liquidity conditions generally tightened in Q3 owing to slower pace of govt. expenditure and pick up in currency demand with the onset of the festival season. RBI through its fine-tuning operations, including variable rate term repo auction and OMOs as well as term repos of varying tenors, prevented the built-up of liquidity pressure in the system. RBI's pro-active liquidity management operations ensured that the call rates stayed range bound around the policy rate, reducing day-to-day volatility. Besides short term liquidity, RBI injected durable liquidity by conducting buyback operations on behalf of the government.

The Indian rupee remained fairly resilient versus other emerging market peers despite noises about a possible Fed rate hike during H2 FY 2015-16 on the back of strong capital inflows and reserve build-up by the RBI. The RBI reduced the Repo rate two times in FY 2015-16 totalling 75bps as a response to comfortable inflationary trajectory.

The Government of India and RBI are committed to an institutional architecture that accords primacy to price stability as an objective of monetary policy. The Monetary Policy Framework Agreement envisages the conduct of monetary policy around a nominal anchor numerically defined as below 6% CPI inflation for FY 2015-16 (to be achieved by January 2016) and 4%(+/- 2%) for all subsequent years, with the mid-point of this band, i.e., 4% to be achieved by the end of FY 2017-18.

As on March 31, 2016, CRR was at 4%, SLR at 21.5%, repo rate at 6.75%, reverse repo at 5.57% and MSF/bank rate at 7.75%.

Source: Various reports of RBI, International Monetary Fund Advance Estimates by CSO, Bloomberg and other print & electronic media.

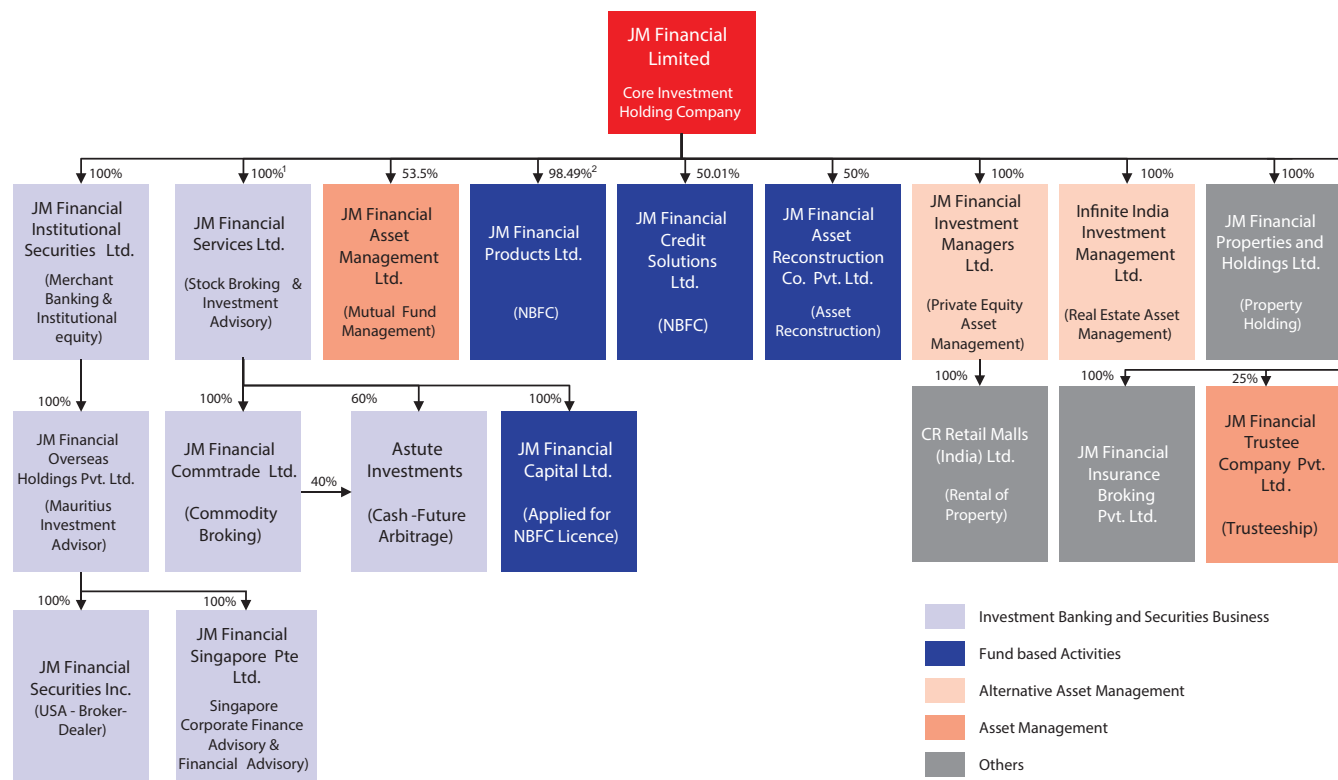
DISCUSSION ON BUSINESSES AND OPERATIONAL PERFORMANCE

JM Financial Limited ("the Company") is a Core Investment Company (CIC) registered with Reserve Bank of India and its subsidiaries and associates (Group Entities) are engaged in the operating businesses.

The corporate structure of JM Financial Group ("the Group") is presented below:

Management Discussion and Analysis

(Contd.)



1. JM Financial Institutional Securities Limited, wholly owned subsidiary of the Company holds 9% in JM Financial Services Limited.

2. JM Financial Institutional Securities Limited and JM Financial Services Limited, wholly owned subsidiaries of the Company holds 4.245% each in JM Financial Products Limited.

As a CIC, the income of the Company consists only of investment income in the form of interest, dividend and capital gains, if any. Considering the regulatory requirement applicable to it as a CIC of deploying a minimum of 90% of its net assets as investments in/lending to its Group Entities, most of the income is also received from the Group Entities.

The Company is the only entity in the Group whose equity shares are listed on the stock exchanges. In view of the above structure, the way to understand the activity of the Company is to analyse the businesses of its Group Entities. The core business area of the Group remains financial services. Various businesses in the Group are divided in four reportable segments. These are: **investment banking and securities business** comprising investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, commodity broking, portfolio management, depository participant; **fund based activities** comprising non banking financial activities (NBFC) and, asset reconstruction;

alternative asset management comprising private equity and real estate fund management and **asset management** comprising mutual fund management business.

Various operating businesses are carried out by Group Entities having independent management teams and regulatory licences.

Our groupwide clients include public and private sector corporations, multinational corporations, financial institutions, institutional investors – both domestic and global, high net-worth individuals and retail investors as well as market intermediaries.

The income of the Company on standalone basis will continue to depend on the dividend income from its investments in subsidiaries and associates. The intrinsic value of the Company is also derived from the overall value of its operating Group Entities. The management remains continuously focused on improving the performance of operating Group Entities.

Management Discussion and Analysis

(Contd.)

The market environment and the operational performance of various businesses undertaken by the Group Entities is discussed in detail below:

INVESTMENT BANKING AND SECURITIES BUSINESS

Market Environment

Primary Market

During FY 2015-16, the primary market seems to have come out of its lull. Both the total number of issues and the resources mobilised from the primary market have gone up. IPOs have contributed to this performance more than public debt issues and rights issues. The Initial Public Offer (IPO) market witnessed 74 IPOs of equity for raising an aggregate of ₹ 14,815 Crore and 21 debt issuances for raising an aggregate of ₹ 34,112 Crore in FY 2015-16 as against 46 IPOs of equity aggregating ₹ 3,311 Crore and 24 debt issuances aggregating ₹ 9,413 Crore in FY 2014-15. Corporates also raised ₹ 9,239 Crore through 13 Rights Issues in FY 2015-16 as against ₹ 6,750 Crore through 18 Rights Issues in FY 2014-15. The cumulative amount mobilised through qualified institutions placement route during FY 2015-16 stood at Rs. 14,588 Crore from 24 issuances as against ₹ 29,102 Crore from 51 issuances in FY 2014-15.

The breakup of funds raised in public markets during FY 2015-16 as compared to the FY 2014-15 is as follows:

Primary market	FY 2015-16		FY 2014-15	
	No.	₹ in Crore	No.	₹ in Crore
IPO	74	14,815	46	3,311
Rights Issue	13	9,239	18	6,750
QIP	24	14,588	51	29,102
Total Equity Raised	111	38,642	115	39,163
Total Debt raised through Public issue	21	34,112	24	9,413
Total Amount Raised	132	72,754	139	48,576

(Source: SEBI)

There were 18 transactions of Offer for Sale for an aggregate amount of ₹ 19,822 Crore in FY 2015-16 as against 28 transactions for ₹ 26,935 Crore during FY 2014-15.

This year, the unlisted start-up/e-commerce segment saw robust capital allocation activity from global Private Equity funds to the tune of ₹ 43,200 Crore.

Secondary Equity Market

Financial year 2015-16 saw negative returns of -6.4 % from Indian equity markets on account of turbulent equity movements on the back of dismal corporate earnings, sub-normal monsoons, plunge in commodity and oil prices. Though the markets saw robust flows into domestic equity mutual funds resulting in higher investment by domestic institutions, there was net outflow by the Foreign Institutions (FPIs) to the tune of ₹ 14,172 Crore as opposed to inflow of ₹ 1,11,300 Crore in FY 2014-15. A large part of foreign inflows was directed towards capital markets – IPOs, QIPs, OFSS and divestments and we played a lead role in many transactions.

During FY 2015-16, FPIs withdrew ₹ 14,172 Crore (invested ₹ 1,11,333 Crore in FY 2014-15) from the Indian equity market and ₹ 4,004 Crore (compared to investment of ₹ 1,66,127 Crore in FY 2014-15) from the Indian Debt market. This is the first time after the financial crisis of 2008 that FPIs have turned net sellers of equity and debt instruments in India in a financial year.

Reflecting the downtrend in market movements, the market capitalisation of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) declined by 6.63% and 6.24% to ₹ 94,75,328 Crore and ₹ 93,10,471 Crore respectively as on March 31, 2016 as compared to ₹ 1,01,49,290 Crore and ₹ 99,30,122 Crore as on March 31, 2015. The comparative details of average daily turnover in the Cash and Derivative segments of BSE and NSE are given below:

Average Daily Turnover	₹ in Crore	
	FY 2015-16	FY 2014-15
Cash		
BSE	2,996	3,518
NSE	17,154	17,818
Derivatives		
BSE	18,117 (Notional Value)	83,797
NSE	2,62,453	2,28,833

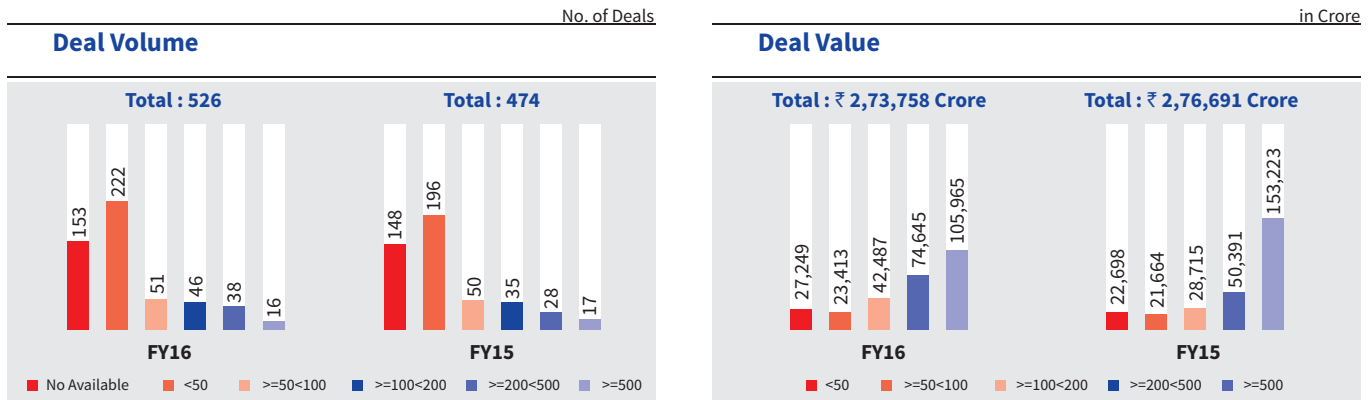
(Source: SEBI)

Mergers and Acquisition

During FY 2015-16, 526 deals were announced as compared to 474 deals in FY 2014-15. Total value of the deals announced was ~ ₹ 2,73,758 Crore (not including 153 deals for which deal value is not available) as against ~ ₹ 2,76,691 Crore (not including 148 deals for which deal value is not available) for FY 2014-15.

Management Discussion and Analysis

(Contd.)



Source: Merger Market

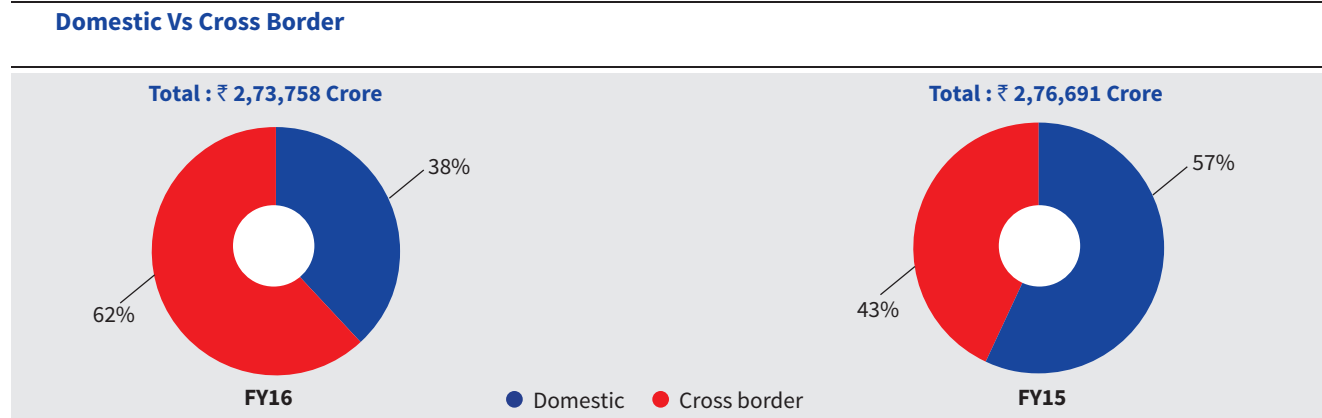
Notes:

- Deals are recorded on announced basis.
- Deals for which both Target and Bidder are outside India have not been considered.
- Deal values are converted from USD to INR based on the average exchange rates for FY15 and FY16 obtained from RBI website.

Domestic v/s Cross-Border Activity

During FY 2015-16, domestic transactions contributed 38% to the overall M&A activity with deal value aggregating ₹ 1,03,363 Crore.

[₹ in Crore]



Source: Merger Market

Notes:

- Deals are recorded on announced basis.
- Deals for which both Target and Bidder are outside India have not been considered.
- Deal values are converted from USD to INR based on the exchange rates for FY15 and FY16 obtained from RBI website.

Operational Performance of Investment Banking and Securities Business.**Equity Capital Markets**

We acted as investment bank in the following transactions:

- Book Running Lead Manager to the IPO of S.H. Kelkar Ltd – ₹ 508 Crore.
- Lead Manager to the Rights issue of IL&FS Transportation Networks Ltd – ₹ 740 Crore.
- Book Running Lead Managers to the Qualified Institutional Placement by Bajaj Finance Limited (₹ 1,400 Crore), IndusInd Limited (₹ 4,328 Crore), HDFC Limited (₹ 5,051 Crore) and Suprajit Limited (₹ 150 Crore).

Management Discussion and Analysis

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- Seller's brokers to Government of India in their Offer for Sale of equity shares in Indian Oil Corporation Limited (₹ 9,396 Crore) and Rural Electrification Corporation Limited (₹ 1,610 Crore).
- Seller's broker to Reliance Industries Ltd. in their Offer for Sale of equity shares in Network18 Media & Investments Ltd. – ₹ 182 Crore.
- Advisor to Essar Oil Ltd. and Essar Ports Ltd. for Delisting Offer.
- Ultratech Cement Limited's acquisition of cement units from Jaiprakash Associates Limited pursuant to a Scheme.
- Merger of Cairn India Limited into Vedanta Limited.
- Demerger of branded apparel business of Aditya Birla Nuvo (Madura Garments) and apparel retail business of Madura Garments Lifestyle Retail Company Limited into Pantaloons Fashion & Retail Limited.

Private Equity

We acted as advisor to the following companies/funds in private equity advisory:

- Bajaj Finance for raising ₹ 700 Crore from GIC
- KKR for block deal investment in Max Financial Services for ₹ 951 Crore.
- A leading healthcare distribution company for a Private Equity investment round.
- Slump sale of renewable energy undertaking of Tata Power Company Limited to Tata Power Renewable Energy Limited (“TPREL”) and four other wholly owned subsidiaries of TPREL.
- Scheme of arrangement involving the transfer of Godrej Industries Limited's stake in Godrej Vikhroli Properties LLP to Godrej Properties Limited.
- Demerger of certain fertilizer undertakings of Deepak Fertilisers and Petrochemicals Corporation Limited.

Mergers & Acquisitions

We acted as advisor in the following transactions during the year FY 2015-16:

- Sole financial advisor to Hotel Leelaventures Limited on the sale of The Leela, Goa to Medtube Group;
- Sole financial advisor and Manager to Open Offer by Reliance Infrastructure Limited on its acquisition of equity stake in Pipavav Defence and Offshore Engineering Company Limited;
- Lead financial advisor to Adani Enterprises Limited on its group restructuring and subsequent listing of a resultant company, Adani Transmission Limited;
- Financial advisor to Balkrishna Industries Limited on its restructuring involving demerger of its paper division and subsequent listing of the resultant company.
- Advisor for listing of Gujarat Gas Limited (resultant company) pursuant to its scheme of arrangement.
- Provided fairness opinions for number of transactions including:

Institutional Equities Business

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

We currently cater to 142 clients that include FIIs, domestic mutual funds, insurance companies, banks and corporates. Our research covers over 179 companies across sectors which together account for nearly 73% of the total market capitalisation.

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

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

Management Discussion and Analysis

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- The flagship JM Financial India conference, hosted in Mumbai in November 2015 with participation of 294 investors and 78 corporates.
- Conference in New York in March 2016, attended by 22 investors and 6 corporates.

Investment Advisory and Distribution

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

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

The Wealth Management Group caters to ultra high net-worth and high net-worth investors, corporates, banks and institutions. We follow the asset allocation model and provide a complete range of financial and custody solutions to clients including family office, advisory and execution services. During the year, we have increased investments in people and offices to further expand our foot print in the wealth management business. As on March 31, 2016, the assets under management of the Wealth Management Business stood at approximately ₹ 26,958 Crore.

The Equity Brokerage Group offers research based equity advisory and trading services to high net-worth individuals and corporate clients. Retail clients are serviced through a network of branches/franchisees. The Investment Advisory business has its presence in 111 top cities in India through its branches and franchisee network. The combination of branches and franchisee has helped us in achieving a de-risked business model and a wide spread presence.

Independent Financial Distribution (IFD) division has a network of over 8,300 active Distributors who distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds, etc. We mobilised approximately ₹ 3,380 Crore in various company fixed deposits and fixed income products during the year and have

established a clear leadership position in this segment. We have mobilised more than ₹ 1,778 Crore in public issues of equity and fixed income securities by various companies and ₹ 926 Crore in various Mutual Fund Schemes. We closed the year with number one position in resource mobilisation for HDFC Ltd., Shriram Transport Finance Ltd, Bajaj Finance Ltd. and Mahindra Finance Ltd.

Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, wholly owned subsidiaries of the Company are partners, focusses on taking advantage of the arbitrage opportunities available in the market in order to make very low risk profits.

In the Commodity broking business our focus is to provide research based advice to clients on bullion, base metals, crude and other commodities. The commodity business volumes have grown by approximately 68% in FY 2015-16 compared to FY 2014-15. National Spot Exchange Limited (NSE) suspended its trading and settlement operations from July 31, 2013. We had an outstanding amount to be recovered from NSE of ₹ 15.03 Crore on account of our own arbitrage book as on March 31, 2016. Our clients had also invested in the products offered by NSE and had an outstanding recoverable amount of ₹ 61.07 Crore from NSE as on March 31, 2016. We are closely in touch with authorities for final resolution in this regard.

During the year, the Government announced the merger of the Forward Markets Commission (FMC), regulator for Commodity Derivatives Markets in India with the Securities Market regulator, Securities and Exchange Board of India (SEBI) with effect from September 29, 2015 to gain economies of scale and scope and make the regulation of commodities market more effective.

International Operations

We have established subsidiaries/step down subsidiaries in Mauritius, Singapore and USA to cater to and service overseas clients/investors and to carry out permitted business activities in these jurisdictions. We have made further investments in the above entities to scale up our operations in the above jurisdictions.

In FY 2015-16, JM Financial Singapore Pte. Ltd. (JM Financial Singapore) further leveraged on its expertise of executing complex deals. During the year, JM Financial Singapore Pte. Ltd. (JM Financial Singapore) advised a consortium led by Bain Capital-GIC, which together with other private equity funds invested around USD 350 MM in Singapore based QuEST Global Services,

Management Discussion and Analysis

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for a significant minority stake in the company. JM Financial Singapore also advised Pactera Technology International Limited, a mid-size Chinese headquartered IT services company on its entry strategy and options for India markets.

During the year, our Step Down Subsidiary (SDS) in the USA viz., JM Financial Securities Inc. commenced the broker-dealer operations after the receipt of final membership approval from Financial Industry Regulatory Authority (FINRA). With this, the group has established our footprint in one of the most important markets globally which shall further enable the Group to increase its reach and expand activities in the international markets.

Financial Performance of Investment Banking and Securities Business

₹ in Crore

Particulars	FY 2015-16	FY 2014-15
Gross income	494.66	521.93
Profit before tax	79.42	123.99
Profit after tax	53.96	84.75
Segment capital employed	558.48	599.88

FUND BASED ACTIVITIES

Market Environment

The Indian non-banking financial sector has crucial links with the financial sector on both sides of the balance sheet. Dynamism and innovation has helped them survive, thrive and mitigate counterparty failures, funding and asset, interest rate movement, liquidity and solvency risks.

Non-Banking Financial Companies (NBFCs) form an integral part of the Indian Financial System. They have been providing credit to customers in the underserved and unbanked areas. Their ability to innovate products in conformity to the needs of their clients is well established, making NBFCs an important, viable and effective part of the financial system. NBFCs have played a special role in expanding the reach of credit intermediation, deepening financial inclusion, introducing new forms of asset financing and creating innovative financing structures.

The NBFC sector has shown a consistent year-on-year growth in net profits over the last few years. With the Government and RBI's increased focus on financial inclusion, one could expect a continued growth in the near future.

Real Estate Sector and NBFCs

The real estate sector is of strategic economic importance to India. It is the second largest employment generator after agriculture and contributes about 6.3% to India's GDP. According to a study Indian Real Estate Industry Analysis – October 2014 by the India Brand Equity Foundation (IBEF), this sector is growing at a compounded annual growth rate (CAGR) of 11.6% and is expected to post annual revenues of US\$ 180 billion by FY20, against US\$ 66.8 billion in FY11. A number of factors have been instrumental in the rapid development of this sector in recent times. These include higher levels of income and purchasing power, growing need for entertainment, leisure and shopping, the government's focus on infrastructure development, rapid urbanization driven by rural-urban immigration and an emerging trend of nuclear families. Greater availability of loans to finance residential and commercial purchases has also contributed to the growth of this sector.

Considering the growth in real estate sector and potential untapped real estate market, our NBFCs look forward to garner a larger share in the credit requirements, source funds from banks and institutions, thus aiming to earn increasingly stable returns.

Despite the bright prospects, NBFCs have also witnessed a stress in the asset quality over the last 3-5 years due to economic slowdown and weak operating environment. The gross non-performing assets of the NBFC sector as a percentage of total assets increased to 3.5% in September 2015 from 3.4% in March 2015. The overall non performing loans of NBFC sector is likely to increase to 7.8% in FY 2016-17 from an estimated 6.7% in FY 2015-16.

NBFCs are not covered under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Though the Reserve Bank of India has tightened the NPA recognition norms, it has not laid out clear guidelines either on the recovery mechanism or the provisions for NBFCs to take action against defaulters under SARFAESI Act. While the Union Budget proposal to treat NBFCs as financial institutions under the SARFAESI Act will be a big boost to the sector, the final notification in this regard is still awaited. Once announced as the law, it would allow NBFCs to enjoy the benefits that are presently available only to banks and asset reconstruction companies and will help them to strengthen their recovery capabilities.

Our NBFCs are engaged in Securities Backed Financing activities which cover loan against shares and loan against commercial real estate/properties. Loan against commercial real estate includes

Management Discussion and Analysis

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residential project financing, land acquisition financing and specific property financing.

Our NBFCs offer the following products to their clients:

- **Corporate Financing/Wholesale Real Estate Financing (CF):** This product is offered to selected set of corporates for defined specific purposes against collateral of movable or immovable properties and/or shares.
- **Sponsor Financing/Promoter Lending (SF):** This product is offered to promoters/promoters group or to corporates where the primary security offered is of shares held by Promoters or their group companies for defined specific purposes.
- **Loan against Shares (LAS):** This product includes Margin Funding, ESOP Financing, Loan against Commodities/Bonds/ Mutual Funds, Promoter Financing. It also includes financing clients for applications in select primary issuances in the equity and debt markets.

Lending Business

We continued our thrust on lending against mortgages and wholesale securities backed loans to select corporates and also undertook Sponsor Financing. Considering the growth in the real estate sector and large untapped real estate market, we are confident of strong growth in coming years. Currently, our focus is on clients based in Mumbai, Pune, Bengaluru and Chennai. We selectively plan to enter into new geographies to expand our business. With strong pedigree and highly experienced and motivated management, we are set on a high growth trajectory in coming years.

With pickup in the capital markets, especially the primary markets during FY 2015-16, LAS is also on upswing. Lower inflation, softening interest rates and real income gains from decline in oil prices, easier financing conditions, etc. augurs well for the growth of the industry. During the year, we continued the financing activities which cover loan against shares, Margin Funding, ESOP Financing, Loan against Commodities/ Bonds/ Mutual Funds, Sponsor Financing. We have also been financing clients for applications in select primary issuances in the equity and debt markets.

We have been very selective and remained focused on the asset quality and net interest margins in our securities backed financing business. As on March 31, 2016, our total loan book stood at ₹ 7,214.89 Crore. We achieved net interest margin (NIM) of 8.01% for the financial year ended March 31, 2016.

Trading in Fixed Income Securities

During the year, we carried out transactions in Government securities and Non SLR securities. Our treasury book in government securities stood at ₹ 256.89 Crore at the end of the FY 2015-16 as against ₹ 359.01 Crore at the end of the previous financial year.

Credit Ratings

CRISIL re-affirmed the "CRISIL A1+" (highest grading) rating for our Commercial Paper program which indicates a very strong degree of safety with regard to timely payment of financial obligations. CRISIL has upgraded the rating to "CRISIL AA/Stable" rating for long term NCD issuances and bank loan rating, which indicates high degree of safety with regard to timely payment of interest and principal on the instruments. Both instruments are considered to carry very low credit risk.

ICRA has reaffirmed the rating of "[ICRA] A1+" (highest grading) for issuance of Commercial Paper and "[ICRA]AA/Stable" rating for long term NCD issuances and bank loans. ICRA has also re-affirmed "PP-MLD[ICRA]AA" for long term principal protected equity linked debenture program. All these instruments indicate a very high degree of safety with regard to timely payment of financial obligations and considered to carry very low credit risk.

India Ratings also re-affirmed the "IND A1+" rating for issuance of Commercial Paper by JM Financial Credit Solutions Limited which indicates a very strong degree of safety with regard to timely payment of financial obligations. India Ratings has upgraded the rating to "IND AA/Stable" rating for long-term NCD issuances and bank loan rating, which indicates high degree of safety with regard to timely payment of interest and principal on the instruments. Both instruments are considered to carry very low credit risk.

Asset Reconstruction Business

Asset quality continues to be a concern for Indian banks. As per data published by RBI, the gross non-performing assets ratio of Scheduled Commercial Banks was at 5.1% in September 2015. Stressed advances defined as GNPA's plus restructured standard advances increased to 11.3% in September 2015 from 10.7% in September 2014. In September 2015, the stressed advances of public sector banks were at 14.1% and private sector banks at 4.6%. Post the Asset Quality Review by RBI, all the banks responded to the central bank's call to accelerate recognition of stressed assets in the quarter ending December 2015 leading to a huge increase in the non-performing assets.

Recognising the role of Asset Reconstruction Companies (ARCs)

Management Discussion and Analysis

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In dealing with the high NPA levels, the Budget FY17 has included a proposal to enable sponsors to hold up to 100% stake in an ARCs. The Government has also allowed 100% FDI in ARCs through automatic route. These changes will open up avenues for ARCs and facilitate them to strengthen the capital base and effectively participate in the huge NPA market in India. Allowing non-institutional investors to invest in SRs and removing the 74% investment cap in each scheme of SRs for FPIs will lead to increase in the depth of Security Receipts market. The budget also provides clarity on taxation in the hands of Trusts set up by ARCs and confers a pass-through status to the Trusts.

With a view to enhancing banks' capabilities to initiate change in ownership for accounts which fail to achieve the projected viability milestones under a restructuring package, RBI introduced a Strategic Debt Restructuring (SDR) Scheme in June 2015. Under SDR scheme, secured creditors of a Joint Lending Forum (JLF), a body bringing all the creditors to a borrower under one forum, can convert their loan dues into equity shares at a 'fair price' as per the pricing formula prescribed by the RBI, which has been exempted from the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Lenders under JLF should collectively become majority shareholders post conversion. SDR will not be treated as restructuring for the purpose of asset classification and provisioning. JLF can appoint a suitable professional management to run the affairs of a company and should divest its holdings at the earliest. Not only will such SDR Scheme give creditors some upside, in return for reducing the project's debt, it can also give them the control needed to redeploy the asset with a more effective promoter.

Creation of the mechanism necessary for resolution such as the new Bankruptcy Code and the National Company Law Tribunals that will administer it are welcomed for resolving financial distress in the economy. The Union Budget 2015-16 had identified bankruptcy law reforms as a key priority and proposed a comprehensive Bankruptcy Code in line with global standards to provide for necessary judicial process and cover. Accordingly, Insolvency and Bankruptcy Code, 2016 was approved in the Lok Sabha on May 5, 2016 and was presented to the Rajya Sabha for approval. The Code is expected to bring about legal certainty and speed in resolution of distressed assets.

During the year, we concluded acquisition in 29 transactions with outstanding dues of ₹ 5,639 Crore acquired at a consideration of ₹ 2,032 Crore. Majority of the acquisitions during the FY 2015-16

took place in the last quarter. Till March 31, 2016, we have, on a cumulative basis, acquired total outstanding dues of ₹ 23,625 Crore at a consideration of ₹ 11,026 Crore. Resolution strategies were initiated for majority of the assets acquired. During the year, Security Receipts worth Rs.609 Crore were redeemed. The outstanding Security Receipts stood at ₹ 9,820 Crore as on March 31, 2016.

Financial performance of Fund Based Business

₹ in Crore

Particulars	FY 2015-16	FY 2014-15
Gross income	1,078.96	806.21
Profit before tax	548.62	347.44
Profit after tax	315.02	216.59
Segment capital employed	2,560.37	2,104.17

ALTERNATIVE ASSET MANAGEMENT (PRIVATE EQUITY AND REAL ESTATE FUND MANAGEMENT)

Market Environment

In FY 2015-16, as per our estimate, the Private Equity (PE) investments increased by 45.8% to ₹ 1,13,910 Crore (527 deals) as compared to ₹ 78,154 Crore (436 deals) during FY 2014-15.

Year	Private Equity Investment (₹ in Crore)	Number Of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2015-16	1,13,910	527	284	IT/ITES, Financial Services and Real Estate
2014-15	78,154	436	240	IT/ITES, Financial Services and Healthcare

IT/ITES especially ecommerce sector accounted for 45% of the total PE investments in FY 2015-16. Other sectors which witnessed high activity in terms of deal value were Financial Services and Real Estate accounting for 13% and 10% respectively of the total PE investments.

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Total PE exits increased by 51.3% to ₹ 44,071 Crore (116 deals) in FY 2015-16 as compared to ₹ 29,123 Crore (131 deals) in FY 2014-15. Strategic transactions for unlisted companies and secondary market transactions for listed companies were the preferred exit routes for PE Investors.

(Source: JM Financial estimates)

Operational Performance

JM Financial India Fund (“the Fund”) is a private equity fund, focused on providing growth capital to dynamic, fast growing companies in India. The Fund has fully drawn down and deployed its corpus and has made investments in companies in various business segments and at different stages of lifecycle. During the year, the Fund distributed monies from partial sale of one of its investments. Till date the Fund has made an aggregate distribution of ₹ 713 Crore which is 74.9% of the total capital contribution in INR terms. The Fund has Assets under Management (AUM) of ₹ 540 Crore as at March 31, 2016. The Fund is presently working closely with its portfolio companies in helping them grow their businesses as well as to seek exit opportunities.

JM Financial Property Fund (“the Property Fund”) is a real estate focused private equity fund that has invested in residential, hospitality and mixed use development assets at individual project or at holding level in development companies. The Property Fund through its domestic and offshore schemes had raised total capital contribution of ₹ 390 Crore, which is now fully invested. Till date the Property Fund has made an aggregate distribution of ₹ 202 Crore which is 52% of the total capital contribution in rupee terms. The Property Fund has Assets under Management (AUM) of ₹ 233 Crore as of March 31, 2016.

The Property Fund continues to focus on exploring exit opportunities for its outstanding portfolio investments.

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

₹ in Crore

Period	Gross Mobilisation			Redemption			Net Inflow/(Outflow)		
	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total
2015-16	1,11,26,277	26,39,279	1,37,65,556	1,10,34,883	25,96,492	1,36,31,375	91,394	42,787	1,34,181
2014-15	91,43,962	19,42,297	1,10,86,259	90,40,262	19,42,710	1,09,82,972	1,03,700	(413)	1,03,287

Financial performance of Alternative Asset Management Business

₹ in Crore

Particulars	FY 2015-16	FY 2014-15
Gross income	12.85	27.44
Profit before tax	4.38	14.95
Profit after tax	3.74	11.06
Segment capital employed	83.06	84.72

Revenue as well as profit from this segment are decreasing as the AUM is reducing on account of return of capital as mentioned above as well as the additional period needed beyond full fund life planned originally for execution of exits from the investments made.

ASSET MANAGEMENT (MUTUAL FUND)

Market Environment

Despite weakness in the equity markets, the mutual fund industry continued to add assets under management (AUM), hitting a record average AUM of ₹ 13.53 Lakh Crore for the quarter ended March 2016.

Over the last one year, even as the BSE Sensex and Nifty lost 9.4% and 8.9% respectively, the average AUM of mutual fund industry rose by ₹ 1.64 Lakh Crore or around 13.9% primarily driven by strong inflows into equity, balanced, income and liquid schemes. The mutual fund industry also added 59 Lakh folios touching 4.8 Crore total folios in FY 2015-16, its highest since last 5 years. The net inflow into equity mutual funds hit a record high even as the foreign portfolio investors (FPIs) remained net sellers of Indian equities in FY 2015-16 as concerns grew over slowdown in global and emerging markets. The inflows from retail/HNI investors made a lot of difference this year as they continued with their mutual fund investments despite weakness in markets over the last year.

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₹ in Crore

Nature of Scheme	Gross Mobilisation		Redemption		Net Inflow/(Outflow)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Income/Debt Oriented Schemes	135,51,553	109,12,088	135,18,545	108,89,532	33,008	22,556
Growth/Equity Oriented Schemes	1,65,276	1,48,171	91,249	77,142	74,027	71,029
Balanced Schemes	28,487	15,417	8,744	5,591	19,743	9,826
Exchange Traded Funds	19,966	9,974	12,145	9,198	7,821	776
Fund of funds (investing overseas)	274	609	691	1,509	-417	(900)

(Source: SEBI website)

Operational Performance

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

JM Financial Mutual Fund also did well in the last financial year. The average assets under management of JM Financial Mutual Fund for the FY 2015-16 increased to ₹ 14,891 Crore as compared to ₹ 11,351 Crore during the FY 2014-15.

Financial performance of Asset Management Business

₹ in Crore

Particulars	FY 2015-16	FY 2014-15
Gross income	85.54	46.75
Profit before tax	56.34	17.81
Profit after tax	24.93	9.65
Segment capital employed	183.21	137.58

RESOURCE MOBILISATION

As on March 31, 2016, long-term borrowing (including current maturities of long term borrowings) stood at ₹ 2,824.45 Crore. The Group has availed long-term secured loans from banks primarily to fund the medium to long-term requirements of its lending business. These loans are mainly secured against receivables.

At the same time, the Group has also started reducing its dependence on short term borrowing during the year. Share of Commercial paper in total borrowing stood at 45.87% as at March 31, 2016 as compared to 77.64% as at March 31, 2015. Major component of the Group's short-term borrowing in the form of unsecured loans as on March 31, 2016 stood at ₹ 3,206.90 Crore compared to ₹ 3,750.51 Crore as at the previous year end.

Group will also explore variety of new avenues of financing going forward to further diversify its borrowing profile.

ANALYSIS OF FINANCIAL PERFORMANCE

Consolidated Financial Performance

The consolidated gross income of the Company stood at ₹ 1,684.66 Crore as against ₹ 1,403.04 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹ 1,225.23 Crore as against ₹ 955.16 Crore, in the previous year. The Profit before and after tax stood at ₹ 692.85 Crore and ₹ 400.46 Crore respectively as against the ₹ 516.91 Crore and ₹ 330.52 Crore in the previous year.

Fees and commission earned during the year were ₹ 315.76 Crore as against ₹ 301.47 Crore during the previous year, constituting 18.74% of the total revenue. Brokerage income earned during the year was ₹ 134.68 Crore as against ₹ 145.25 Crore during the previous year, constituting around 7.99% of the total revenue. Interest and other income in fund based activities continued to be a major contributor to the gross revenue at ₹ 1,044.40 Crore as against ₹ 749.51 Crore during the previous year, constituting around 61.99% of the total revenue. We continued enhanced focus on this segment while keeping a close watch on risk management. Revenue from treasury operations and investment income was ₹ 189.82 Crore as against ₹ 206.81 Crore during the previous year, constituting around 11.27% of the total revenue.

The following table describes consolidated expenditure during the year:

₹ in Crore

Particulars	For the Year ended	
	March 31, 2016	March 31, 2015
Employee benefits expense	263.91	235.24
Finance cost	512.09	420.20
Depreciation and amortisation expense	20.29	18.05
Other expenses	195.52	212.64
TOTAL	991.81	886.13

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Employee Benefits Expense

The increase in employee costs by about 12.19% is mainly on account of annual compensation increase and expansion of operations.

Finance Cost

The increase in finance cost is on account of increase in the borrowings to support fund based activities. Group borrowing stood at ₹ 6,670.74 Crore as against ₹ 4,721.40 Crore in the previous year. Group level gearing increased to 2.38x vis a vis 1.94x.

Depreciation and Amortisation Expenses

The increase in depreciation and amortisation expenses by about 12.42% is on account of normal increase in capital expenditure during the year.

Other Expenses

Other expenses comprise sub-brokerage, fees & commission and administrative costs. The sub-brokerage, fees & commission mainly relates to secondary market and distribution business. These expenses reduced by 20.70 % in the previous year. Administrative costs mainly comprise establishment expenses. These expenses increased only by 2.59 % in the previous year.

The break-up of revenue on a consolidated basis under key segments are as under:

Segment Revenue	FY 2015-16		FY 2014-15	
	Amount (₹ in Crore)	% to total	Amount (₹ in Crore)	% to total
Investment banking and securities business	494.66	29.36%	521.93	37.20%
Fund based activities	1,078.96	64.05%	806.21	57.46%
Alternative asset management	12.85	0.76%	27.44	1.96%
Asset management	85.54	5.08%	46.75	3.33%
Others	193.97	11.51%	139.17	9.92%
Total Segmental revenue	1,865.98	110.76%	1,541.50	109.87%
Less: Inter segmental revenue	(181.32)	(10.76%)	(138.46)	(9.87%)
Total revenue	1,684.66	100.00%	1,403.04	100.00%
Segment Results (Profit Before Tax)				
Investment banking and securities business	79.42	11.46%	123.99	23.99%
Fund based activities	548.62	79.18%	347.44	67.21%
Alternative asset management	4.38	0.63%	14.95	2.89%
Asset management	56.34	8.13%	17.81	3.45%
Others	4.09	0.60%	12.72	2.46%
TOTAL RESULTS (PROFIT BEFORE TAX)	692.85	100.00%	516.91	100.00%

₹ in Crore

Segment Capital Employed	March 31, 2016	% to total	March 31, 2015	% to total
Investment banking and securities business	558.48	16.08	599.88	19.40
Fund based activities	2,560.37	73.73	2,104.17	68.05
Alternative asset management	83.06	2.39	84.72	2.74
Asset management	183.21	5.28	137.58	4.45
Others	87.64	2.52	165.96	5.36
Total Capital Employed	3,472.76	100.00	3,092.31	100.00

Investment Banking and Securities Business

The investment banking and securities business registered a decline of 5.22% in its revenue over the previous year. During the year, the percentage of segment results to segment capital employed reduced to 14.22% as against 20.67% in the previous year. This segment contributed 13.47% to our consolidated profit after tax.

Fund based activities:

Fund based activities continues to be the growth engine for the Group. This segment registered a growth of 33.83% in the revenue over the previous year. Percentage of segment results to segment capital employed in this segment was 21.43% as against 16.51% in the previous year. This was on account of capitalisation in the third quarter of the FY 2014-15 and the related low gearing on new capital during the FY 2015-16. This segment contributed 78.66% to our consolidated profit after tax.

Alternative asset management:

This segment registered revenue of ₹ 12.85 Crore during the year. JM Financial India Fund, a private equity fund and JM Financial Property Fund are working closely with their portfolio companies in helping them grow their businesses as well as to seek exit opportunities. The reduction in the revenue is on account of reduced management fee which is attributable to the exits made by the Funds. This trend will continue in respect of these Funds except in case there is earning in the nature of carry on completion of all exits.

Asset management:

The asset management business registered a remarkable growth of 82.98% in the revenue over the previous year. During the year, the percentage of segment results to segment capital employed in the segment was 30.75% as against 12.95% in the previous year. This segment contributed 6.23% to our consolidated profit after tax. Our

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focus on our marquee products and consistent approach to fund management helped us achieve much better results in this segment.

Standalone Financial Performance:

On a standalone basis, the Company earned a gross income of ₹ 157.77 Crore during the year as against ₹ 104.54 Crore in the previous year. The gross income includes ₹ 113.56 Crore on account of dividend received from subsidiaries as against ₹ 73.31 Crore in the previous year. The profit before tax stood at ₹ 112.11 Crore as against ₹ 80.50 Crore in the previous year and the profit after tax stood at ₹ 112.25 Crore as against ₹ 78.10 Crore in the previous year.

OUTLOOK AND STRATEGY

The Indian economy, expected to grow at 7.5%, would make India outpace most emerging economies including China, ASEAN, LATAM and Africa. The outlook for growth has improved modestly on the back of disinflation, declining oil prices, easier financing conditions and action on delayed projects. These measures augur well for reinvigoration of private consumption demand. The conditions for growth are slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure.

There has been improvement in the performance of the industrial and services sector. This is achieved mainly because of restored macroeconomic stability on account of fiscal consolidation, control over inflation and support from fall in the global prices of oil and commodities. Acceleration of reforms and reinvigoration of private consumption demand will spur investment; however, the risks from weaker global growth outlook and very short-run fiscal drag due to likely compression in plan expenditure in order to meet fiscal consolidation targets 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. This augurs well for financial and capital markets.

Several initiatives and steps are being undertaken by the government to improve the business climate. This should help improve the GDP and overall economy. To instill momentum in the manufacturing sector, the Government has announced a number of policy measures. Steps are being taken to address requirements of mining and power generation sectors which will remove supply bottlenecks to a number of sectors. Many mines have resumed activity post lifting of bans by the courts. Growth in manufacturing sector output will drive demand across the country. Given the long-term robust growth prospects and government push to

develop a sustainable infrastructure, we seek to consolidate our position further both in capital market and financial market.

Growing Indian economy creates strong opportunities for our business to grow. We continue to remain enthused about the growth prospects of financial services sector in India. Our strategy will continue to be deepening our portfolio of financial services and products, client centric focus, effective risk management and build a business model that is well diversified across financial market activities. Focus on delivering client centric solutions, investing in human capital and strong risk management will remain our basis for patient and responsible growth.

We believe that in medium to long-term, a large part of our revenue growth will be in the fund based and fund management activities. These businesses provide a steady business model that lends itself to reasonable level of planning. We propose to deepen our product suite in the NBFC business and utilise higher capital, both in the form of net worth and borrowed funds towards carefully selected transactions targeting higher earnings from this business. With the government's initiatives like 'Make in India' campaign, affordable housing policy, liberalization of Insurance and pension sectors, boosting infrastructure projects, NBFCs can also look for growth in wholesale loans, asset financing, working capital loans, etc.

Application of technology is leading to rapid innovation in the financial services sector. Given the potential of technology, several emerging enterprises are employing innovations to change the way businesses are conducted. These enterprises engaged in applying technology in the financial services businesses are referred to as "FinTech" companies. FinTech companies are emerging rapidly and expanding into areas such as consumer lending, Peer to Peer (P2P) lending, global remittances, enterprise software and mobile Point-of-Sale (PoS) systems among others. To leverage our existing strengths in financial services and to take advantage of the technological innovations, we propose to evaluate various strategic partnerships in this sector. In line with our strategy, we have also made investment in Fairassets Technologies India Private Limited, owner of Faircent.com, India's largest peer to peer lending electronic market place.

In the advisory business, we understand the opportunities, risks and feasibility very well. We also understand the cyclicity of these businesses and remain ready with team that has right skills and expertise to capitalise on the active phase in capital markets.

As a part of our strategy to expand internationally, the Group has established its presence in Mauritius, Singapore and USA. This

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has enabled the Group to target a broader category of investors and corporates in overseas market. During the year, our Step Down Subsidiary (SDS) in the USA viz., JM Financial Securities Inc. commenced the broker-dealer business after the receipt of final membership approval from Financial Industry Regulatory Authority (FINRA). The activation of our fully operational US office will serve as a beachhead of coverage in North America.

In the alternative asset management area our immediate focus continues to be on the exit in current funds and would continue to look at opportunities to expand.

In the mutual funds management, our focus on our marquee equity arbitrage fund and balanced fund yielded very good response from investors. We intend to continue our focus on schemes that cater to investors' requirements.

OPPORTUNITIES AND THREATS

Slowly improving conditions for growth on account of easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining and infrastructure is likely have a positive impact on the Indian business in the long run even though the risks from weaker global growth outlook remains a challenge. India's growth prospects remain bright with its growth being well balanced and largely driven by domestic consumption. The government push on developing the sustainable infrastructure facilities, growth of manufacturing through its 'Make in India' initiative, etc. will present continuing opportunities for financial intermediaries to grow and benefit from the increased requirement of capital for augmenting new capacities and expansion of existing projects.

The following factors present specific opportunities across our businesses:

- Reforms push by the government relating to 'Make in India', project approvals, land acquisition, mining, and infrastructure, fall in global commodity prices, reinvigoration private consumption demand will lead to capacity expansion and huge investments by both the public and private sector companies. There will be higher capital requirement to fund these investments which will present opportunities for investment banking and advisory business;
- Subdued global growth provides opportunities to global as well as domestic firms to expand through mergers &

acquisitions which offer opportunities for the corporate advisory business;

- Focus on financial inclusion by the government, channelising the untapped savings currently lying in the form of bank deposits and change in attitude from safeguarding wealth to growing wealth will also enhance the participation of investors across segments thereby helping the prospects of equity brokerage business;
- Growing mid-size segment of corporates where the need for customised solutions is particularly high will present opportunities for our advisory businesses;
- Focus on better NPA management by banks augurs well for the asset reconstruction business;
- Size of the Indian capital market and favourable demographics like growing middle class and larger younger population with disposable income and investible surplus focussed on wealth creation will offer opportunities for our asset management, wealth advisory and distribution business;
- We expect economic activity to pick up from grass root levels presenting opportunities in both lending and asset reconstruction business;
- Potential of technology and employing innovations in the financial services sector.

Despite the above opportunities, our performance could be affected by following perceived threats to our businesses:

- Impact of abnormal monsoon;
- Geopolitical tensions across the globe;
- Regulatory changes impacting the landscape of business;
- Increased intensity of competition from players across the segment/industry;
- Attrition of employees caused by strong demand from ever increasing number of market participants;
- Continuous downward pressure on the fees, commissions and brokerages caused by heightened competition and

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willingness of most players to deliver services at very low fees;

- Entry of corporate heavy weights and global players in the lending business. Given their capital strength as well as access to cheaper sources of capital will increase pressure on us to remain competitive and impact margins.

RISKS AND CONCERNS

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

The process of managing risk is vital for the entity as every business has to take decisions which requires the management to balance such risk against potential reward. At JM Financial, the risk is managed through risk management architecture as well as through policies and processes approved by the Board of Directors and the Firm Management encompassing independent identification, measurement and management of risk across various businesses of the Group.

The Company, being a holding company with no operating business on a standalone basis derives its income mainly from

dividend, interest and capital gains and hence is not directly exposed to many risks. The risk for the Company emanate from the risks associated with the businesses of various operating entities within the group.

We appreciate that timely and effective risk management is of prime importance to our continued success. We believe that risk assessment is the first step in a sound risk management procedure. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage the risks that are encountered in conducting business activities in an effective manner.

The Group's business is exposed to many internal and external risks. We have put in place robust risk management systems and processes along with appropriate review mechanism. A team of experienced and competent professionals at business level as well as group level identify and monitor the risks on an ongoing basis and evolve processes/systems to monitor and control the same to keep the risks to minimum levels. Ongoing monitoring by our officials helps in identifying risks early. There is a continuous focus on the maker-checker and sponsorship processes. Detailed regulatory prescription as well as regular inspections also helps test our processes and compliances.

A risk event update report is periodically placed before the Board of Directors of the Company. Reports cover inter alia, the risk identification, risk classification, assessment of impact, risk mitigation/remedial action and risk status. The Directors review these reports and the course of action taken or to be taken to manage and mitigate the risks. Additionally, independent Internal Audit firms, not from within the JM Financial Group, are appointed to review and report on the business processes and policies in all operating companies of the group. The report of internal auditors is reviewed and discussed by the Audit Committee of the respective operating companies including the Company to review compliance with the set processes and any risk events.

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The risks associated with the businesses of various companies within the group and management are discussed in detail below:

Key Risk	Description/Impact of Risk	Risk Mitigation
Credit Risk	<p>Credit risk is the risk of failure of the borrower to meet financial obligations to the lender in accordance with the agreed terms. It is the risk that any of our borrowers will fail to discharge their obligation to us and cause us a financial loss.</p> <p>The increase in our credit exposure may have an adverse and negative effect on our business in the event of material unexpected credit losses.</p>	<p>An effective credit approval and review process by the senior most team, extensive credit appraisal, proper documentation, periodic reviews, etc., is conducted in order to mitigate the credit risk. Various norms have been stipulated for proper customer identification and proper procedures being followed for evaluation of the prospective credit proposals.</p> <p>Regular portfolio risk analysis is done on various financial and policy parameters for making required changes in the existing policy. Deep insight about the borrower's nature will reduce the risk of default significantly.</p>
Market Risk	<p>Market risk is the risk that the value of portfolio of investment in securities will fall due to market movements or fluctuations in interest rates, foreign exchange rates, equity, commodity prices, etc.</p> <p>We are exposed to potential changes in the value of financial instruments held by us caused by above factors. Any decline in the price of our investments in quoted securities may affect our financial performance and position.</p>	<p>Our portfolios and collaterals/ securities are continuously monitored and also the usage of derivative instruments as a hedging mechanism minimises the impact of market risk.</p>
Liquidity Risk	<p>Difficulty in raising the funds at short notice by selling our assets or borrowing from the market. It also refers to the risk that arises from the difficulty of selling an asset without a high impact cost.</p> <p>Our liquidity shall be affected due to severe liquidity crunch in the market or due to market disruptions. Our clients may, due to certain circumstances not honour their commitments which would indirectly lead to our inability to meet obligations.</p>	<p>We have a strong financial position and all our businesses are adequately capitalised, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain a part of our capital in liquid assets to manage any sudden liquidity needs.</p>
Operational Risk	<p>Operational risks arise due to inadequate control or insufficient check of the controls in the internal processes, people and systems or from the external factors or a combination of internal as well as external factors.</p> <p>Shortcomings or failure in internal processes or systems may have material adverse impact on the financial position as well as affect its operation.</p>	<p>Well defined policies, operational processes and systems have been devised for operations. Regular audit are done by internal auditors to monitor the adherence of policies and processes.</p> <p>Maker/Checker mechanism has been put in place to ensure compliance with laid down systems and procedures in all areas of functioning of the Company.</p> <p>Also the Company's key management team consists of professionals of high level of commitment and the team is well versed in the key issues relevant to the holding company structure. They have a good understanding of all the group's businesses helping the group companies to grow in a compliant manner.</p>

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Key Risk	Description/Impact of Risk	Risk Mitigation
Reputation Risk	<p>Reputation Risk is the current or prospective risk to business, earnings and capital arising from adverse perception of the organisation on the part of customers, counterparties, shareholders, investors or regulators.</p> <p>Reputation risk is a very high risk and can cause long term and sometime irreparable loss of business/ revenue.</p>	<p>We conduct our business with diligence keeping in mind the stakeholders and their needs.</p> <p>Adequate training is provided to employees to conduct their activities with utmost care and diligence keeping in mind the first class reputation and status enjoyed by the Company.</p>
Regulatory and Compliance Risk	<p>The risk arising out of a change in laws and regulation governing our business. It could also arise on account of inadequate addressal of regulatory requirements or differences in interpretation of regulations vis-à-vis the regulators. This risk is heightened in setting up global offices as familiarisation with global regulations and practices can take time as well as lead to risk of inadequate understanding.</p> <p>In recent times, these risks have spread to tax laws and unexpected demands being raised by various tax authorities.</p> <p>New laws or regulations or changes in the enforcement of existing laws and regulations may adversely affect the business/ revenue/ profits.</p> <p>Non-compliance with regulations may invite strictures, penalties and even punitive action from the Regulators.</p>	<p>We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which takes care of compliance with applicable laws, rules, regulations and guidelines affecting our businesses.</p> <p>We also take external advice and appoint well qualified professionals in respective functions in various offices. All the new guidelines, circulars, notifications are complied with. Formulation of the policies as well as its implementation is taken due care of.</p> <p>Internal audit is carried out by external professional firms to monitor compliance with best practices, approved policies and applicable regulations.</p> <p>Our business team is strongly supported by our Corporate Functions team to quickly calibrate our actions in event of change in regulatory environment.</p>
Competition Risk	<p>The industry in which the Company operates is growing at a rapid pace and is exposed to tremendous competition at the national as well as international level. Strong growth prospects combined with liberalization of financial services sector have prompted the entry of newer foreign and domestic financial services companies.</p> <p>Entry of new players have increased the competition faced by us. It may also lead to attrition of our key personnel.</p>	<p>Diversified and innovative product and services are offered to keep the customers and other stakeholders intact as well as continuous research and development helps in mitigating the competition risk.</p> <p>Fair and transparent practices helps the entity gain competitive advantage over other entities.</p> <p>Our human resource policies and a healthy positive work environment help us attract and retain best talent on a continuous basis.</p>
Business Continuity Risk	<p>In the event of disruption in the conduct of business due to incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.</p>	<p>We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same. The records with respect to confidential data are preserved and are secured.</p>

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have adequate internal control systems commensurate with the nature of business and size of operations; to provide assurance regarding the effectiveness and efficiency of operations, adequacy of measures to safeguard all our assets against loss from unauthorised use or disposal, reliability of financial controls and compliance with applicable laws and regulations. Policies, guidelines and procedures are in place to ensure that all

transactions are authorised, recorded and reported correctly as well as provide for adequate checks and balances.

Adherence to these processes is ensured through frequent internal audits. The internal control system is supplemented by an extensive program of internal audits and reviews by the senior management. We have appointed independent internal audit firms for the Company and all our operating subsidiary companies to assess and improve

Management Discussion and Analysis

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the effectiveness of risk management, control and operations and processes. Internal audit team is empowered to examine the adequacy of and compliance with policies, plans and statutory requirements. Significant deviations are brought to the notice of the Audit Committee of the Board of the respective companies and corrective measures are recommended for implementation.

The senior management 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. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken. 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.

We also address any issues identified by regulatory inspection teams very diligently and report the same to the Board of Directors and the regulators.

We have also laid down set of standards, processes which enables to implement internal financial controls and ensure that the same are adequate and operating effectively. The said controls have been reviewed by the Internal and Statutory Auditors of the Company and they have found the same to be adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At JM Financial, philanthropy has always been an integral sentiment among us, culminating into our community welfare programs. We partner with grass root level organisations to implement various projects.

Our two philanthropic arms are JM Financial Foundation, established in the year 2001 and Kampani Charitable Trust established in the year 1983, to support the causes of socio-economic, educational and health care, through which the Group has been contributing to deserving causes since over three decades. The recently introduced statutory provisions of the Companies Act, 2013, only add to the contribution we make in this direction. CSR Policy adopted by the companies in JM Financial Group including JM Financial Limited lists these two philanthropic arms as the entities through which our CSR allocation and spending can be administered and monitored.

Accordingly, CSR Committees of various JM Financial Group Entities approved and contributed an aggregate amount of ₹ 7.77 Crore (₹ 5.43 Crore in FY 2014-15) to its philanthropic arms viz. JM Financial Foundation and Kampani Charitable Trust for allocation to projects that will be approved by the CSR Committees.

The management has been exploring several projects for allocation of CSR funds during the year. The situation of drought in various parts of the country added an additional but important aspect to this exercise.

We believe that our efforts in this regard should be towards projects that contribute to basic facilities and infrastructure towards a long lasting solution for an identified cause. At the same time, some part of CSR spend can be allocated for the shorter duration but important causes such as healthcare support to patients, skill development in identified area etc.

In line with this thinking, we have decided to explore a wider range of projects and their longer lasting impact for allocation of the CSR funds of the Company as well as of the Group Companies.

Based on the projects so examined and then shortlisted by the management, and post approval of the CSR Committees of the Company and the Group Companies, JM Financial Foundation and Kampani Charitable Trust will be advised about the release of funds to the concerned projects.

The details of the funds allocated and utilised are given in the Annexure IV to the Directors' Report for this year.

ONGOING GIVING AND SUPPORT ACTIVITIES BY JM FINANCIAL FOUNDATION AND KAMPANI CHARITABLE TRUST

Apart from the CSR activities, JM Financial Foundation and Kampani Charitable Trust is also engaged in the following activities:

1. Giving and Charity

JM Financial Foundation and Kampani Charitable Trust identify and work with several credible NGOs on a number of outreach programs in various fields such as education, healthcare, disaster relief and animal care. Some of the programs supported in this manner are listed below.

Education

Some of our education based programs focus on access to quality education in remote tribal areas and provide material support to children at the bottom of the socioeconomic pyramid.

Management Discussion and Analysis

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We promote girl child education by providing academic, material and social support that allows them to access quality education and to attend school with dignity.

One of the partners that we support deploys the Activity Based Curriculum that empowers children to cope with different real life situations with lessons learnt while engaging in active play.

We have partnered with professionals to work with children having developmental disabilities particularly Autism, and also support early intervention centers for such children. We also support schools that run programs for children coming from diverse socio-economic backgrounds and disabilities.

Entrepreneurship promotion

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

Health Initiatives

We have associated with partners to provide the needy with effective medical treatment free or at a subsidised cost. The health initiatives include rehabilitation of the physically challenged, free cataract surgeries, free health camps for the underprivileged, promotion of alternative medicine like Ayurveda, provision of blankets for the poor in cold regions.

A special initiative is the support to an Institute specialising in management of individuals with Intellectual Disability, in the fields of Healthcare (diagnosis & therapeutic intervention), Education, Skill Development and support services.

Disaster Relief

Through our partners we have helped rehabilitate the victims of the Nepal earthquake and Gujarat floods.

Animal Care

The Foundation supports several panjrapoles which build and maintain sheds, provide fodder and medical care to animals and protect them in different climate conditions.

Apart from the above, we supported activities related to promotion of arts and culture. One of our partners specialise in training of athletes to participate in global sports events.

2. Employee Activities

Project Drishti

Under this project all glossy magazines are accumulated both in our offices and employees' homes and sent to a school for the blind at regular intervals. The paper from these magazines is used for preparing reading and learning material in Braille.

Sparsh

This is an employee volunteering initiative at JM Financial. Employees help the lesser privileged aged members of society through the SPONSOR A GRAN program of Helpage India and mentor children from Akanksha by counselling them on career options, self-confidence, academic help, etc.

Joy of Giving

JM Financial celebrates the "Joy of Giving Week" every year. Typically the Joy of Giving week entails the following activities –

1. Joy Boxes are placed at our office premises through the week. Employees are encouraged to place various items such as clothes, stationary, household items, etc., which are donated to Goonj, an NGO dedicated to the re-distribution of such items to the needy across India.
2. Blood Donation camps across the offices of the Group in Mumbai.
3. Paraplegic Foundation - a display of an array of items for sale such as envelopes, candles, table linen, etc., all made exclusively by paraplegics, usually receives an excellent response from employees.

3. Walkathon

We organise the JM Financial Walkathon, which is an annual event, where we invite clients and employees to pledge their support and to walk for a better future for the underprivileged. The Walkathon also serves as a fund-raiser where we invite contributions towards the various causes supported by the JM Financial Foundation. The event attracted a wider audience this year, utilising social media to invite public participation. The funds raised from the Walkathon are utilised towards various initiatives through the year, which focus on the betterment of various segments of the communities. This year, the Walkathon was held on Sunday, February 7, 2016 and witnessed approximately 600 enthusiastic participants.

Management Discussion and Analysis

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HUMAN RESOURCES

At JM Financial, talent is our most valuable asset and we believe that the ultimate identity and success of our Firm lies in the excellent quality of our people and their commitment towards attaining our Organizational goal.

Human Resources function is responsible for building the Group Human Resources strategy and is supporting all our businesses by delivering best in class Human Resources partnership. Human Resources Business Partners are responsible for individual business units and support employee engagement, resourcing, data analysis, employee relations & guidance, performance management, compensation & benefits and learning & development effort for the particular business.

Human Resources team's broad range of activities includes:

- Talent Management
- Employee engagement
- Performance Management
- Learning & Development
- Compensation and benefits
- Succession planning
- Rewards & Recognition
- Workforce diversity

Talent Management

Building and developing our talent pool is our continuous and top priority and we have been successful in attracting diverse talent with sound expertise, new perspectives and experience. JM Financial has a strong brand presence in the market and our empanelled service partners help us study, survey and attract superior talent in the market.

Employee Engagement

A) Off-sites:

Off-sites provide a platform for each business to focus on business strategy for the coming year, team building to reinforce inter-team functionalities and allows open forum interaction with senior management. Human Resources plays a key role in organizing off-sites for different businesses and ensures that adequate sessions are organized for knowledge sharing and ideation.

B) Culture Club:

With an endeavour to foster & develop the JM Financial culture we have set up JM Financial culture club. The

objective is to achieve high level of engagement amongst our employees through extra-curricular activities. We aim to offer an environment where employees feel connected and in tune with the organization's culture by encouraging communication and creating a bond with their colleagues. We have been successful in initiating three culture clubs: Music Club, Photography Club & Yoga Club.

C) Celebrations:

At JM Financial, we firmly believe that celebration is a part of our work culture. Several occasions are celebrated, including Women's Day, Independence Day or employees' birthdays. Festivals bring employees closer and help improve work relationships. Celebrations provide a well-deserved break and help employees to remain engaged. We also have bullpens where employees gather over Friday evening snacks in an informal manner.

D) Sports Center

We have set up JM Financial Sports Center with the objective of creating a platform for employees to get-together and enjoy various sporting activities, foster a habit of team-work and healthy competition by using sports as a medium, promote a healthy work-life balance and an opportunity to de-stress by engaging in sports. We participated in some exciting sports events. Our Men's soccer team won the Runners-up (Champions Trophy) trophy at Corporate Soccer 5s. Our Men's and Women's soccer teams participated in the Inbox Football League 2015. Teams from JM Financial won the first place at the Phoenix Corporate Bowling League. JM Financial Cricket Championship 2015-16 was a huge success & saw participation from 17 teams from within our businesses.

Performance Management

We follow a comprehensive performance evaluation process for annual reviews. Employees across levels benefit from the development oriented approach of this system. This practice helps us to identify the capabilities of the employees and leverage on the same. It also helps us to structure and impart training in the identified areas for the employees.

Learning & Development

We have an environment supporting continuous learning which we have enabled through various forums, databases and online resources. Through internal and external resources, employees are given opportunities to develop their skills and this includes various behavioral and technical trainings.

Management Discussion and Analysis

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Compensation and benefits

JM Financial's compensation framework is structured to align the interests of our employees with the long-term interests of the Firm and its other stakeholders. Our compensation framework is designed to retain & motivate our human capital, reward them for their performance and attract superior talent from the industry. JM Financial also offers various benefits designed to meet the needs of our employees. These benefits are an integral part of our company and provide employees and their families' valuable support during employment with JM Financial.

Succession Planning

At JM Financial, we promote an atmosphere of inclusion by encouraging the next level of employees to take higher responsibilities. Managers along with HR formulate a customized grooming and orientation of high potentials by carefully planning their work experiences. Their skills and capabilities are developed through further training and mentoring.

Rewards & Recognition

At JM Financial, we pride ourselves in our people and their achievements. It is therefore important to us that we recognize their hard work, dedication and commitment. Our Rewards and Recognition program provides a framework for encouraging and recognizing long service and exemplary performance of our employees. The organization has an annual Reward and Recognition Program which appreciates and recognizes talent, silent yet valuable efforts and initiatives. The reward is non-monetary in nature.

Workforce diversity

We have employees from extremely diverse backgrounds in terms of experience, culture and heritage. This goes a long way in building our inclusive culture as people from different background bring with them fresh ideas and innovations, unique styles and methods.

Campus Hiring

HR has instituted the Management Analyst (MA) program for the Group. The program focuses on building a strong pool of professional talent, whose competencies are further developed by a 9 months orientation and rotation with various businesses. The batch of 2015-16 comprised of Chartered Accountants, management graduates from premier schools of Business and Economics professionals.

Great Place to Work

The Great Place to Work Institute, India has recognized JM Financial Group with the following awards:

- JM Financial Services Limited ranked among Top 100 in 'India's Best Companies To Work For 2015'
- JM Financial Services Limited ranked best in the Investments Industry category (Financial Services) in 'India's Best Companies To Work For 2015'
- JM Financial Asset Management Limited ranked among Top 100 in 'India's Best Companies To Work For 2015'
- JM Financial Asset Management Limited ranked amongst the best in the Financial Services Industry in 'India's Best Companies To Work For 2015'.

Promoting internal mobility, recruiting talent, encouraging sustained employee development, offering competitive compensation and engaging work environment are all factors that make JM Financial a sought after employer.

The Company had 12 employees as on March 31, 2016. The total employee strength of JM Financial Group stood at 1,212 as on March 31, 2016.

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 statements 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. CORPORATE GOVERNANCE

Corporate Governance is, in simple words business behaviour that is aimed at creation and enhancement of long-term sustainable value for stakeholders through ethically driven business processes. It is about maintaining the right balance between economic, social, individual and community goals. Corporate Governance essentially involves balancing the interests of many stakeholders in a company which include its shareholders, management, employees, customers, suppliers, financiers, government and the community. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship and disclosure are the foundations to the philosophy of Corporate Governance.

2. PHILOSOPHY OF JM FINANCIAL ON CORPORATE GOVERNANCE

At JM Financial, we believe that good Corporate Governance is not just a principle but it is embedded in our day-to-day business practices and the manner in which every individual working in all the companies across the group conducts himself/herself. For us, Corporate Governance is a reflection of principles entrenched in our values and policies, leading to value driven growth. We have adopted the best in class Corporate Governance practices and disclosure standards leading to enhanced shareholder value while protecting the interests of all the stakeholders. We emphasise the importance of transparency and accountability in all our businesses.

We are committed to enhancing long-term shareholder value and retaining investors' trust and always seek to ensure that our performance goals are met with integrity by doing things the right way which means taking business decisions and acting in a way that is ethical, in the interest of our stakeholders and in compliance with applicable legislation. Our values reflect our continued commitment to ethical business practices across our operations. Our actions are governed by our values and principles, viz., Client Focus, Integrity, Innovation, Partnership, Teamwork, Implementation and Performance which are reinforced at all levels across the group.

At JM Financial, we diligently follow the guidelines on Corporate Governance applicable to all equity listed companies as incorporated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations")

The Company has adopted the requirements of Corporate Governance enshrined under the Listing Regulations, the disclosures under which are given below:

3. BOARD OF DIRECTORS

The Board of Directors of the Company comprises eminent people of proven competency and track record. The Directors possess the knowledge, expertise, skills and experience in various fields required to provide strategic guidance and support to the Company. The Board provides leadership and objective & independent views to the management, thereby assisting the management to adhere to high standards of ethics, transparency and disclosures even as they pursue high targets of business performance.

A. COMPOSITION OF THE BOARD

The Board of Directors comprises 8 (Eight) members out of which 6 (Six) are Independent Directors, 1 (One) Non-executive Director and 1 (One) Executive Director. The Woman Director on our Board is an Independent Director.

The Independent Directors have confirmed to the Board that they meet the criteria of independence as specified under Section 149(6) of the Companies Act, 2013 (hereinafter referred to as "the Act") and that they qualify to be Independent Directors pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors have also confirmed that they meet the requirements of Independent Directors as outlined under Regulation 16(1)(b) of the Listing Regulations.

Mr. Vishal Kampani, who joined the Board on February 3, 2016 as a Non-Executive Director is a relative of Mr. Nimesh Kampani, the Chairman & Managing Director of the Company. Save and except this, none of the Directors of the Company is related to any other Director. No Director of the Company holds directorship in more than 20 (Twenty) companies and none of them holds directorship in more than 10 (Ten) public companies. In accordance with the Listing Regulations, all the Directors of the Company meet the requirement of holding the stipulated number of Independent Directorships in equity listed companies. The Directors also meet the requirement of holding the board committee memberships (upto 10 public companies) and board committee chairmanships (upto 5 public companies) as stipulated in the Listing Regulations. We have received confirmations in this regard from all the Directors.

Report on Corporate Governance

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B. MEMBERSHIPS OF OTHER BOARDS

The details of directorship and board committee chairmanship/membership held by the Directors in other public companies along with the number of equity shares, if any, held by each of them, all as on March 31, 2016 are given below:

Name of the Director	Category	Number of directorships in other public companies		Number of committee positions held in other public Companies		No. of shares held in JM Financial Limited
		Listed	Unlisted	Chairman	Member	
Mr. Nimesh Kampani	Chairman & Managing Director	4*	3	-	5	13,53,57,500**
Mr. E A Kshirsagar	Independent Director	5	1	5	2	None
Mr. Darius E Udawadia	Independent Director	5	3	1	7	None
Mr. Paul Zuckerman	Independent Director	2	-	-	2	None
Dr. Vijay Kelkar	Independent Director	4	2	1	3	None
Mr. Keki Dadiseth	Independent Director	5	4	4	5	None
Ms. Jagi Mangat Panda	Independent Director	1	3	1	1	None
Mr. Vishal Kampani	Non-Executive Director	-	6	-	1	1,01,63,647

* Including one Directorship as Non-Executive Director

** Includes 12,50,000 Equity Shares held by Nimesh Kampani HUF.

Notes:

- Directorships mentioned above do not include directorships of companies under Section 8 of the Act and the companies incorporated outside India.
- Positions in only the Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning the number of board committee chairmanships and memberships held by the Directors.
- As confirmed by the Independent Directors, they did not have any material pecuniary relationship with the Company during the financial year ended March 31, 2016. The sitting fees received by them for attending the meetings of the board and its committee(s), the commission payable to them and the professional fees received by the firm in which a director is a partner are not considered as material pecuniary relationship in accordance with the relevant provisions of the Act/Listing Regulations.

C. BOARD MEETINGS

The Board meetings are held at regular intervals to consider, discuss and approve inter alia, the un-audited and audited standalone and consolidated financial results of the Company, strategy and policy, risk management, competitive scenario,

etc. The tentative dates of Board/Committee meetings are finalised before the start of the calendar year and the same are circulated to the Directors in advance to enable them to plan their schedule. Those Board members, who wish to attend the meetings through video conference, are provided with the appropriate facility to do so.

The schedule of meetings and the agenda thereof are finalised by the Company Secretary in consultation with the Chairman & Managing Director. The agenda items are pre-circulated with relevant presentations, explanatory notes, supporting documents and executive summaries.

Generally, seven Board meetings are held during every financial year with at least one meeting in every quarter. Additional meetings of the Board are held when deemed necessary.

The Board meetings are generally held at the registered office of the Company. Seven Board meetings were held during FY 2015-16; May 29, 2015, July 30, 2015, September 22, 2015, October 29, 2015, December 11, 2015, February 3, 2016 and March 29, 2016. The time period between any two meetings did not exceed 120 days. The required quorum was present at all the above meetings. The details of attendance of the Directors at the Board meetings and the last Annual General Meeting are given below:

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Name of the Director	Category	No. of Board meetings held	No. of Board meetings attended	Attendance at the previous Annual General Meeting
Mr. Nimesh Kampani	Chairman & Managing Director	7	7	Yes
Mr. E A Kshirsagar	Independent Director	7	7	Yes
Mr. Darius E Udwadia	Independent Director	7	5	Yes
Mr. Paul Zuckerman	Independent Director	7	6	Yes
Dr. Vijay Kelkar	Independent Director	7	5	Yes
Mr. Keki Dadiseth	Independent Director	7	6	Yes
Ms. Jagi Mangat Panda	Independent Director	7	5	Yes
Mr. Vishal Kampani	Non-Executive Director	7	2*	NA

*Since appointed with effect from February 3, 2016

D. BOARD PROCEDURE

The Board is provided with the relevant information as stipulated under the Listing Regulations viz., quarterly/half yearly unaudited financial results and the audited annual statement of accounts, corporate strategies, annual budgets and capital expenditure details. The members of the Board have access to the management as well as all information about the Company.

With regard to matters requiring the approval of the Board, all the concerned persons communicate with the Company Secretary in advance to enable inclusion of such matters in the agenda for the board meetings. Where it is not practicable to circulate any document or if the agenda item is of confidential nature, the same is sent separately or tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the permission of the Chairman and the consent of the Directors. The senior officials of the Group are invited to the board meetings in respect of the items concerning them to provide additional inputs as and when necessary.

At the Board meetings, presentations are also made by the Senior Management and CEOs/Business Heads of the operating subsidiaries/associate, inter alia, covering the plans, performance, operations, the financial performance, risk management, regulatory environment and for other issues which the Board wants to be apprised of and other matters on a periodic basis. The Board members interact with the CEOs of the various operating subsidiary and associate companies frequently both at the meetings and outside the meetings.

The Board periodically reviews and takes note of, *inter alia*, the compliance confirmation in respect of laws applicable to

the Company. The compliance confirmations placed before the boards of respective subsidiaries/associate companies including the summary thereof are also placed before the Board for noting. The annual operating and capital expenditure plans and budgets, unaudited/audited financial results, minutes of the board meetings of the unlisted subsidiaries including the summary of the key decisions taken by their respective boards, significant transactions and arrangements entered into by the unlisted subsidiary companies, risk management update/report, minutes of meetings of the committees of the board, etc. are placed before the Board for its noting.

The draft minutes of the Board meetings are circulated amongst the Directors for their perusal and comments. The suggestions, if any, received from the Directors are suitably incorporated in the draft minutes, in consultation with the Chairman & Managing Director of the Company. The minutes are signed by the Chairman of the Board at the next meeting.

The Company has an effective post meeting follow-up, review and reporting process for implementation of the decisions taken by the Board and the Committees thereof. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments and persons promptly. Action Taken Report on the decisions/minutes of the previous meetings is placed at the succeeding meetings of the Board/Committee for noting by the Board/Committee.

The Company has in place mechanism to inform Board members and periodically review at Board meetings risk assessment and risk management processes. The framework comprises an in-house exercise on Risk Management review,

Report on Corporate Governance

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carried out periodically by the Company, which helps oversee the functioning of a structure to identify and mitigate various risks faced by the Group on a day to day basis. A detailed note on risk management process is given in the Risk Management section of Management Discussion and Analysis report.

E. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on December 11, 2015 without the presence of the Chairman & Managing Director and the Senior Management team. The matters considered and discussed thereat, inter alia, include those prescribed under Schedule IV to the Act and Regulation 25 of the Listing Regulations.

F. FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company has in place the familiarisation program for Independent Directors appointed from time to time. The Program aims to provide insights into the Company to enable the Independent Directors to understand the Company's functioning in depth, familiarise them with the processes of the Company and to assist them in performing their role as Independent Directors. The CEOs of the respective subsidiaries/associate made presentations at the board meetings on periodical basis on the businesses carried on by the subsidiaries/associate companies to familiarise the Independent Directors about the same. Also, presentations on risk management, update on regulatory changes and internal financial control were made to the board including the Independent Directors to keep them abreast of such areas. During the financial year 2015-16, no new Independent Director was appointed by the Board.

The Company's Policy of conducting the Familiarisation Program and details of such familiarisation program is hosted on the website of the Company at www.jmfl.com.

G. CODE OF CONDUCT

The Company has adopted the Code of Conduct ("Code") which applies to all the Board members and the Senior

Management Personnel. It is the responsibility of all Board members and Senior Management Personnel to familiarise themselves with Code and comply with its provisions. The Code has been circulated to all the members of the Board and Senior Management Personnel and they have confirmed compliance with the Code. The declaration signed by the Chairman & Managing Director to this effect is given below.

H. DECLARATION

I confirm that the Company has obtained the confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2015-16.

Place: Mumbai

Date: May 13, 2016

Nimesh Kampani

Chairman & Managing Director

4. COMMITTEES OF THE BOARD

To enable better and more focussed attention on the affairs of the Company, the Board has constituted the Board Committees. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. These Board Committees focus on specific areas mentioned in their terms of reference and make informed decisions within the authority delegated to them. The Committees also make specific recommendations to the Board on various matters required. All observations, recommendations and decisions of the Committees are placed before the Board for its information. All the minutes of committee meetings are placed before the Board for its noting.

The Company has following Committees of the Board. Specific terms of reference have been laid out for each of these committees.

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A. AUDIT COMMITTEE Composition

The Audit Committee consists of three Independent Directors. Mr. E A Kshirsagar, a Chartered Accountant, is the Chairman of the Committee. The other two members are very learned, experienced and well known in their respective fields. All members of the Committee are financially literate. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, the Internal Auditors and the Statutory Auditors are invited to attend the meetings of the Committee. The minutes of each Audit Committee meeting are circulated amongst the members for their approval. The minutes as approved by the members are signed by the Chairman at the next meeting of the Committee.

Mr. Kshirsagar, the Chairman of the Committee, was present at the last Annual General Meeting held on July 30, 2015.

Scope and Function

The broad terms of reference of the Audit Committee, *inter alia*, include:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;
- c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- d) Approval of payment to the statutory auditors for any other services rendered by them;
- e) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Directors' Responsibility Statement in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Qualifications in the draft audit report, if any.
- f) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- g) Approval or any subsequent modification of transactions of the Company with related parties;

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| <ul style="list-style-type: none"> h) Scrutiny of inter-corporate loans and investments; i) Valuation of undertakings or assets of the Company, wherever it is necessary; j) Evaluation of internal financial controls and risk management systems; k) Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems; l) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; m) Discussion with internal auditors of any significant findings and follow up thereon; n) To review the functioning of the Whistle Blower mechanism; | <ul style="list-style-type: none"> o) Approval of appointment of Chief Financial Officer; p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; r) To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends), depositors, debenture holders, and creditors, if any; s) Such other functions as may be entrusted to it by the Board of Directors from time to time. |
|---|---|

The Chairman of the Audit Committee apprises the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

Meetings and Attendance

The Audit Committee met four times during FY 2015-16 on May 29, 2015, July 30, 2015, October 29, 2015 and February 3, 2016. The required quorum was present for all the Audit Committee meetings. The time period between any two meetings did not exceed 120 days. The details of attendance of the members at the said meetings are as below:

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Mr. E A Kshirsagar	Independent Director	Chairman	4	4
Dr. Vijay Kelkar	Independent Director	Member	4	2
Mr. Paul Zuckerman	Independent Director	Member	4	3

B. NOMINATION AND REMUNERATION COMMITTEE (NRC)

Composition

The NRC comprises four Directors of which majority are Independent Directors. Dr. Vijay Kelkar, acts as the Chairman of the Committee. The other members of the Committee are Mr. E A Kshirsagar, Mr. Darius E Udawadia and Mr. Nimesh Kampani.

Scope and Function

The broad terms of reference of the NRC are:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- b) Identify and recommend to the Board of Directors, the appointment of persons considered capable and fit for the role of a director based on the criteria so formulated;

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- c) Evaluation of Directors' performance;
- d) Recommend to the Board of Directors a policy relating to the remuneration for the directors, key managerial personnel and other senior employees of the Company; and
- e) Recommending the appointment of Key Managerial Personnel (KMPs) and approving their remuneration.

The NRC also grants Stock Options to the eligible employees / directors (the Employees) of the Company and its subsidiaries in accordance with the Employee Stock Option Scheme of the Company and determines the eligibility of the Employees for grant of stock options.

The necessary quorum was present for all the NRC meetings. The details of attendance of the members at the said meetings are as below:

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Independent Director	Chairman	3	3
Mr. E A Kshirsagar	Independent Director	Member	3	3
Mr. Darius E Udawadia	Independent Director	Member	3	2
Mr. Nimesh Kampani	Chairman & Managing Director	Member	3	3

Meetings and Attendance

The NRC met three times during FY 2015-16 on April 16, 2015, February 3, 2016 and March 29, 2016. The matters considered by the Committee during the year, *inter alia*, are; determination of performance linked discretionary bonus, increase in the fixed salary to the Key Managerial Personnel of the Company, grant of stock options to eligible employees, identification and recommendation to the Board the candidature of Mr. Vishal Kampani for appointment as Non-Executive Director and the performance evaluation of individual directors.

Criteria for Performance Evaluation of Directors

The key evaluation criteria for performance evaluation of Directors of the Company are given below:

- Providing effective leadership and strategic guidance to the management;
- Understanding the Business, including the Risks and regulatory landscape;
- Attendance at and active engagement in the discussion of business performance, competitive landscape and strategies;
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices;
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc.;
- Management of conflicts in Board discussion;
- Management of Conflict of Interest.

C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Composition

The CSR Committee comprises three Directors including two Independent Directors. Mr. Nimesh Kampani is the Chairman of the Committee. The other members of the Committee are Mr. Paul Zuckerman and Mr. Keki Dadiseth.

Scope and Function

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

- a) Formulating and recommending to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act;

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- b) Making recommendation on the amount of expenditure to be incurred on CSR activities;
- c) Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company.

The update on the CSR activities undertaken by the Company through its two philanthropic arms viz., JM Financial Foundation and Kampani Charitable Trust is provided in Annexure IV to the Directors' Report.

Meetings and Attendance

The CSR Committee met twice during FY 2015-16 on February 3, 2016 and March 29, 2016 to *inter alia*, review and monitor the status of contribution made by it during financial year 2014-15 towards CSR activities and decide on the projects where CSR contribution can be made for FY 2015-16. The details of attendance of the members at the said meetings are as follows:

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Mr. Nimesh Kampani	Chairman & Managing Director	Chairman	2	2
Mr. Paul Zuckerman	Independent Director	Member	2	2
Mr. Keki Dadiseth	Independent Director	Member	2	2

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition

The Stakeholders' Relationship Committee comprises Dr. Vijay Kelkar, an Independent Director and Mr. Nimesh Kampani, the Chairman & Managing Director of the Company. Dr. Vijay Kelkar is the Chairman of the Committee. Mr. Prashant Choksi, Company Secretary of the Company acts as the Compliance Officer.

Scope and Function

The Stakeholders' Relationship Committee is empowered to perform the functions of reviewing and taking appropriate action, if any required, relating to the stakeholders' queries and grievances. It primarily focuses on the grievances of the investors/shareholders and ensures speedy disposal thereof.

Mr. Prashant Choksi takes the Committee through each of the grievances, the steps taken and the responses given by the Company to redress the grievances of the shareholders/investors. The Chairman & Managing Director and the Company Secretary have been authorised by the Board to approve transfer/transmission of shares in physical mode for expediting the share transfer process.

Meetings and Attendance

The Stakeholders' Relationship Committee met 4 times during FY 2015-16 on May 29, 2015, July 30, 2015, October 29, 2015 and February 3, 2016. The details of attendance of the Members at the said meetings are as below:

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Independent Director	Chairman	4	4
Mr. Nimesh Kampani	Chairman & Managing Director	Member	4	4

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Nature and number of Grievances

During FY 2015-16, the grievances received by the Company were general in nature and majorly relating to non-receipt of dividends.

The following is the data of the number of grievances received from shareholders during the year by the Company/its Registrars & Share Transfer Agents which were duly resolved:

Nature of Grievances	No. of Grievances received	No. of Grievances resolved	Pending Grievances
Non-receipt of Dividend	8	7	1*
Issue of duplicate share certificate	1	1	Nil
TOTAL	9	8	1*

* Complaint was received on March 31, 2016 and resolved on April 4, 2016

All grievances received during the year have been resolved except as indicated above.

E. ALLOTMENT COMMITTEE

Composition

The Allotment Committee of the Board comprises two members of which one member is an Independent Director viz., Mr. Darius E Udawadia and other member is Mr. Nimesh Kampani, the Chairman & Managing Director.

Scope and Function

The Allotment Committee, inter alia, considers and approves the allotment of shares/securities including those arising on account of exercise of stock options by the employees, considers and approves requests for issue of duplicate share certificates, issue of new share certificates upon rematerialisation, etc.

Meetings and Attendance

The Allotment Committee met 10 times during FY 2015-16 on April 16, 2015, May 13, 2015, May 29, 2015, July 30, 2015, September 22, 2015, October 29, 2015, December 11, 2015, February 5, 2016, February 24, 2016 and March 29, 2016. The details of attendance of the Members at the said meetings are as below:

Name of the Member	Category	Position	No. of Meetings held	No. of Meetings attended
Mr. Nimesh Kampani	Chairman & Managing Director	Chairman	10	10
Mr. Darius E Udawadia	Independent Director	Member	10	10

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5. DISCLOSURE IN RELATION TO REMUNERATION OF DIRECTORS

a. Remuneration of the Chairman & Managing Director

Mr. Nimesh Kampani, the Chairman & Managing Director of the Company was paid remuneration during FY 2015-16 in accordance with the terms and conditions of the Agreement entered into by the Company with him. The details of the remuneration paid/payable to Mr. Kampani during the FY 2015-16 are given below:

(Amount in ₹)	
Salary	1,08,00,000
Perquisites	70,75,676
Bonus	4,00,00,000
TOTAL	5,78,75,676

Additionally, Mr. Kampani was also entitled to receive the Company's contribution to provident fund as per the rules of the Company. No sitting fees was paid to Mr. Kampani for attending meetings of the Board or any Committees thereof.

Mr. Kampani was appointed as the Managing Director of the Company for a period of five years with effect from April 1, 2012. As per the Employment Agreement executed by the Company with Mr. Kampani, both the Company and Mr. Kampani are entitled to terminate the Employment Agreement by giving not less than six months' notice in writing to the other party.

b. Remuneration Policy for Non-Executive Directors

The Company follows transparent process for determining the remuneration of Non-Executive Directors including the Independent Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board and overall contribution to the business. Besides this, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of the Non-Executive Directors including the Independent Directors.

The Non-Executive Directors including Independent Directors have contributed significantly and given constructive and useful feedback from time to time in the deliberations on the Board matters.

Taking into consideration the contribution made by Independent Directors and their increasing responsibilities year after year, an aggregate amount of ₹ 112 Lakh is proposed to be paid as commission to them for FY 2015-16. The details of sitting fees/ commission paid/ payable to the Non-Executive Directors including Independent Directors are given below:

Name of Director	Sitting fees paid during the financial year 2015-16						Commission for FY 2015-16
	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Allotment Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	
Mr. E A Kshirsagar	7,00,000	2,00,000	60,000	-	-	-	20,00,000
Mr. Darius E Udwadia	5,00,000	-	40,000	50,000	-	-	18,00,000
Mr. Paul Zuckerman	6,00,000	1,50,000	-	-	-	40,000	18,00,000
Dr. Vijay Kelkar	5,00,000	1,00,000	60,000	-	40,000	-	20,00,000
Mr. Keki Dadiseth	6,00,000	-	-	-	-	40,000	18,00,000
Ms. Jagi Mangat Panda	5,00,000	-	-	-	-	-	18,00,000
Mr. Vishal Kampani	2,00,000	-	-	-	-	-	-

Note: The above does not include the fees paid to the Independent Directors for attending the Independent Directors' Meeting held on December 11, 2015.

During FY 2015-16, the Company paid ₹ 1,63,450/- as professional fees to M/s. Udwadia & Udeshi, a legal firm, of which Mr. Darius E Udwadia is a founder partner.

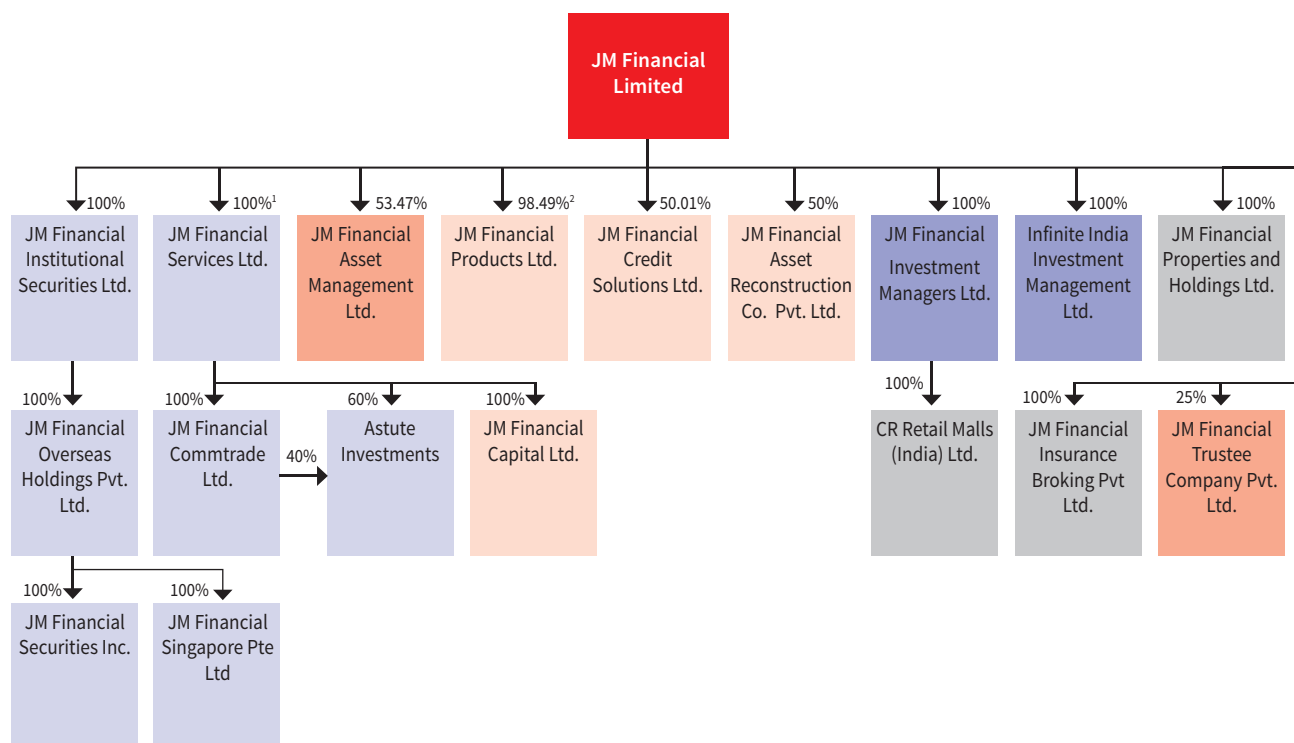
Other than the above, no payments have been made to any of the Independent Directors by the Company.

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6. SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company had the following subsidiary and associate companies as on March 31, 2016.



¹ JM Financial Institutional Securities Limited, wholly owned subsidiary of the Company holds 9% in JM Financial Services Limited.

² JM Financial Institutional Securities Limited and JM Financial Services Limited, wholly owned subsidiaries of the Company holds 4.245% each in JM Financial Products Limited.

Regulation 16(1)(c) of the Listing Regulations defines “material subsidiary” as a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in immediately preceding accounting year.

Based on the above definition, the details of the material subsidiaries of the Company as on March 31, 2016 are given below. The following Independent Directors of the Company are also Independent Directors on the Boards of the unlisted material/non-material subsidiaries as on March 31, 2016:

Name of the material unlisted subsidiaries	Name of the Independent Directors
JM Financial Products Limited	Mr. E A Kshirsagar
JM Financial Credit Solutions Limited	Mr. Darius E Udawadia
Name of the non-material unlisted subsidiaries	Name of the Independent Directors
JM Financial Institutional Securities Limited	Mr. Paul Zuckerman
JM Financial Services Limited	Mr. Keki Dadiseth

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

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7. GENERAL BODY MEETINGS:

a. The location, time and venue of Annual General Meetings and the Extra-Ordinary General Meeting held during the last three years are as under:

Date of AGM/ EGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
June 14, 2013 EGM	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	<ul style="list-style-type: none"> Issue of 2,32,93,878 Warrants on preferential basis to Mr. Vikram Shankar Pandit (1,16,46,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants) and Mrs. Aparna Murthy Aiyar (58,23,469 Warrants)
July 31, 2013 AGM	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	<ul style="list-style-type: none"> Payment of commission to the Non-Executive Directors of the Company of 1% or 3% of the net profits of the Company during a financial year, as the case may be.
July 3, 2014 AGM	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	<ul style="list-style-type: none"> Alteration of Articles of Association of the Company.
July 30, 2015 AGM	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> Issue of Non-Convertible Debentures for an amount not exceeding ₹ 1,000 Crore. Alteration of Articles of Association of the Company To approve transactions/ contracts/ arrangements with a related party viz., JM Financial Products Limited, a subsidiary of the Company (not exceeding ₹ 500 Crore during any one financial year) To approve transactions/ contracts/ arrangements with a related party viz., JM Financial Services Limited, a subsidiary of the Company (not exceeding ₹ 500 Crore during any one financial year) To approve transactions/ contracts/ arrangements with a related party viz., JM Financial Asset Management Limited, a subsidiary of the Company (not exceeding ₹ 200 Crore during any one financial year) To approve transactions/ contracts/ arrangements with a related party viz., JM Financial Credit Solutions Limited, a subsidiary of the Company (not exceeding ₹ 500 Crore during any one financial year). To approve transactions/ contracts/ arrangements with a related party viz., JM Financial Asset Reconstruction Company Private Limited, an associate of the Company (not exceeding ₹ 500 Crore during any one financial year) To approve transactions/ contracts/ arrangements with a related party viz., Messers Astute Investments, a partnership firm of which JM Financial Services Limited and JM Financial Commtrade Limited, subsidiaries of the Company are partners (not exceeding ₹ 500 Crore during any one financial year)

b. SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT

No Special Resolution was passed through postal ballot during the financial year 2015-16.

None of the businesses proposed to be transacted at the forthcoming AGM require passing of a Special Resolution through Postal Ballot.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2015-16, as per the requirements of the Listing Regulations, is given in a separate section forming part of the Annual Report.

9. DISCLOSURES

A. POLICY DETERMINING MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

Pursuant to requirements of Regulation 23 of the Listing Regulations, the Company has adopted the policy for determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at www.jmfl.com.

B. DISCLOSURE ON MATERIAL RELATED PARTY TRANSACTIONS

No materially significant related party transactions have been entered into during financial year 2015-16 having potential conflict of interest.

C. NO PENALTY OR STRICTURES

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

D. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the Directors, Senior Management Personnel and employees likely to have access to unpublished price sensitive information.

E. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Vigil Mechanism/Whistle Blower Policy has been adopted to provide appropriate avenues to the employees to bring to the attention of the management, the concerns

about any unethical behaviour, by using the mechanism provided in the Policy. In cases related to financial irregularities, including fraud or suspected fraud, the employees may directly approach the Chairman of the Audit Committee of the Company. We confirm that no director or employee has been denied access to the Audit Committee during FY 2015-16. The Policy provides that no adverse action shall be taken or recommended against any employee in retaliation to his/her disclosure, if any, in good faith of any unethical and improper practices or alleged wrongful conduct. This Policy protects such employees from unfair or prejudicial treatment by anyone in the Company.

F. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company is a Core Investment Company (Holding Company) and does not deal with any commodity. Accordingly, the Company is not exposed to any commodity price risk. The Company does not have any foreign exchange exposure and as such is not exposed to any foreign exchange risk.

10. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management – shareholder relations. The Company regularly interacts with its members through multiple channels of communication such as results, announcement, annual reports, media releases, and Company's website and through green initiatives.

a) QUARTERLY RESULTS

The unaudited quarterly/half yearly financial results are announced within forty five days of the end of the quarter. The audited annual financial results are announced within sixty days of the close of the financial year as per the requirements of the Regulation 33 of the Listing Regulations. The unaudited/ audited financial results are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's equity shares are listed. These results are thereafter published within forty eight hours in one English newspaper (generally business standard) and one vernacular newspaper (generally Sakal/ Navshakti) as well as placed on the Company's website viz., www.jmfl.com.

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b) WEBSITE

The Company's website www.jmfl.com provides information about the businesses carried on by its subsidiaries and associates. It is the primary source of information to all the stakeholders of the Company and to general public at large. It also contains a separate dedicated section on investor relations. Financial results, Annual Reports, Shareholding Pattern, official news releases, Quarterly Corporate Governance Report, details of unclaimed dividend, various policies adopted by the Board and other general information about the Company is also available on its website.

c) ANNUAL REPORT

Annual Report containing, *inter alia*, the Standalone and Consolidated Financial Statements, Directors' Report, Auditor's Report and other important information is circulated to members of the Company prior to the Annual General Meeting. The Annual Report of the Company is also available on the website of the Company in a user friendly and downloadable format and also on the websites of the BSE and NSE.

d) REMINDER TO SHAREHOLDERS

Individual reminders are sent each year to those shareholders whose dividends have remained unclaimed from the date they become due for payment, before transferring the monies to the Investor Education & Protection Fund (IEPF). The information on unclaimed dividend is also posted on the website of the Company.

e) NSE ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS) AND BSE PORTAL FOR ELECTRONIC FILING

The financial results, shareholding pattern and quarterly report on Corporate Governance and other filing required to be made to the Stock Exchanges are filed electronically through NSE Electronic Application Processing System (NEAPS) portal i.e., www.connect2nse.com/listing and BSE portal i.e., <http://listing.bseindia.com>.

f) DESIGNATED EXCLUSIVE E-MAIL-ID

The Company has designated shareholdergrievance@jmfl.com as an e-mail id for the purpose of registering complaints by investors and the same is displayed on the Company's website.

g) PRICE SENSITIVE INFORMATION

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders/investors are promptly intimated to the Stock Exchanges. Material developments relating to the Company that are potentially price sensitive in nature or which could impact continuity of publicly available information regarding the Company is disclosed to the Stock Exchanges in terms of the Company's Policy for Determination of Materiality of Events/Information.

11. NON-MANDATORY REQUIREMENTS

The Company has complied with all requirements of corporate governance specified in the Listing Regulations. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations and shall consider adopting the same at an appropriate time.

General Shareholders' Information

This section, *inter alia*, provides information for the members pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and other information, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "the Listing Regulations").

A. THIRTY FIRST ANNUAL GENERAL MEETING (AGM)

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Tuesday, August 2, 2016	4.00 pm	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020

B. FINANCIAL CALENDAR (FY 2016-17)

Particulars	Period
Financial Year	April 1 to March 31
For consideration of Unaudited/Audited Financial Results	
First quarter ending June 30, 2016 (Unaudited)	On or before August 15, 2016
Second quarter and half year ending September 30, 2016 (Unaudited)	On or before November 15, 2016
Third quarter and nine months ending December 31, 2016 (Unaudited)	On or before February 15, 2017
Fourth quarter and annual year ending March 31, 2017 (Audited)	On or before May 30, 2017

C. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will remain closed from Wednesday, May 25, 2016 to Friday, May 27, 2016 (both the days inclusive) for the purpose of dividend and AGM.

D. DIVIDEND PAYMENT DATE

The final dividend, if declared by the members, will be paid on and from August 4, 2016.

E. DIVIDEND HISTORY COMMENCING FROM THE FINANCIAL YEAR - 2011-12

Financial Year	Date of Declaration	Date of payment	Dividend per share of the face value of ₹ 1/- each (₹)	Total amount distributed by way of dividend (₹ in Crore)
2011-12	August 13, 2012	August 16, 2012	0.60	45.04
2012-13 (Interim Dividend)	February 7, 2013	February 25, 2013	0.40	30.06
2012-13 (Final Dividend)	July 31, 2013	August 2, 2013	0.50	67.77
2013-14 (Interim Dividend)	January 29, 2014	February 14, 2014	0.45	33.99
2013-14 (Final Dividend)	July 3, 2014	July 5, 2014	0.55	75.60
2014-15 (Interim Dividend)	January 28, 2015	February 11, 2015	0.55	43.09
2014-15 (Final Dividend)	July 30, 2015	August 4, 2015	0.80	106.15
2015-16 (Interim Dividend)	February 3, 2016	February 16, 2016	0.60	63.06
2015-16 (Proposed Final Dividend)	August 2, 2016 (Scheduled)	August 4, 2016	0.85	114.45

General Shareholders' Information

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The Company constantly endeavours to pay the unclaimed dividend amount, if any, by contacting such shareholders, who have not claimed the same.

Unclaimed dividend

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remain unclaimed 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. No claims shall lie against IEPF or the Company in respect of the amount of dividend remaining unclaimed after the said transfer to IEPF.

The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), to help the members ascertain status of the unclaimed dividend amounts. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the last seven financial years, on the website of the IEPF, viz., www.iepf.gov.in and under "Investor Relations" section on the Website of the Company, viz., www.jmfl.com. The unclaimed dividend in respect of the financial year 2008-09 is due for transfer to the IEPF in October 2016.

The details of due date for transfer of amount of unclaimed dividend for last seven years are as follows:

Sr. No.	Dividend type and year	Amount of Dividend per share (₹)	Date of Declaration	Due date for transfer to IEPF
1.	Dividend 2008-09	0.20	September 10, 2009	October 15, 2016
2.	Dividend 2009-10	0.50	July 28, 2010	August 26, 2017
3.	Dividend 2010-11	0.60	July 28, 2011	August 26, 2018
4.	Dividend 2011-12	0.60	August 13, 2012	September 12, 2019
5.	Dividend 2012-13 (Interim Dividend)	0.40	February 7, 2013	March 13, 2020
6.	Dividend 2012-13 (Final Dividend)	0.50	July 31, 2013	September 3, 2020
7.	Dividend 2013-14 (Interim Dividend)	0.45	January 29, 2014	March 4, 2021
8.	Dividend 2013-14 (Final Dividend)	0.55	July 3, 2014	August 6, 2021
9.	Dividend 2014-15 (Interim Dividend)	0.55	January 28, 2015	March 4, 2022
10.	Dividend 2014-15 (Final Dividend)	0.80	July 30, 2015	August 31, 2022

The members who have not claimed their past dividends are requested to immediately contact the Company.

General Shareholders' Information

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F. LISTING ON STOCK EXCHANGES ALONG WITH THE SECURITY CODE/SYMBOL AND PAYMENT OF LISTING FEE

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

Name of the Stock Exchange and its Address	Security Code/Symbol	Payment of Annual listing fee (FY 2016-17)
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233/4, Fax: 91 22 2272 2041 www.bseindia.com	523405	Paid
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C-I, G Block, Bandra-Kurla Complex Bandra East, Mumbai 400 051 Tel : 91 22 26598100 /14, Fax: 91 22 26598120 www.nseindia.com	JMFINANCIL	Paid

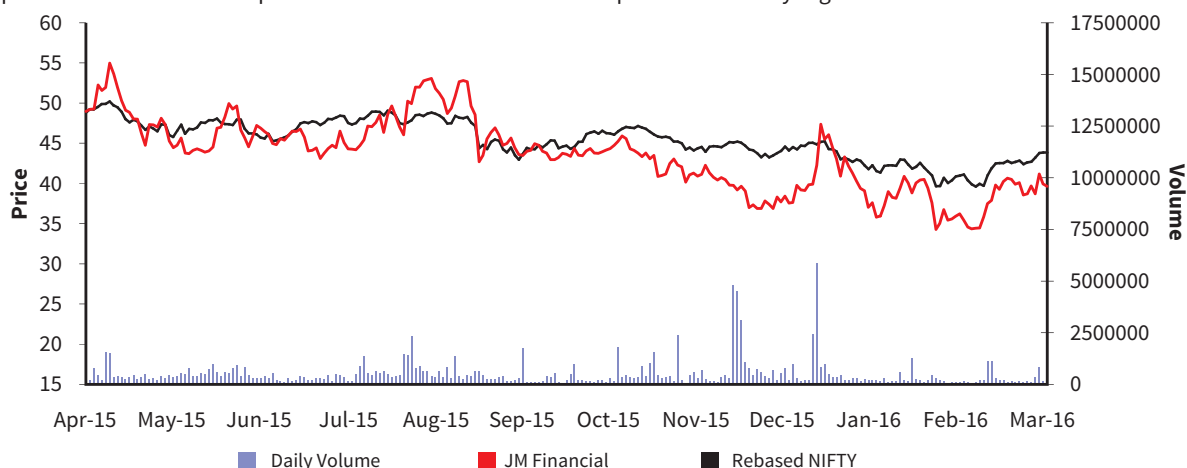
G. MARKET PRICE DATA

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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-15	47.85	55.40	43.95	46.90	91,14,037
May-15	47.00	50.90	42.50	49.45	1,04,67,090
Jun-15	50.10	50.10	41.80	43.70	77,52,296
Jul-15	44.00	53.90	43.55	51.75	1,50,05,765
Aug-15	52.15	55.80	41.50	45.95	1,11,24,900
Sep-15	46.30	47.95	42.50	43.50	70,40,486
Oct-15	44.20	47.55	38.80	40.90	93,01,950
Nov-15	41.00	43.35	39.30	39.80	81,96,716
Dec-15	40.25	48.20	36.40	47.25	2,94,37,111
Jan-16	46.75	47.35	35.80	39.50	64,23,727
Feb-16	40.30	42.50	33.25	36.00	51,25,908
Mar-16	35.75	42.00	35.60	38.05	60,93,136

Source: www.nseindia.com

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



General Shareholders' Information

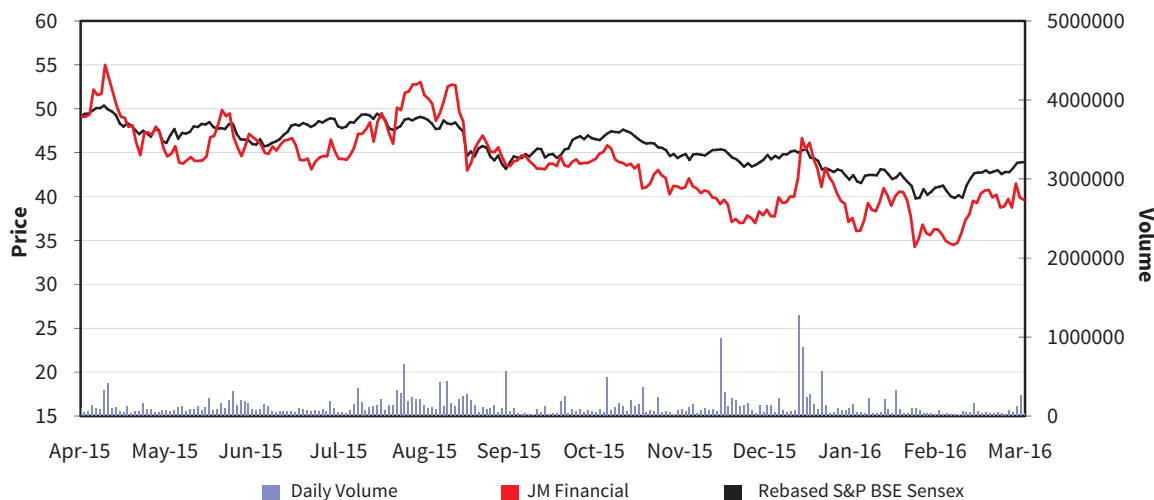
(Contd.)

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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-15	47.70	55.95	44.10	46.90	21,85,316
May-15	47.00	50.85	42.40	49.35	19,37,953
Jun-15	50.00	50.00	42.05	43.90	22,91,574
Jul-15	44.30	54.00	41.40	51.70	36,20,097
Aug-15	52.00	58.25	41.50	46.00	38,02,427
Sep-15	45.20	54.00	42.00	43.50	19,97,066
Oct-15	43.80	47.40	38.80	40.90	24,61,866
Nov-15	43.35	44.20	39.30	39.75	14,88,233
Dec-15	40.00	47.50	36.40	46.55	54,87,783
Jan-16	46.90	47.30	35.85	39.35	24,46,233
Feb-16	40.25	42.40	33.40	35.85	14,19,870
Mar-16	35.50	41.75	35.45	38.10	13,52,799

Source: www.bseindia.com

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



H. REGISTRARS AND SHARE TRANSFER AGENTS

The Company has appointed Karvy Computershare Private Limited (Karvy) as its Registrars & Share Transfer Agents in place of Sharepro Services (India) Private Limited (Sharepro Services) with effect from May 2, 2016. Karvy is a SEBI registered Category I – Registrars to an Issue and Share Transfer Agents. The Company is in the process of executing necessary agreement with Karvy and has also initiated the steps to ensure smooth transition of operations from Sharepro Services to Karvy. For any queries relating to the equity shares of the Company, the members/investors may contact them at their addresses given herein:

Registered Office

Karvy Computershare Private Limited
 Unit: JM Financial Limited
 Karvy Selenium Tower B,
 Plot 31-32, Gachibowli,
 Financial District, Nanakramguda, Hyderabad – 500 032
 Phone: 040-67162222
 Fax: 040-23001153
 Toll Free No.: 1800-345-4001
 E-mail ID: inward.ris@karvy.com
 Website: www.karvycomputershare.com

General Shareholders' Information

(Contd.)

Investor Relations Office

Karvy Computershare Private Limited
Unit: JM Financial Limited
24-B, Raja Bahadur Mansion,
Ground Floor,
Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai 400 023
Tel: 022 - 6623 5454/412/427
E-mail ID: einward.ris@karvy.com
Website: www.karvycomputershare.com

I. SHARE TRANSFER PROCESS

Out of the total of 78,89,85,636 equity shares, 78,36,43,265 equity shares (held by 37,710 members) representing 99.32 % of the Company's total equity shares are dematerialised and are held by members in electronic mode. These shares can be transferred through the depository participants in electronic mode. The remaining 53,42,371 equity shares (held by 1,128 members) representing 0.68% are held by the members in physical form.

Transfer of shares in physical form is processed by the Company's Registrars & Share Transfer Agents (RTA) generally within fifteen days from the date of receipt, provided the documents are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for the

L. DISTRIBUTION OF SHAREHOLDING

Distribution of Shareholding as on March 31, 2016:

Number of shares held	Shareholders		Shares	
	Number	%	Number	%
1 - 5,000	36,999	95.26	2,50,30,570	3.17
5,001 - 10,000	852	2.19	68,82,051	0.87
10,001 - 20,000	452	1.16	68,28,176	0.87
20,001 - 30,000	162	0.42	40,88,778	0.52
30,001 - 40,000	69	0.18	25,14,277	0.32
40,001 - 50,000	41	0.11	18,90,075	0.24
50,001 - 100,000	116	0.30	86,01,617	1.09
100,001 and above	147	0.38	73,31,50,092	92.92
	38,838	100	78,89,85,636	100.00

necessary approval. The Chairman & Managing Director and/or the Company Secretary are authorised by the Board to consider and approve the share transfer/transmission requests received in physical form from time to time.

J. HALF YEARLY AUDIT OF SHARE TRANSFERS

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains the certificate from a Practicing Company Secretary on half yearly basis to the effect that the requests for share transfers, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been processed within the stipulated time period subject to all the documents being in order. A copy of the certificate so received is submitted to the stock exchanges where the Company's equity shares are listed.

K. QUARTERLY AUDIT OF SHARE CAPITAL

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with the objective to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the total issued and listed capital of the Company. The certificate received from the Practicing Company Secretary is submitted to BSE and NSE and is also placed before the Board of Directors on a quarterly basis.

General Shareholders' Information

(Contd.)

M. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2016

Category	No. of shares	% to total paid-up equity share capital
Shareholding of Promoter(s) & Promoter Group:		
Promoter	20,34,06,600	25.78
Person having control over the Company	13,53,57,500	17.16
Promoter Group including relatives of the person having control over the Company	17,93,83,393	22.73
TOTAL (A)	51,81,47,493	65.67
Public Shareholding		
Individuals	10,83,15,986	13.73
Banks and Financial Institutions	96,820	0.01
Bodies Corporate	1,62,18,942	2.06
Mutual Funds	2,47,12,670	3.13
Trusts	3,77,075	0.05
Foreign Shareholding		
Non-resident Indians	1,34,88,070	1.71
Foreign Institutional Investors (FIIs)	10,76,28,580	13.68
TOTAL (B)	27,08,38,143	34.33
TOTAL (A) + (B)	78,89,85,636	100.00

N. LIST OF TOP 10 PUBLIC SHAREHOLDERS AS ON MARCH 31, 2016

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1.	Morgan Stanley Asia (Singapore) Pte	4,99,28,479	6.33
2.	IDFC Premier Equity Fund	2,35,93,546	2.99
3.	Azim Hasham Premji	2,18,75,000	2.77
4.	Valiant Mauritius Partners Offshore Limited	1,71,65,842	2.18
5.	Valiant Mauritius Partners Limited	1,40,44,780	1.78
6.	Vikram Pandit	1,16,46,939	1.49
7.	TIMF Holdings	60,00,000	0.76
8.	Hariharan Ramamurthi Aiyar	58,23,470	0.74
9.	Aparna Murthy Aiyar	58,23,469	0.74
10.	Dimensional Emerging Market Value Fund	49,28,472	0.62

O. DEMATERIALISATION OF SHARES, INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) AND LIQUIDITY

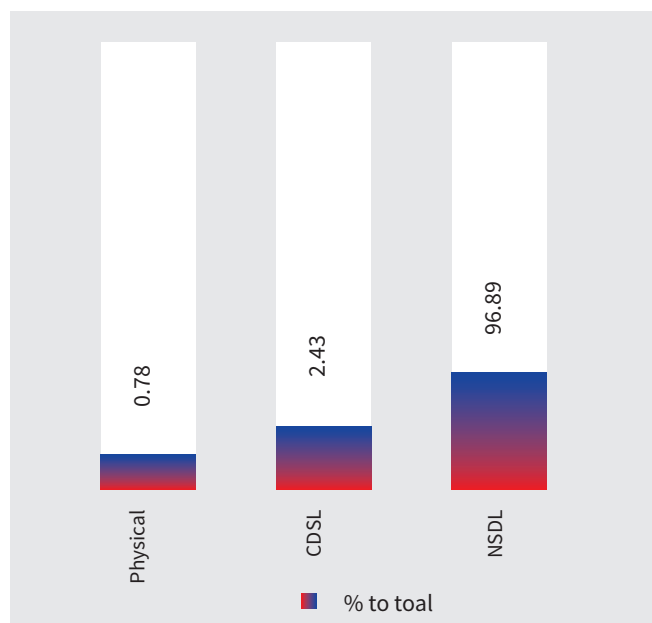
The equity shares of the Company are available for trading in the dematerialised form under both the Depositories i.e., NSDL and CDSL. The ISIN allotted to the Company's shares under the Depository System is INE780C01023.

No. of Shares held in dematerialised and physical mode:

Particulars	Number of Shareholders	No. of Shares	% to total paid-up capital
Held in dematerialised mode in NSDL	22,388	76,44,83,967	96.89
Held in dematerialised mode in CDSL	15,322	1,91,59,298	2.43
Shares held in physical mode	1,128	53,42,371	0.68
TOTAL	38,838	78,89,85,636	100.00

General Shareholders' Information

(Contd.)



The Company's equity shares are regularly traded on BSE and NSE.

The processing activities with respect to requests received for dematerialisation of shares are generally confirmed by the

RTA within 21 days from the date of login by the Depository Participants (DPs). Rejection cases are promptly returned to the DPs under advice to shareholders/investors.

P. OUTSTANDING GDRs/ ADRs/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION AND LIKELY IMPACT ON EQUITY

The Company has not issued any GDRs/ADRs.

Q. REGISTERED OFFICE OF THE COMPANY/CORRESPONDENCE ADDRESS

7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

R. CORPORATE IDENTIFICATION NUMBER OF THE COMPANY (CIN)

L67120MH1986PLC038784

S. WEBSITE:

www.jmfl.com

T. PLANT LOCATION:

The Company is a Core Investment Company (Holding Company) and does not have any plant.

Auditors' Certificate

on Corporate Governance

TO THE MEMBERS OF JM FINANCIAL LIMITED

We have examined the compliance of conditions of Corporate Governance by JM Financial Limited (the Company), for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and Corporate Governance provisions as contained in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period December 1, 2015 to March 31, 2016.

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 above mentioned Listing Agreement/Listing Regulations, as applicable.

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
Firm Registration No. 105146W

Date: May 13, 2016
Place: Mumbai

Shivji K. Vikamsey
Partner (F - 2242)

Certificate

from Chairman & Managing Director and Chief Financial Officer

TO THE BOARD OF DIRECTORS JM FINANCIAL LIMITED

Certified that for the financial year 2015-16;

- A. We have reviewed financial statements and the cash flow statement for the financial year 2015-16 and that to the best of our knowledge and belief:
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of

the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls of which we are aware.

- D. We have indicated to the auditors and the Audit committee that there were:
 1. no significant changes in internal control over financial reporting during the year;
 2. no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Nimesh Kampani
Chairman & Managing Director

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: May 13, 2016

Independent Auditor's Report

To the Members of JM Financial Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of JM Financial Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit

evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we further report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report

(Contd.)

- d) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e) On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements (refer note 2.23 of the financial statements).
 - (ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year under report there were no such foreseeable losses. The Company did not have any derivative contracts as at the date of Balance Sheet.
 - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Independent Auditor's Report

(Contd.)

Annexure A referred to in paragraph 7 of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2016

On the basis of such checks as we considered appropriate, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the information and explanations given to us and based on the records of the Company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and based on the records of the Company examined by us, title deeds of immovable properties are held in the name of the Company.
- (ii) The nature of business of the Company does not require it to have any inventory. Hence, the requirement of Clause 3 (ii) of the Order is not applicable to it.
- (iii) The Company has granted loans secured or unsecured and Inter corporate deposits, to companies covered in the register maintained under Section 189 of the Act:
- a) According to the information and the explanation given to us, receipt of the principal amount and interest are regular.
- b) According to the information and the explanation given to us, there has been no overdue amount.
- (iv) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Value Added Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;
- (b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no outstanding dues of Income Tax, Wealth Tax, Service Tax, and Cess which have not been deposited on account of any disputes except as mentioned below:

Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Outstanding Amount involved (₹ in lakh)
Income tax Act, 1961	Tax demands	FY 2011-12	Commissioner of Income tax (Appeals)	882.53
Income tax Act, 1961	Tax demands	FY 2010-11	ITAT, Mumbai	747.31
Income tax Act, 1961	Tax demands	FY 2012-13	Commissioner of Income tax (Appeals)	261.40
Income tax Act, 1961	Tax demands	FY 2001-02	ITAT, Mumbai	36.18
Income tax Act, 1961	Tax demands	FY 1997-98	ITAT, Mumbai	18.09
Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
Income tax Act, 1961	Tax demands (TDS)	FY 2010-11	Commissioner of Income tax (Appeals)	0.21

- (viii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not taken any loans or borrowings from financial institutions, banks, Government or has not issued any debenture. Hence, Clause 3 (viii) of the Order is not applicable to it.

Independent Auditor's Report

(Contd.)

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of Clause 3(ix) of the Order is not applicable to it.
- (x) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- (xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 197 read with schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3(xii) of the Order is not applicable to it.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013 and applicable rules, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, Clause 3 (xiv) of the Order is not applicable.
- (xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 are not applicable to the Company.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has duly obtained the registration.

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

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Independent Auditor's Report

(Contd.)

Annexure B referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited ("the Company") as of March 31, 2016 in conjunction with our audit of financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Standalone Balance Sheet

as at March 31, 2016

(₹ in Lakh)

	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,889.86	7,837.24
Reserves & surplus	2.2	1,57,612.24	1,56,481.21
		1,65,502.10	1,64,318.45
Non-current liabilities			
Long term borrowings	2.3	1.71	21.85
Deferred tax liabilities (net)	2.4	10,979.16	11,003.28
Other long term liabilities	2.5	100.00	100.00
Long term provisions	2.6	19.85	20.51
		11,100.72	11,145.64
Current liabilities			
Short term borrowings	2.7	42,633.80	12,187.87
Trade payables	2.8	87.17	103.38
Other current liabilities	2.9	983.06	746.77
Short term provisions	2.10	6,887.15	6,364.89
		50,591.18	19,402.91
TOTAL		2,27,194.00	1,94,867.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.11 A	273.42	189.24
Intangible assets	2.11 B	12.55	15.98
Non-current investments	2.12	1,75,660.30	1,66,161.30
Long term loans and advances	2.13	16,485.92	16,219.85
Other non-current assets	2.14	245.48	362.15
		1,92,677.67	1,82,948.52
Current assets			
Cash and bank balances	2.15	1,254.33	3,321.84
Short term loans and advances	2.16	31,252.37	7,578.62
Other current assets	2.17	2,009.63	1,018.02
		34,516.33	11,918.48
TOTAL		2,27,194.00	1,94,867.00
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

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

Shivji K Vikamsey
 Partner
 Membership No. F-2242

Place: Mumbai
 Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
 Chairman & Managing Director
 DIN - 00009071

P K Choksi
 Company Secretary

E A Kshirsagar
 Director
 DIN - 00121824

Manish Sheth
 Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Lakh)

	Note	For the year ended 31.03.2016	For the year ended 31.03.2015
Income:			
Revenue from operations	2.18	3,507.30	2,955.78
Other income	2.19	12,270.16	7,498.00
Total Revenue		15,777.46	10,453.78
Expenses:			
Employee benefits expense	2.20	1,007.80	868.07
Finance costs	2.21	2,715.41	758.54
Depreciation and amortisation expense	2.11	38.25	40.10
Other expenses	2.22	804.03	736.82
Provision for diminution in the value of investments		1.00	-
Total Expenses		4,566.49	2,403.53
Profit before tax		11,210.97	8,050.25
Tax Expense:			
Current tax		10.00	250.00
Deferred tax		(24.11)	(10.40)
		(14.11)	239.60
Profit for the year		11,225.08	7,810.65
Earnings per equity share (EPS)	2.27		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.42	1.02
Diluted EPS (in ₹)		1.41	1.00
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and on behalf of

Khimji Kunverji & Co.

Chartered Accountants

Registration No. 105146W

Shivji K Vikamsey

Partner

Membership No. F-2242

Place: Mumbai

Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

DIN - 00009071

P K Choksi

Company Secretary

E A Kshirsagar

Director

DIN - 00121824

Manish Sheth

Chief Financial Officer

Significant Accounting Policies

to Financial Statements

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, (“the Act”) read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC).

1.2 Use of estimates

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

1.3 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on accrual basis.
- Fees and lease rental income is recognised on accrual basis in accordance with agreements/arrangements.
- In respect of lease assets, where lease rentals are overdue for more than 12 months, the income is recognised only when lease rentals are actually received (as per income recognition norms of “Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007” by the Reserve Bank of India (the RBI).
- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

1.4 Provision for Non-Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the “Non-Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007” by the RBI.

1.5 Fixed assets and depreciation

Owned tangible assets

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

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

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

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

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

Significant Accounting Policies

to Financial Statements

Owned intangible assets

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

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

Leased assets

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

1.6 Impairment of assets

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

1.7 Investments

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

1.8 Employee benefits

Defined contribution plan

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

Defined benefit plan

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

Short term employee benefits

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

1.9 Taxation

Tax expense comprises current tax and deferred tax.

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

Significant Accounting Policies

to Financial Statements

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

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

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

1.10 Operating leases

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

1.11 Employee stock option scheme

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

1.12 Foreign currency transactions

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

1.13 Provisions, contingent liabilities and contingent assets

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

Notes

to Financial Statements

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	10,000.00	10,000.00
Issued and Subscribed Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each		
Paid-up Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each fully paid-up.	7,889.86	7,837.24
TOTAL	7,889.86	7,837.24

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	78,37,23,677	7,837.24	75,53,43,497	7,553.43
Shares allotted upon exercise of right by warrant holders	-	-	2,32,93,878	232.94
Shares allotted upon exercise of stock options	52,61,959	52.62	50,86,302	50.87
Shares outstanding at the end of the year	78,89,85,636	7,889.86	78,37,23,677	7,837.24

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholders	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.78%	20,34,06,600	25.95%
Nimesh Kampani*	13,53,57,500	17.16%	13,53,57,500	17.27%
J M Assets Management Private Limited	10,22,68,408	12.96%	10,22,68,408	13.05%
Morgan Stanley Asia (Singapore) Pte.	4,99,28,479	6.33%	5,73,08,920	7.31%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF.

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

Particulars	31.03.2016 No. of shares	31.03.2015 No. of shares	31.03.2014 No. of shares	31.03.2013 No. of shares	31.03.2012 No. of shares
Fully paid-up bonus shares	-	-	-	-	-

Notes

to Financial Statements

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Capital reserve	0.44	0.44
Securities premium		
Opening balance	32,898.81	27,586.59
Add: Addition of shares allotted upon exercise of right by warrant holders	-	4,204.54
Add: Addition of shares allotted upon exercise of stock options by the Employees	1,467.80	1,107.68
Closing balance	34,366.61	32,898.81
General reserve	18,250.00	18,250.00
Statutory reserve		
(under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	1,563.00	-
Add: Transferred during the year	2,246.00	1,563.00
Closing balance	3,809.00	1,563.00
Stock options outstanding		
Opening balance	2,101.76	2,208.13
Add: Additions on account of options granted during the year	732.33	1,074.22
Less: Transferred to securities premium upon exercise of stock options	(741.50)	(1,107.68)
Less: Reduction on account of options lapsed during the year	(67.33)	(72.91)
Closing balance	2,025.26	2,101.76
Surplus in statement of profit and loss		
Opening balance	1,01,667.20	1,06,274.18
Less: Depreciation of earlier years adjusted (refer note 2.11[c])	-	(0.35)
Add: Profit for the year	11,225.08	7,810.65
Amount available for appropriation	1,12,892.28	1,14,084.48
Less: Appropriations		
Interim dividend	4,732.92	4,308.59
Proposed final dividend	6,711.51	6,306.11
Dividend on equity shares allotted after the adoption of previous year's accounts	-	9.93
Dividend distribution tax	40.92	229.65
Transferred to statutory reserve	2,246.00	1,563.00
	13,731.35	12,417.28
Closing balance	99,160.93	1,01,667.20
TOTAL	1,57,612.24	1,56,481.21

2.3 LONG TERM BORROWINGS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Long term maturities of finance lease obligations (secured by way of hypothecation of vehicles. The lease is repayable on a monthly basis ranging between 36 and 48 months) (refer note 2.28[a])	1.71	21.85
TOTAL	1.71	21.85

Notes

to Financial Statements

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Deferred tax liabilities:		
On investments	11,018.61	11,018.61
On depreciation	4.95	5.05
	11,023.56	11,023.66
Deferred tax assets:		
On expenditure	44.40	20.38
	44.40	20.38
TOTAL	10,979.16	11,003.28

2.5 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Property deposits	100.00	100.00
TOTAL	100.00	100.00

2.6 LONG TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
For employee benefits – gratuity [refer note 2.29 A (a)]	19.85	20.51
TOTAL	19.85	20.51

2.7 SHORT TERM BORROWINGS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Unsecured Loans		
Commercial papers	43,500.00	12,500.00
Less: Unamortised discount on commercial papers	(866.20)	(312.13)
TOTAL	42,633.80	12,187.87

2.8 TRADE PAYABLES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Micro, small and medium enterprises (refer note 2.26)	-	-
Other than micro, small & medium enterprises	87.17	103.38
TOTAL	87.17	103.38

Notes

to Financial Statements

2.9 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles) (refer note 2.28[a])	3.08	16.09
Unclaimed dividend	170.37	154.99
Employee benefits payable	676.42	471.37
Statutory dues	21.19	20.32
Other short term liabilities	112.00	84.00
TOTAL	983.06	746.77

2.10 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
For employee benefits:		
Gratuity [refer note 2.29 A (a)]	24.33	21.18
Compensated absences [refer note 2.29 A (b)]	16.79	18.85
For standard assets (refer note 2.38)	93.60	18.75
For proposed dividend	6,711.51	6,306.11
For dividend distribution tax	40.92	-
TOTAL	6,887.15	6,364.89

Notes

to Financial Statements

2.11 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)		Depreciation / Amortisation				Net block		
	As at 31.03.2015	Additions for the year	Deductions for the year	As at 31.03.2016	Transition adjustment (refer note [c] below)	Additions for the year	Deductions for the year	As at 31.03.2016	As at 31.03.2015
(A) TANGIBLE ASSETS									
Owned assets:									
Office premises	108.50	-	-	108.50	40.34	1.83	-	42.17	68.16
Furniture and fixtures	49.90	0.11	-	50.01	21.25	10.13	-	31.38	28.65
Office equipments	8.95	-	-	8.95	4.24	1.87	-	6.11	4.71
Computers	6.69	-	-	6.69	5.09	1.11	-	6.20	1.60
Leasehold improvements	88.59	-	-	88.59	36.26	15.55	-	51.81	52.33
Motor vehicle	46.43	144.37	-	190.80	46.43	0.32	-	46.75	-
Leased assets:									
Motor vehicles (refer note [a] below)	79.88	1.12	51.08	29.92	46.09	4.01	24.48	25.62	33.79
TOTAL (A)	388.94	145.60	51.08	483.46	199.70	34.82	24.48	210.04	189.24
(B) INTANGIBLE ASSETS									
Software	17.15	-	-	17.15	1.17	3.43	-	4.60	15.98
TOTAL (B)	17.15	-	-	17.15	1.17	3.43	-	4.60	15.98
TOTAL (A+B)	406.09	145.60	51.08	500.61	200.87	38.25	24.48	214.64	205.22
Previous year	332.81	91.53	18.25	406.09	178.50	40.10	18.25	200.87	205.22

Notes:

[a] Vendor has a lien over the assets taken on lease.

[b] Pursuant to the Companies Act, 2013 ('the Act'), the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act during the previous year 2014-15. As a result, the charge for depreciation is higher by ₹ NIL (previous year ₹ 1.16 Lakh).

[c] Based on transitional provision in Note7(b) of Schedule II to the Act, an amount of ₹ NIL (previous year ₹ 0.35 Lakh) (net of deferred tax of ₹ NIL (previous year ₹0.17 lakh)) has been adjusted against the retained earnings.

Notes

to Financial Statements

2.12 NON-CURRENT INVESTMENTS

(₹ in Lakh)

	As at 31.03.2016		As at 31.03.2015	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)				
Unquoted				
Investment in equity shares of ₹10/- each				
In subsidiaries:				
1 JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2 JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3 JM Financial Services Limited	4,55,00,000	9,500.00	-	-
4 JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
5 Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
6 JM Financial Insurance Broking Private Limited	60,000	1.00	60,000	1.00
7 JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
8 JM Financial Credit Solutions Limited	12,50,000	35,440.00	12,50,000	35,440.00
9 JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
In associate companies:				
10 JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	13,174.08	12,06,25,000	13,174.08
11 JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
Quoted				
Investment in debentures of an associate company:				
12 JM Financial Asset Reconstruction Company Private Limited (13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each) (refer note i)	700	7,000.00	700	7,000.00
		1,75,659.81		1,66,159.81
Less: Provision for diminution in the value of investments in respect of I (6) above.		1.00		-
		1,75,658.81		1,66,159.81
II OTHER INVESTMENTS				
Investments in Mutual Funds				
13 JM Equity Fund (refer note ii & iii)	16,072	1.49	16,072	1.49
TOTAL		1,75,660.30		1,66,161.30

Notes:

- Redeemable at the option of the issuer at any time but not earlier than September 22, 2017 being 3 years from the date of allotment.
- Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/transferred.
- Net asset value of the mutual fund units as on March 31, 2016 is ₹ 3.34 Lakh (previous year ₹ 3.69 Lakh).

Notes

to Financial Statements

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

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Capital advances	51.27	36.90
Security Deposits*	253.76	254.50
Advance tax (net of provisions)	16,180.89	15,928.45
TOTAL	16,485.92	16,219.85

* Includes ₹63.38 Lakh (Previous year ₹63.38 Lakh) receivable from a related party.

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

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Receivable from subsidiaries	245.48	362.15
TOTAL	245.48	362.15

2.15 CASH AND BANK BALANCES

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Cash and cash equivalents:		
Cash on hand	0.19	0.19
Balances with banks:		
In current accounts	74.94	66.79
In deposit accounts (less than 3 months' maturity)	800.00	3,100.00
	875.13	3,166.98
Other bank balances	379.20	154.86
TOTAL	1,254.33	3,321.84
Earmarked balances with banks for unclaimed dividend included in other bank balances	170.37	154.86

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

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Staff loans	0.13	30.00
Advances recoverable in cash or in kind or for value to be received	40.17	36.94
Inter corporate deposits to group companies	31,200.00	7,500.00
Prepaid expenses	12.07	11.68
TOTAL	31,252.37	7,578.62

Notes

to Financial Statements

2.17 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due	618.22	479.47
Receivable from subsidiaries	582.47	538.55
Interest on income tax refund receivable	808.94	-
TOTAL	2,009.63	1,018.02

2.18 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest income	3,147.30	2,805.78
Group support service fees	360.00	150.00
TOTAL	3,507.30	2,955.78

2.19 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Dividend from subsidiaries on non-current investments	11,355.50	7,331.09
Dividend on current investments	74.65	108.64
Lease rent	27.26	23.58
Interest Income – Others	808.94	-
Miscellaneous income	3.81	34.69
TOTAL	12,270.16	7,498.00

2.20 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, bonus and allowances	978.87	834.29
Contribution to provident and other funds	23.72	25.46
Gratuity	2.48	5.99
Staff welfare	2.73	2.33
TOTAL	1,007.80	868.07

2.21 FINANCE COSTS

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Finance charges on leased assets	1.02	6.83
Interest on borrowings	2,714.39	751.71
TOTAL	2,715.41	758.54

Notes

to Financial Statements

2.22 OTHER EXPENSES

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Space and other related costs (refer note 2.28 [b])	206.26	194.34
Legal and professional fees	32.24	59.75
Membership and subscription	7.07	6.46
Rates and taxes	48.25	34.05
Communication expenses	19.79	34.04
Repairs and maintenance	0.58	2.38
Travelling and conveyance expenses	25.80	33.82
Electricity expenses	11.31	10.98
Printing and stationery expenses	22.75	27.94
Advertisement and other related expenses	11.68	6.10
Information technology expenses	3.48	-
Donation	89.00	71.00
Insurance expenses	18.27	17.57
Auditors' remuneration (refer note 2.30)	19.46	19.40
Motor car expenses	17.20	21.99
Provision for standard assets	74.85	18.75
Directors' sitting fees	53.24	51.28
Directors' commission	112.00	84.00
Miscellaneous expenses	30.80	42.97
TOTAL	804.03	736.82

2.23 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 1,522.09 Lakh (previous year ₹ 1,272.05 Lakh).

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 94.84 Lakh (previous year ₹65.42 Lakh).

2.24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the financial year 2015-16, the Nomination and Remuneration Committee of the Board has granted stock options under Series 8, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee granted 14,44,440 Options (previous year 44,85,267 Options) at an exercise price of ₹ 1/- per option to the Employees.

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The details of options are as under:

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Outstanding at the beginning of the year	2,40,49,622	2,51,78,013
Add: Granted during the year	14,44,440	44,85,267
Less: Exercised and shares allotted during the year	52,61,959	50,86,302
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	97,70,877	5,27,356
Outstanding at the end of the year	1,04,61,226	2,40,49,622
Exercisable at the end of the year	52,27,612	1,46,47,989

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted in Series 8 and 7 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 55.42% (previous year 57.32%), dividend yield of 2.62% (previous year 3.63%), life of option being 7 years (previous year: 7 years), and a risk-free interest rate of 8% (previous year 9%).

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,81,480	14,95,089	April 16, 2016	April 1, 2015	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2017	April 1, 2016	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2018	April 1, 2017	42.20	19.83
	14,44,440	44,85,267				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 2.57 Lakh (previous year ₹ 237.29 Lakh). Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been reduced (Previous year reduced) after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net profit (₹ in lakh)	11,225.08	7,810.65	11,222.51	7,573.36
Basic earnings per share (in ₹)	1.42	1.02	1.42	0.99
Diluted earnings per share (in ₹)	1.41	1.00	1.41	0.97

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Details of options granted under various series are as under:

	Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8
Grant date	15/04/2008	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015
Options granted	1,11,37,500	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440
Options exercised till March 31, 2016	13,50,000	Nil	63,60,149	55,30,522	16,17,496	9,64,091	N.A.
Options forfeited/ cancelled till March 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2016	97,87,500	10,00,000	7,56,734	7,21,857	3,76,054	2,92,062	47,958
Outstanding at end of year	Nil	27,50,000	3,83,116	10,50,290	16,52,224	32,29,114	13,96,482
Exercisable at end of year	Nil	27,50,000	3,83,116	10,50,290	5,79,539	4,64,666	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015

Notes:

[i] In addition to the above amount, an aggregate amount of ₹ 7,37,74,228/- being the difference between the grant price and market price on the date of grant has been received on relevant vesting dates from the respective subsidiary Company on behalf of the Employees on their pay roll to whom the stock options have been granted.

[ii] In respect of Series 2, all the 15,00,000 options granted have been lapsed and hence not included in the above table.

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2.25 Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
JM Financial Institutional Securities Limited	445.08	503.94
JM Financial Services Limited	125.28	157.50
JM Financial Products Limited	76.88	127.75
JM Financial Credit Solutions Limited	61.23	24.96
JM Financial Asset Management Limited	16.57	20.04
JM Financial Investment Managers Limited	12.70	11.17
TOTAL	737.74	845.36

2.26 Under the head “Trade Payables” outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act, 2006 is being disclosed as “Nil”, as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

2.27 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

Particulars		For the year ended 31.03.2016	For the year ended 31.03.2015
Profit after tax (₹ in Lakh)	A	11,225.08	7,810.65
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Basic earnings per share (in ₹)	A/B	1.42	1.02
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	64,84,504	1,23,10,440
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,46,34,097	77,79,83,544
Diluted earnings per share (in ₹)	A/D	1.41	1.00

2.28 LEASE TRANSACTION

a) Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

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

(₹ in Lakh)

Particulars	Total minimum lease payment outstanding as at 31.03.2016	Lease finance charges not due	Present value of the minimum lease payment as at 31.03.2016	Total minimum lease payment outstanding as at 31.03.2015	Lease finance charges not due	Present value of the minimum lease payment as at 31.03.2015
Not later than 1 year	3.59	0.51	3.08	21.03	4.94	16.09
Later than 1 year but not later than 5 years	1.79	0.08	1.71	24.27	2.42	21.85
Later than 5 years	-	-	-	-	-	-
TOTAL	5.38	0.59	4.79	45.30	7.36	37.94

b) Operating lease

- i) The Company had taken two premises under operating lease for the period of 36 months and 60 months respectively. The same is non-cancellable for an initial period of 24 months and 60 months respectively. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total Minimum Lease Payments outstanding as at 31.03.2016	Total Minimum Lease Payments outstanding as at 31.03.2015
Not later than 1 year	218.05	215.05
Later than 1 year but not later than 5 years	348.16	616.18
Later than 5 years	-	-
TOTAL	566.21	831.23

Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 206.26 Lakh (Previous year ₹ 163.32 Lakh).

- ii) The Company had taken premises on cancellable operating lease for a period of not more than 24 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ Nil (Previous year ₹ 31.02 Lakh).

2.29 EMPLOYEE BENEFITS

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended 31.03.2016	For the year ended 31.03.2015
Present value of the defined benefit obligation at the year end	44.18	41.69
Fair value of plan assets	-	-
Net liability	44.18	41.69
Net liability is bifurcated as follows:		
Current	24.33	21.18
Non-Current	19.85	20.51

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(₹ in Lakh)

Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended 31.03.2016	For the year ended 31.03.2015
Current service cost	1.78	1.70
Interest on defined benefit obligations	2.63	2.88
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	(1.92)	1.41
Past service cost	-	-
Net gratuity cost	2.48	5.99

(₹ in Lakh)

Actual return on plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended 31.03.2016	For the year ended 31.03.2015
Opening defined benefit obligation	41.69	35.70
Current service cost	1.78	1.70
Interest cost	2.63	2.88
Actuarial (gain)/loss	(1.92)	1.41
Past service cost	-	-
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	-	-
Benefits paid	-	-
Closing defined benefit obligation	44.18	41.69

(₹ in Lakh)

Change in fair value of plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Closing fair value of the plan assets	-	-

(₹ in Lakh)

Investment details of plan assets	For the year ended 31.03.2016	For the year ended 31.03.2015
Investment	-	-

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(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	As at 31.03.2016	As at 31.03.2015
Discount rate	7.95%	8.00%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

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

b) Compensated absences

As per the Company's policy, a provision of ₹ 16.79 Lakh (previous year ₹18.85 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 23.72 Lakh (previous year ₹ 25.46 Lakh).

2.30 AUDITORS' REMUNERATION

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Audit fees	12.93	12.21
Certification	1.45	2.18
Limited review	4.82	4.78
Reimbursement of Expenses	0.26	0.23
TOTAL	19.46	19.40

2.31 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Directors Commission and travelling expenditure	32.15	35.84
TOTAL	32.15	35.84

2.32 The Company has been granted registration as a Core Investment Company (CIC) by the Reserve Bank of India on April 11, 2014. The Company has been classified as a Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI).

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2.33 Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC.No.125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms (as applicable to Core Investment Company) is given below:

(i) **Capital risk adequacy ratio (CRAR):**

Particulars	As at 31.03.2016	As at 31.03.2015
CRAR (%)	77.93	92.38
CRAR - Tier I capital(%)	77.93	92.38
CRAR - Tier II capital(%)	0.00	0.00

(ii) **Exposures:**

A. Exposure to Real Estate Sector

(₹ in Lakh)

Category	As at 31.03.2016	As at 31.03.2015
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a) Residential	Nil	Nil
b) Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

B. Exposures to Capital Market

(₹ in Lakh)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Net of provisions)	1,75,660.30	1,66,161.30
(ii) advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil

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(₹ in Lakh)

Particulars	As at 31.03.2016	As at 31.03.2015
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	1,75,660.30	1,66,161.30

(iii) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Borrowings	0.24	13,347.47	24,542.04	0.76	4,748.08	-	-	-	42,638.59
	(1.25)	(7,399.94)	(1.28)	(3.94)	(4,797.55)	(21.85)	(-)	(-)	(12,225.81)
Assets:									
Advances	-	6,360.50	24,368.75	14.41	523.58	16,180.89	253.26	36.90	47,738.29
	(-)	(7,500.50)	(42.55)	(12.55)	(23.53)	(15,928.45)	(254.00)	(36.90)	(23,798.48)
Investments	-	-	-	-	-	-	7,000.00	-	7,000.00
	(-)	(-)	(-)	(-)	(-)	(-)	(7,000.00)	(-)	(7,000.00)

Notes:

- Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
- The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.
- Figures in brackets are for the previous year.

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2.34 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non-Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007) as applicable to Core Investment Companies:

(₹ in Lakh)

(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
Liabilities side		
(a) Debentures		
(i) Secured	-	-
	(-)	(-)
(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
	(-)	(-)
(b) Deferred Credits	-	-
	(-)	(-)
(c) Term Loans	-	-
	(-)	(-)
(d) Inter-corporate loans and borrowing	-	-
	(-)	(-)
(e) Commercial Paper	42,633.80	-
	(12,187.87)	(-)
(f) Other Loans (Please Specify)		
Dues under finance lease	4.79	-
	(37.94)	(-)

(₹ in Lakh)

(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount outstanding
Assets side	
(a) Secured	-
	(-)
(b) Unsecured	31,200.00
	(7,500.00)

(₹ in Lakh)

(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:	Amount outstanding
Particulars	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial Lease	-
	(-)
(b) Operating Lease	-
	(-)
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
	(-)
(b) Repossessed Assets	-
	(-)
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	-
	(-)
(b) Loans other than (a) above	-
	(-)

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(₹ in Lakh)

(4) Break-up of Investments:	Amount outstanding
Current Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	(-)
(iv) Government Securities	-
(v) Others (Please Specify)	(-)
2. Unquoted:	
(i) Shares:	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	(-)
(iv) Government Securities	-
(v) Others (Please Specify)	(-)
Long-Term Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
(b) Preference	(-)
(ii) Debentures and Bonds	7,000.00
(iii) Units of Mutual Funds	(7,000.00)
(iv) Government Securities	-
(v) Others (Please Specify)	(-)
2. Unquoted:	
(i) Shares:	
(a) Equity	1,68,658.81
(b) Preference	(1,59,159.81)
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	1.49
(iv) Government Securities	(1.49)
(v) Others (Please Specify)	-
	(-)

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(₹ in Lakh)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount (net of provisions)		
	Secured	Unsecured	Total
Category			
1) Related Parties			
(a) Subsidiaries	-	15,000.00	15,000.00
	(-)	(7,500.00)	(7,500.00)
(b) Companies in the same group	-	16,200.00	16,200.00
	(-)	(-)	(-)
(c) Other related parties	-	-	-
	(-)	(-)	(-)
2) Other than related parties	-	-	-
	(-)	(-)	(-)
	-	31,200.00	31,200.00
	(-)	(7,500.00)	(7,500.00)
Less: Provision for non-performing assets	-	-	-
	(-)	(-)	(-)
	-	31,200.00	31,200.00
	(-)	(7,500.00)	(7,500.00)

(₹ in Lakh)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
Category		
1) Related Parties		
(a) Subsidiaries	1,55,482.23	1,55,482.23
	(1,45,983.23)	(1,45,983.23)
(b) Companies in the same group	20,176.58	20,176.58
	(20,176.58)	(20,176.58)
(c) Other related parties	-	-
2) Other than related parties	3.34	1.49
	(3.69)	(1.49)
	1,75,660.30	1,75,660.30
	(1,66,161.30)	(1,66,161.30)

All investments are long-term investments. In case of unquoted investments, the Market Value/Break up Value or Fair Value or NAV is stated at cost except where there is diminution in value other than temporary, for which provision/writeoff is made.

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(₹ in Lakh)

(7) Other Information:	Amount
Particulars	
(i) Gross Non-Performing Assets	
(a) Related Parties	-
	(-)
(b) Other than related parties	-
	(-)
(ii) Net Non-Performing Assets	
(a) Related Parties	-
	(-)
(b) Other than related parties	-
	(-)
(iii) Assets acquired in satisfaction of debt	-
	(-)

Note : Figures in brackets are for the previous year.

2.35 There are no restructured advances as on March 31, 2016, Hence disclosure of information as required in terms of sub-Para 9 of Paragraph 20B of Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended vide Notification No. DNBS(PD). No.272/CGM(NSV)-2014 dated January 23, 2014) is not warranted.

2.36 Concentration of Advances and Exposures:

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Total Advances to twenty largest borrowers	31,200.00	7,500.00
Percentage of Advances to twenty largest borrowers to total Advances of the NBFC	100%	100%

(₹ in Lakh)

	As at 31.03.2016	As at 31.03.2015
Total Exposure to twenty largest borrowers / customers	31,200.00	7,500.00
Percentage of Exposures to twenty largest borrowers/ customers to total Exposure of the NBFC on borrowers/ customers	100%	100%

2.37 Core Investment Company ("CIC") Compliance Ratios:

(₹ in Lakh)

Sr. No.	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	Investments & Loans to group companies as a proportion of Net Assets (%)	98.62%	98.89%
(ii)	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	80.41%	90.63%
(iii)	Capital Adequacy Ratio(%) [Adjusted Net Worth/Risk Weighted Assets]	77.93%	92.38%
(iv)	Leverage Ratio(Times) [Outside Liabilities /Adjusted Net worth]	0.38	0.19

Notes

to Financial Statements

2.38 To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a notification No. DNBS 222 / CGM (US)-2011 dated January 17, 2011 as amended on timely basis, requiring all NBFCs to make a general provision of 0.30% of outstanding standard assets. The Company has created provision for standard assets, and is in compliance with the aforesaid RBI Notification.

2.39 The Company has spent ₹ 24 Lakh (previous year ₹ 16 Lakh) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

	(₹ in Lakh)
a) Gross amount required to be spent by the Company during the year.	23.36
b) Amount spent during the year:	
In cash	24.00
Yet to be paid in cash	-
TOTAL	24.00
(i) Construction/acquisition of any asset	-
(ii) On purposes other than (i) above	24.00

2.40 a) The Company is engaged in making investments in, and/or lending funds to its group companies as a Core Investment Company registered with the Reserve Bank of India, which in the context of AS 17 on “Segment Reporting” is considered as the only segment.

b) The Company does not have any reportable geographical segment.

2.41 Disclosure in respect of related parties is attached as Annexure ‘I’.

2.42 Statement of cash flow is attached as Annexure ‘II’.

2.43 Figures of the previous year have been regrouped/ reclassified/ rearranged wherever necessary to correspond with those of the current year’s classification/ disclosure.

Notes

to Financial Statements

Annexure 'I' to Note 2.41 of notes to the financial statements Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

A. List of related parties

I) Parties where control exists:

a) Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities)
 JM Financial Investment Managers Limited (Investment Managers)
 JM Financial Services Limited (Financial Services)
 JM Financial Properties and Holdings Limited (Properties)
 Infinite India Investment Management Limited (Infinite)
 JM Financial Insurance Broking Private Limited (Insurance Broking)
 JM Financial Commtrade Limited (Commtrade)
 CR Retail Malls (India) Limited (CRRM)
 JM Financial Capital Limited (w.e.f. December 4, 2015) (Capital)
 JM Financial Products Limited (Products)
 JM Financial Credit Solutions Limited (Credit Solutions)
 JM Financial Asset Management Limited (AMC)
 JM Financial Overseas Holdings Private Limited (Overseas)
 JM Financial Singapore Pte. Ltd (Singapore)
 JM Financial Securities, Inc. (USA)
 PT JM Financial Securities Indonesia (Indonesia) (up to August 25, 2015)

b) Partnership Firm

Astute Investments (Astute)

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

a) Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
 JM Financial Trustee Company Private Limited (Trustee)

b) Key management personnel

Mr. Nimesh Kampani (NNK)

c) Relative of key management personnel

Ms. Aruna N Kampani (ARNK)
 Mr. Vishal Kampani (VNK)
 Ms. Amishi Kampani (AMNK)

d) Enterprise over which Key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
 J M Assets Management Private Limited (JM Assets)
 JSB Securities Limited (JSB)
 Kampani Consultants Limited (KCL)
 Persepolis Investment Company Private Limited (PICPL)
 SNK Investments Private Limited (SNK)
 Kampani Properties and Holdings Limited (KPHL)

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

Notes

to Financial Statements

Annexure 'I' to Note 2.41 of notes to the financial statements Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Investments made in												
(refer note 2.12 of non-current investments)	-	34,440.00	-	9,836.00	-	-	-	-	-	-	-	44,276.00
Investments sold/ Transferred to												
Products	-	9,505.00	-	-	-	-	-	-	-	-	-	9,505.00
Investments Purchased/ Transferred from												
Products	9,500.00	-	-	-	-	-	-	-	-	-	9,500.00	-
Employee related transfers to (Net)												
Products	3.88	-	-	-	-	-	-	-	-	-	3.88	-
ICD placed (Net)												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
ARC	-	-	58,700.00	21,500.00	-	-	-	-	-	-	58,700.00	21,500.00
Products	-	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00
Properties	500.00	7,500.00	-	-	-	-	-	-	-	-	500.00	7,500.00
Commtrade	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
ICD repaid by												
Credit Solutions	-	8,750.00	-	-	-	-	-	-	-	-	-	8,750.00
ARC	-	-	42,500.00	21,500.00	-	-	-	-	-	-	42,500.00	21,500.00
Products	-	4,500.00	-	-	-	-	-	-	-	-	-	4,500.00
Properties	7,500.00	-	-	-	-	-	-	-	-	-	7,500.00	-
Commtrade	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00	-
Loan given to												
Astute	22,500.00	20,000.00	-	-	-	-	-	-	-	-	22,500.00	20,000.00
Loan repaid by												
Astute	22,500.00	20,000.00	-	-	-	-	-	-	-	-	22,500.00	20,000.00
Dividend received from												
Institutional Securities	5,460.00	3,340.94	-	-	-	-	-	-	-	-	5,460.00	3,340.94
Products	4,900.50	1,470.15	-	-	-	-	-	-	-	-	4,900.50	1,470.15

Notes

to Financial Statements

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Investment Managers	540.00	2,520.00	-	-	-	-	-	-	-	-	540.00	2,520.00
Financial Services	455.00	-	-	-	-	-	-	-	-	-	455.00	-
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	2,847.69	2,237.47	2,847.69	2,237.47	2,237.47
JM Assets	-	-	-	-	-	-	-	1,431.76	1,124.95	1,431.76	1,124.95	1,124.95
JSB	-	-	-	-	-	-	-	91.07	71.56	91.07	71.56	71.56
KCL	-	-	-	-	-	-	-	9.59	7.54	9.59	7.54	7.54
SNK	-	-	-	-	-	-	-	163.24	128.26	163.24	128.26	128.26
NNK	-	-	-	-	1,895.01	1,488.93	-	-	-	1,895.01	1,488.93	1,488.93
ARNK	-	-	-	-	-	-	538.32	422.96	-	538.32	422.96	422.96
VNK	-	-	-	-	-	-	139.43	107.86	-	139.43	107.86	107.86
AMNK	-	-	-	-	-	-	112.00	88.00	-	112.00	88.00	88.00
PICPL	-	-	-	-	-	-	-	23.10	18.15	23.10	18.15	18.15
Group support fees received from												
Credit Solutions	180.00	60.00	-	-	-	-	-	-	-	-	180.00	60.00
Properties	180.00	90.00	-	-	-	-	-	-	-	-	180.00	90.00
Rent received from												
Financial Services	27.26	23.58	-	-	-	-	-	-	-	-	27.26	23.58
Interest received from												
Credit Solutions	286.98	454.19	-	-	-	-	-	-	-	-	286.98	454.19
ARC	-	-	1,677.99	1,194.66	-	-	-	-	-	-	1,677.99	1,194.66
Astute	667.61	376.47	-	-	-	-	-	-	-	-	667.61	376.47
Products	-	1.37	-	-	-	-	-	-	-	-	-	1.37
Properties	480.41	179.06	-	-	-	-	-	-	-	-	480.41	179.06
Commtrade	17.92	-	-	-	-	-	-	-	-	-	17.92	-
Rent paid to												
KPHL	-	-	-	-	-	-	-	-	3.80	-	-	3.80
Properties	95.05	90.53	-	-	-	-	-	-	-	-	95.05	90.53
Demat Charges Paid to												
Financial Services	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
Remuneration paid to												
NNK	-	-	-	-	578.76	381.24	-	-	-	-	578.76	381.24

Notes

to Financial Statements

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total (₹ in Lakh)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Expenses reimbursed to												
Properties	19.93	18.83	-	-	-	-	-	-	-	-	19.93	18.83
JMFICS	-	-	-	-	-	-	-	3.61	3.31	-	3.61	3.31
Property deposits paid to												
Properties	-	63.38	-	-	-	-	-	-	-	-	-	63.38
Property deposits repaid by												
KPHL	-	-	-	-	-	-	-	-	150.00	-	-	150.00
Outstanding Balances												
Investments in	1,55,482.23	1,45,983.23	20,176.58	20,176.58	-	-	-	-	-	-	1,75,658.81	1,66,159.81
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
Property deposits paid to												
Properties	63.38	63.38	-	-	-	-	-	-	-	-	63.38	63.38
ICD Outstanding												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
Properties	500.00	7,500.00	-	-	-	-	-	-	-	-	500.00	7,500.00
ARC	-	-	16,200.00	-	-	-	-	-	-	-	16,200.00	-
Interest receivable from												
ARC	-	-	615.61	476.19	-	-	-	-	-	-	615.61	476.19
Amount payable to												
NNK	-	-	-	-	400.00	195.00	-	-	-	-	400.00	195.00
Financial Services	0.03	0.02	-	-	-	-	-	-	-	-	0.03	0.02

Note:- (i) * Subsidiaries include a partnership firm, namely, Astute Investments

Annexure 'II' to Note 2.42

Statement of Cash Flow

for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
A Cash flow from operating activities		
Net Profit before tax	11,210.97	8,050.25
Adjustment for :		
Depreciation	38.25	40.10
Provision for gratuity	2.48	5.99
Provision for/(reversal of) compensated absences	(2.06)	7.61
Provision for standard assets	74.85	18.75
Provision for diminution in the value of investments	1.00	-
Dividend income	(11,430.15)	(7,439.73)
Interest expense	2,715.41	758.54
Operating profit before working capital changes	2,610.75	1,441.51
Adjustment for :		
(Increase)/decrease in short term loans and advances	(23,673.75)	1,283.73
(Increase)/decrease in long term loans and advances	(13.63)	187.41
(Increase)/decrease in other current assets	(991.61)	(424.58)
(Increase)/decrease in other non-current assets	40.17	(153.59)
Increase/(decrease) in trade payables	(16.21)	45.12
Increase/(decrease) in other current liabilities	236.29	53.87
Increase/(decrease) in long term borrowings	(20.14)	(8.62)
Cash generated from/(used in) operations	(21,828.13)	2,424.85
Direct taxes paid	(262.44)	(551.00)
Net cash from/(used in) operating activities	(22,090.57)	1,873.85
B Cash flow from investing activities		
Purchase of non-current investments	(9,500.00)	(44,324.08)
Sale of non-current investments	-	9,505.00
Purchase of current investments	(31,460.00)	(23,716.36)
Sale of current investments	31,460.00	23,716.36
Purchase of fixed assets	(145.60)	(91.53)
Sale of fixed assets	26.60	-
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(224.34)	(32.06)
Dividend income	11,430.15	7,439.73
Net cash (used in)/from investing activities	1,586.81	(27,502.94)

Annexure 'II' to Note 2.42

Statement of Cash Flow

for the year ended March 31, 2016

(₹ in Lakh)

	For the year ended 31.03.2016	For the year ended 31.03.2015
C Cash flow from financing activities		
Proceeds from issue of equity share (including premium) upon exercise of options	1,520.42	1,157.39
Borrowing through Commercial Papers (net)	30,445.93	12,187.87
Monies received upon exercise of warrants	-	3,328.11
Interest paid	(2,715.41)	(758.54)
Dividend paid (including dividend distribution tax)	(11,039.03)	(8,709.30)
Net cash from financing activities	18,211.91	7,205.53
Net increase/(decrease) in cash and cash equivalents	(2,291.85)	(18,423.56)
Cash & cash equivalents - opening	3,166.98	21,590.54
Cash & cash equivalents - closing	875.13	3,166.98
Notes:		
i The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii Cash and bank balances as per note 2.15	1,254.33	3,321.84
Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months(as defined in AS 3 - "Cash Flow Statement")	379.20	154.86
Cash & cash equivalents as shown in Cash Flow Statement	875.13	3,166.98
iii Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date

For and on behalf of

Khimji Kunverji & Co.

Chartered Accountants

Registration No. 105146W

Shivji K Vikamsey

Partner

Membership No. F-2242

Place: Mumbai

Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

DIN - 00009071

P K Choksi

Company Secretary

E A Kshirsagar

Director

DIN - 00121824

Manish Sheth

Chief Financial Officer

Form AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2016

Part "A": Subsidiaries

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities ^a	Investments ^b	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend ^c	% of shareholding	₹ / US\$ / SGD in Lakh	
JM Financial Institutional Securities Limited	₹	2,800.00	25,026.01	34,078.36	6,252.35	8,898.08	17,760.67	4,715.73	1,257.17	3,458.56	842.50	100.00%		
JM Financial Investment Managers Limited	₹	180.00	11,975.40	13,968.01	1,812.61	7,182.34	865.40	212.24	9.17	203.07	-	100.00%		
Infinite India Investment Management Limited	₹	160.00	990.41	1,295.05	144.64	605.50	434.56	225.57	54.29	171.28	-	100.00%		
JM Financial Insurance Broking Private Limited	₹	6.00	(6.00)	0.97	0.97	0.85	0.06	(1.21)	-	(1.21)	-	100.00%		
JM Financial Properties and Holdings Limited	₹	9,805.00	409.41	22,185.18	11,970.77	-	2,268.12	266.31	132.39	133.92	-	100.00%		
CR Retail Malls (India) Limited	₹	2,625.00	707.52	9,281.42	5,948.90	920.19	1,351.38	46.58	10.33	36.25	-	100.00%		
JM Financial Products Limited	₹	54,450.00	66,102.10	4,30,945.46	3,10,393.36	1,005.39	55,948.27	24,688.59	7,945.15	16,743.44	5,997.15	98.49%		
JM Financial Services Limited	₹	5,000.00	21,873.26	97,209.05	70,335.79	3,684.48	26,980.65	2,760.98	902.90	1,858.08	1,095.25	100.00%		
JM Financial Commtrade Limited	₹	2,350.00	(1,295.46)	2,473.63	1,419.09	356.63	575.83	422.64	52.41	370.23	-	100.00%		
JM Financial Asset Management Limited	₹	5,884.17	11,832.50	19,072.82	1,356.15	12,695.41	8,561.71	5,634.13	1,186.00	4,448.13	-	53.47%		
JM Financial Credit Solutions Limited	₹	249.95	1,13,351.97	4,20,676.69	3,07,074.77	-	51,944.50	30,171.52	10,417.35	19,754.17	-	50.01%		
JM Financial Capital Limited	₹	200.00	1.36	202.80	1.44	-	3.11	1.97	0.61	1.36	-	100.00%		
JM Financial Overseas Holdings Private Limited	₹*	6,027.29	8,714.51	14,768.85	27.05	8,990.26	429.28	339.33	27.92	311.41	-	100.00%		
JM Financial Singapore Pte. Ltd.	US\$	120.00	102.24	222.65	0.41	135.53	19.55	5.18	0.43	4.75	-	100.00%		
JM Financial Singapore Pte. Ltd.	₹*	3,587.54	(2,566.52)	1,204.44	183.42	-	1,013.32	(286.06)	40.25	(326.31)	-	100.00%		
JM Financial Securities, INC	SGD	71.00	(50.07)	24.69	3.76	-	21.36	(6.08)	0.85	(6.93)	-	-		
JM Financial Securities, INC	₹*	0.11	803.42	850.03	46.50	-	11.91	(178.19)	1.54	(179.73)	-	100.00%		
JM Financial Securities, INC	US\$	0.00	12.11	12.82	0.70	-	0.18	(2.72)	0.02	(2.74)	-	100.00%		

* Exchange rate as on March 31, 2016: 1 US Dollar US\$ = ₹66.33 and 1 SGD = ₹48.78

Notes

- Total liabilities exclude share capital and reserves.
- Investments exclude investment in subsidiaries under consolidation.
- Proposed dividend includes dividend distribution tax.
- Name of the subsidiary which has been wound up during the year - PT JM Financial Securities, Indonesia has been wound up on August 25, 2015.

Form AOC - 1

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2016

Part "B": Associates

Particulars	JM Financial Asset Reconstruction Company Private Limited		JM Financial Trustee Company Private Limited	
	March 31, 2016		March 31, 2016	
Latest audited Balance Sheet Date				
Shares of Associates held by the Company at the year end				
Nos.	12,06,25,000	25,000		
Amount invested in Associates	13,174.08	2.50		
Extent of Holding%	50.00%	25.00%		
Description of ownership to determine significant influence	Ownership of 20% or more of the voting power		Ownership of 20% or more of the voting power	
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board		Ownership of not more than 50 % of the voting Power and no control over the Board	
Net worth attributable to shareholding as per latest audited Balance Sheet	26,244.88	604.29		
Profit for the year	10,836.06	459.22		
(i) Considered in Consolidation	5,418.03	114.80		
(ii) Not Considered in Consolidation	5,418.03	344.41		

Note:

- 1) Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director
DIN - 00009071

E A Kshirsagar

Director
DIN - 00121824

P K Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

Independent Auditor's Report

To the Members of JM Financial Limited Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of JM Financial Limited ("the Holding Company") and its Subsidiaries, its Associates, and Partnership firm, (collectively hereinafter referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or the "CFS").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Management and the Board of Directors are responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective managements and the Board of Directors of the companies/entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of such Companies/entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which

have been used for the purpose of preparation of the CFS by the management and the directors of the Holding Company as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on this CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's management and the Board of Directors, as well as evaluating the overall presentation of the CFS.
5. We believe that the audit evidence obtained by us and the audit evidences obtained by other auditors as stated in their report, referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

Independent Auditor's Report

(Contd.)

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements /financial information of 12 subsidiaries, an associate and a partnership firm included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 10,07,429.73 lakhs as at March 31, 2016, the total revenue of Rs. 1,65,041.80 lakhs and Net Cash inflow of Rs. 67,129.18 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Holding company. In so far as it relates to the amounts and disclosures included in respect of these Components of the Group in CFS, is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As per information and explanation furnished and as required by Section 143(3) of the Act, based on the comments in the auditor's report of the Holding Company, its Subsidiaries and Associate Companies which is incorporated in India (hereinafter referred to as the "Covered Entities"), we report to the extent applicable that :

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the CFS;

- b. In our opinion, proper books of account as required by law relating to preparation of the CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of CFS;
- d. In our opinion, the CFS comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over consolidated financial reporting of the Company and of the entities covered in the Group to which the provisions of Section 143(3) of the Act apply and the operating effectiveness of such controls, refer to our separate report in "Annexure A" attached herewith;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the auditors of the Covered Entities:
 - (i) The CFS disclose the impact of pending litigations

on the consolidated financial position of the Group;
Refer Note 2.28 to the Consolidated Financial
Statements;

- (ii) The Holding Company and the Group did not have
any material foreseeable losses on long-term
contracts including derivative contracts;

- (iii) There has been no delay in transferring amounts,
required to be transferred, to the Investor Education

and Protection Fund by the Holding Company and
the Group.

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

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Independent Auditor's Report

(Contd.)

Annexure A referred to in paragraph 8(f) of Our Report of even date to the members of JM Financial Limited on the Consolidated Financial Statements of the company for the year ended 31st March, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM Financial Limited (the "Holding Company") and its subsidiary company, a partnership firm and an Associate ("the components") (Collectively referred to as the "Group") as at March 31, 2016 in conjunction with our audit of the consolidated financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the entities contained the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's/ Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's/Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that

Independent Auditor's Report

(Contd.)

the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the reports of respective auditors of the components of the Group which are not audited by us, the Group has, in all material respects, an internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note.

Other Matters Paragraph

We did not audit the financial statements of 12 subsidiaries and an associate included in the CFS; Our aforesaid report under Section

143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to these components is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

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

Place: Mumbai
Date: May 13, 2016

Shivji K Vikamsey
Partner (F - 2242)

Consolidated Balance Sheet

as at March 31, 2016

(₹ in Crore)

	Note	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	78.90	78.37
Reserves & surplus	2.2	2,655.88	2,367.33
Capital reserve on consolidation		174.69	97.27
Minority interest		668.55	654.60
		3,578.02	3,197.57
Non-current liabilities			
Long term borrowings	2.3	2,472.41	261.37
Deferred tax liabilities (net)	2.4	85.29	87.31
Other long term liabilities	2.5	2.70	2.70
Long term provisions	2.6	63.81	55.16
		2,624.21	406.54
Current liabilities			
Short term borrowings	2.7	3,846.29	4,151.43
Trade payables	2.8	312.02	208.40
Current maturities of long term borrowings	2.9	352.04	308.60
Other current liabilities	2.10	258.18	137.53
Short term provisions	2.11	90.17	94.79
		4,858.70	4,900.75
TOTAL		11,060.93	8,504.86
ASSETS			
Non-current assets			
Fixed assets	2.12		
Tangible assets	2.12A	331.66	333.37
Intangible assets	2.12B	7.53	6.72
Capital work-in-progress	2.12C	1.09	1.69
Goodwill on consolidation		105.26	105.26
Non-current investments	2.13	509.92	481.45
Long term loans and advances	2.14	4,803.88	3,070.99
		5,759.34	3,999.48
Current assets			
Current investments	2.15	261.81	158.23
Debt securities held as stock-in-trade	2.16	256.89	359.01
Assets held for arbitrage activities	2.17	59.14	-
Trade receivables	2.18	354.80	226.68
Cash and bank balances	2.19	1,265.05	832.87
Short term loans and advances	2.20	3,038.19	2,908.82
Other current assets	2.21	65.71	19.77
		5,301.59	4,505.38
TOTAL		11,060.93	8,504.86
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and on behalf of

Khimji Kunverji & Co.

 Chartered Accountants
 Registration No. 105146W

Shivji K Vikamsey

 Partner
 Membership No. F-2242

Place: Mumbai

Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani

 Chairman & Managing Director
 DIN - 00009071

P K Choksi

Company Secretary

E A Kshirsagar

 Director
 DIN - 00121824

Manish Sheth

Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2016

(₹ in Crore)

	Note	For the year ended 31.03.2016	For the year ended 31.03.2015
Income:			
Revenue from operations	2.22	1,494.84	1,196.23
Other operating income	2.23	189.82	206.81
Total Revenue		1,684.66	1,403.04
Expenses:			
Employee benefits expense	2.24	263.91	235.24
Finance costs	2.25	512.09	420.20
Depreciation and amortisation expense	2.12	20.29	18.05
Other expenses	2.26	195.52	212.64
Total Expenses		991.81	886.13
Profit before tax		692.85	516.91
Tax expense:			
Current tax		224.48	158.96
Deferred tax		(2.03)	(2.78)
Tax adjustment of earlier years (net)		(0.01)	0.21
		222.44	156.39
Profit for the year		470.41	360.52
Add: Share in profit of associates		55.33	18.76
		525.74	379.28
Less : Profit for the year attributable to:			
Minority interest		125.28	48.76
Owners of parent (Net consolidated profit for the year)		400.46	330.52
Earnings per equity share (EPS)	2.31		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		5.08	4.32
Diluted EPS (in ₹)		5.04	4.25
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

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

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

P K Choksi
Company Secretary

E A Kshirsagar
Director
DIN - 00121824

Manish Sheth
Chief Financial Officer

Significant accounting policies

to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

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

1.3 Principles of consolidation

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

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

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

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

1.4 Revenue recognition

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

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

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

Commission income for executing clients’ transactions in the secondary market in ‘Cash’ and ‘Futures and Options’ segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned

Significant accounting policies

to Consolidated Financial Statements

for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

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

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

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

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

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

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

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

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

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

Owned intangible assets

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

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

Leased assets

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

Significant accounting policies

to Consolidated Financial Statements

1.6 Impairment of assets

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

1.7 Investments

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

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

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

1.9 Employee benefits

Defined contribution plan

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

Defined benefit plan

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

Short term employee benefits

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

1.10 Taxation

Tax expense comprises current tax and deferred tax.

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

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

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

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

Significant accounting policies

to Consolidated Financial Statements

1.11 Arbitrage activities

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

The Group has adopted the recognition and measurement principles enunciated in AS 30 – “Financial Instruments: Recognition & Measurement” to the extent it is not inconsistent with the ‘Accounting Standards’ notified by the Companies (Accounting Standards) Rules 2006, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets ‘held for trading’. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

1.12 Borrowing costs

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

1.13 Operating leases

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

1.14 Employee stock option scheme

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

1.15 Foreign subsidiaries

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

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference are transferred to currency translation reserve.

1.16 Foreign currency transactions

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

1.17 Provisions, contingent liabilities and contingent assets

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

Notes

to Consolidated Financial Statements

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Authorised:		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	100.00	100.00
Issued and Subscribed Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each		
Paid-up Capital:		
78,89,85,636 (78,37,23,677) equity shares of ₹ 1/- each fully paid-up	78.90	78.37
TOTAL	78.90	78.37

Note a:

Reconciliation of the number of equity shares outstanding

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount (₹ Crore)	Number	Amount (₹ Crore)
Shares outstanding at the beginning of the year	78,37,23,677	78.37	75,53,43,497	75.53
Shares allotted upon exercise of right by warrant holders	-	-	2,32,93,878	2.33
Shares allotted upon exercise of stock options	52,61,959	0.53	50,86,302	0.51
Shares outstanding at the end of the year	78,89,85,636	78.90	78,37,23,677	78.37

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of total Holding	No. of Shares held	% of total Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.78%	20,34,06,600	25.95%
Nimesh Kampani*	13,53,57,500	17.16%	13,53,57,500	17.27%
J M Assets Management Private Limited	10,22,68,408	12.96%	10,22,68,408	13.05%
Morgan Stanley Asia (Singapore) Pte.	4,99,28,479	6.33%	5,73,08,920	7.31%

* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF.

Note d:

Aggregate number of shares allotted as fully paid up bonus shares during last 5 years:

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid-up bonus shares	-	-	-	-	-

Notes

to Consolidated Financial Statements

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Securities premium		
Opening balance	328.71	275.87
Add: Addition of shares issued upon exercise of right by warrant holders	-	42.05
Add: Addition of shares issued upon exercise of stock options by the Employees	14.68	11.08
Less: Premium utilised for share issue expenses (Previous Year net of deferred tax ₹ 0.30 Crore)	-	(0.29)
Closing balance	343.39	328.71
Capital reserve	#	#
Capital redemption reserve		
Opening balance	15.72	15.72
Add: Transferred during the year	-	-
Closing balance	15.72	15.72
General reserve		
Opening balance	205.25	205.25
Add: Transferred during the year	-	-
Closing balance	205.25	205.25
Statutory reserve (under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	189.92	126.53
Add: Transferred during the year	95.98	63.39
Closing balance	285.90	189.92
Currency translation reserve		
Opening balance	18.64	8.56
Add: Transferred during the year	6.94	10.08
Closing balance	25.58	18.64
Stock options outstanding		
Opening balance	21.02	22.08
Add: Additions on account of options granted during the year	7.32	10.74
Less: Transferred to securities premium upon exercise of stock options	(7.42)	(11.08)
Less: Reduction on account of options lapsed during the year	(0.67)	(0.72)
Closing balance	20.25	21.02
Less: Deferred employee compensation	(8.28)	(9.01)
	11.97	12.01
Surplus in statement of profit and loss:		
Opening balance	1,597.08	1,456.70
Less: Transferred to minority interest	(0.08)	-
Less: Depreciation of earlier years adjusted (refer note 2.12(c))	-	(0.28)
Add: Net consolidated profit for the year	400.46	330.52
Amount available for appropriation	1,997.46	1,786.94
Less: Appropriations		
Interim dividend	47.33	43.09
Proposed final dividend	67.12	63.06
Dividend on equity shares allotted after the adoption of previous year's accounts	-	0.10
Dividend distribution tax		
by the Company	0.41	2.30
by the subsidiaries	18.55	17.92
Transferred to statutory reserve	95.98	63.39
	229.39	189.86
Closing balance	1,768.07	1,597.08
TOTAL	2,655.88	2,367.33

Denotes amount below ₹50,000/-

Notes

to Consolidated Financial Statements

2.3 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from banks [Refer Note 2.3(i)]	1,324.36	99.49
Term loan from others [Refer Note 2.3(ii)]	25.00	-
Non-convertible debentures [Refer Note 2.3(iii)]	961.80	160.50
Long-term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.25	1.38
	2,312.41	261.37
Unsecured Loans		
Inter corporate deposits [Refer Note 2.3(iv)]	160.00	-
	160.00	-
TOTAL	2,472.41	261.37

Notes:

(i) Term loan from banks

Term Loans are secured by way of floating pari passu charge by way of hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans from Banks:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.00 % to 10.00%	229.96	-	16.04	-
10.01 % to 11.00%	1,094.40	65.00	105.60	-
11.01 % to 12.00%	-	-	-	-
12.01 % to 13.00%	-	34.49	-	70.34
TOTAL	1,324.36	99.49	121.64	70.34

(ii) Term loan from others

Term Loans are secured by way of floating pari passu charge by way of hypothecation on loans and advances given by the relevant subsidiary company.

Maturity profile and rate of interest of Term Loans from Others:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.00 % to 10.00%	-	-	-	-
10.01 % to 11.00%	25.00	-	-	-
11.01 % to 12.00%	-	-	-	-
12.01 % to 13.00%	-	-	-	-
TOTAL	25.00	-	-	-

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(iii) Maturity profile and rate of interest of Non-convertible debentures

Maturity profile and rate of interest/discounted rate of interest of Non-Convertible Debentures (NCD) face value of ₹ 1,000,000/- each:

(₹ in Crore)

Particulars	Non-Current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
9.55% NCD redeemable in year 2017-18	50.00	-	-	-
0% NCD redeemable in year 2017-18**	40.00	-	-	-
0% NCD redeemable in year 2017-18**	50.00	-	-	-
10.1674 % NCD redeemable in year 2017-18	75.00	-	-	-
10.1687 % NCD redeemable in year 2017-18	100.00	-	-	-
10.5 % NCD redeemable in year 2017-18	60.00	-	-	-
9.9756 % NCD redeemable in year 2017-18	75.00	-	-	-
0% NCD redeemable in year 2018-19**	3.00	-	-	-
0% NCD redeemable in year 2018-19**	3.00	-	-	-
10.2609 % NCD redeemable in year 2018-19	300.00	-	-	-
10.2946 % NCD redeemable in year 2018-19	100.00	-	-	-
0% NCD redeemable in year 2019-20**	7.90	-	-	-
0% NCD redeemable in year 2019-20**	17.90	-	-	-
10.5% NCD redeemable in year 2019-20	50.00	-	-	-
9.7% NCD redeemable in year 2021-22	30.00	-	-	-
9.55% NCD redeemable in year 2016-17	-	5.50	5.50	-
9.90% NCD redeemable in year 2016-17	-	50.00	50.00	-
11.38% NCD redeemable in year 2016-17	-	100.00	100.00	-
0% NCD redeemable in year 2016-17**	-	-	40.00	-
0% NCD redeemable in year 2016-17**	-	5.00	5.00	-
0% NCD redeemable in year 2016-17**	-	-	4.90	-
0% NCD redeemable in year 2016-17**	-	-	25.00	-
0% NCD redeemable in year 2015-16*	-	-	-	92.00
11.40% NCD redeemable in year 2015-16	-	-	-	50.00
0% NCD redeemable in year 2015-16**	-	-	-	99.00
TOTAL	961.80	160.50	230.40	241.00

*issued at discount.

** Redeemable at premium

₹ 1,192.20 Crore (Previous year ₹ 338.50 Crore) are secured by way of first charge on freehold land (proportionately) and hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

In Previous year ₹ 63.00 Crore are secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

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(iv) Inter corporate deposits

Maturity profile and rate of interest of Inter Corporate Deposits:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
10.01 % to 11.00%	160.00	-	-	-
TOTAL	160.00	-	-	-

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Deferred tax liabilities:		
On investments	110.18	110.19
On depreciation	2.18	1.37
	112.36	111.56
Deferred tax assets:		
On expenditure	25.86	22.44
On depreciation	1.21	1.81
	27.07	24.25
TOTAL	85.29	87.31

2.5 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Property deposit	2.70	2.70
TOTAL	2.70	2.70

2.6 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
For employee benefits - gratuity	11.85	10.68
For clawback obligation	13.40	13.59
For standard assets [Refer Note 2.6(i)]	38.56	30.89
TOTAL	63.81	55.16

Note (i):

To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, as amended on timely basis, requiring all NBFCs to make a general provision of 0.30% of the outstanding standard assets. The Group has created provision on standard assets as decided by the Board of Directors and is in compliance with the aforesaid RBI notification.

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2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from bank [Refer Note 2.7(i)]	110.00	-
Borrowing under CBLO [Refer Note 2.7(ii)]	242.85	274.64
Overdraft accounts/ Loans from banks [Refer Note 2.7(iii)]	104.97	76.25
Cash credit facilities [Refer Note 2.7(iv)]	181.57	50.03
	639.39	400.92
Unsecured Loans		
Commercial papers	3,162.50	3,765.50
Less: Unamortised discount on commercial papers	(102.24)	(99.99)
Inter corporate deposits	90.00	85.00
Borrowings under Securities lending and borrowings (SLB)	56.64	-
	3,206.90	3,750.51
TOTAL	3,846.29	4,151.43

Notes:

- Secured by way of a floating first pari pasu charge by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.
- Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).
- Secured by collaterals/fixed deposits with banks.
- Secured by way of hypothecation on certain identified loans and advances given by the relevant Subsidiary Company.

2.8 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Micro, Small and medium enterprises (see Note i below)	-	-
Other than Micro, Small and medium enterprises	375.65	272.03
Less: Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.63)
TOTAL	312.02	208.40

Notes:

- There are no dues payable to Micro and Small Enterprises, based on the information available with the Company and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.
- The amount is payable to the clients only if and to the extent the same is received from NSEL.

2.9 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Term loan from banks [Refer Note 2.3(i)]	121.64	70.34
Non-convertible debentures [Refer Note 2.3(iii)]	230.40	241.00
Less: Unamortised discount on non-convertible debentures	-	(2.74)
TOTAL	352.04	308.60

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2.10 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.14	1.25
Employee benefits payable	110.20	96.77
Interest accrued but not due on borrowings	71.70	20.10
Margin money from clients/franchisees	55.49	4.48
Statutory dues	10.06	7.53
Security deposit	2.75	2.75
Income received in advance	1.71	-
Unclaimed dividend	1.70	1.55
Overdrawn bank balance	0.98	1.23
Other liabilities	2.45	1.87
TOTAL	258.18	137.53

2.11 SHORT-TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
For employee benefits:		
Gratuity	1.13	1.13
Compensated absences	6.59	5.94
For standard assets	0.49	0.19
For clawback obligation	0.19	-
For proposed dividend		
by the Company	67.12	63.06
by the Subsidiaries	0.82	5.45
For dividend distribution tax		
by the Company	0.41	-
by the Subsidiaries	13.42	19.02
TOTAL	90.17	94.79

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(₹ in Crore)

2.12 FIXED ASSETS

Particulars	Gross block (At cost)			Depreciation / Amortisation			Net block					
	As at 31.03.2015	Additions for the year	Deduction for the year for the year	Currency Fluctuation	As at 31.03.2016	As at 31.03.2015	Transition adjustment (Refer note [b] below)	Additions for the year	Deduction for the year	Currency Fluctuation	As at 31.03.2016	As at 31.03.2015
A. TANGIBLE ASSETS												
Owned assets:												
Land	0.26	-	-	-	0.26	-	-	-	-	-	0.26	0.26
Leasehold Building	63.57	-	-	-	63.57	1.06	-	1.06	-	-	7.61	57.02
Office premises	232.65	0.88	-	-	233.53	3.94	-	3.94	-	-	10.39	226.20
Leasehold improvements	21.92	2.61	-	0.05	24.58	2.88	-	2.88	-	0.05	15.99	8.86
Computers	35.10	4.80	1.48	0.03	38.45	3.15	-	3.15	1.46	0.02	29.54	7.27
Office equipments	28.37	2.20	1.05	0.02	29.54	1.60	-	1.60	1.05	0.02	24.46	4.48
Furniture and fixtures	40.22	2.77	0.84	0.03	42.18	3.82	-	3.82	0.82	0.01	16.31	26.92
Motor vehicles	1.56	1.69	-	-	3.25	#	-	#	-	-	1.56	-
Leased assets:												
Motor vehicles(Refer note [a] below)	5.83	1.97	2.18	-	5.62	1.28	-	1.28	-	-	3.44	2.36
TOTAL (A)	429.48	16.92	5.55	0.13	440.98	17.73	-	17.73	4.62	0.10	109.32	333.37
B. INTANGIBLE ASSETS												
Software	24.57	3.44	0.16	-	27.85	2.56	-	2.56	0.09	-	20.32	6.72
Stock exchange memberships	1.43	-	-	-	1.43	-	-	-	-	-	1.43	-
Stock exchange non-refundable deposits	0.09	-	-	-	0.09	-	-	-	-	-	0.09	-
TOTAL (B)	26.09	3.44	0.16	-	29.37	2.56	-	2.56	0.09	-	21.84	6.72
TOTAL (A+B)	455.57	20.36	5.71	0.13	470.35	20.29	-	20.29	4.71	0.10	131.16	340.09
Previous year	228.68	236.75	9.78	(0.08)	455.57	18.05	0.45	9.07	9.07	(0.06)	115.48	340.09
C. CAPITAL WORK-IN-PROGRESS												
												1.09

Denotes amount below ₹50,000/-

- (a) Vendor has lien over the assets taken on lease.
- (b) Pursuant to the Companies Act, 2013 ('the Act'), the Company has reworked depreciation with reference to the estimated useful life of fixed assets prescribed under Schedule II to the Act. As a result, the charge for depreciation is higher by ₹ Nil (previous year ₹ 0.35 Crore).
- (c) Based on transitional provision in Note 7(b) of Schedule II to the Act, an amount of ₹ nil (previous year ₹0.28 Crore) (net of deferred tax of ₹ nil (previous year ₹0.17 Crore) has been adjusted against the retained earnings.

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2.13 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2016		As at 31.03.2015	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
(INVESTMENT IN GROUP COMPANIES)				
EQUITY SHARES (UNQUOTED)				
JM Financial Asset Reconstruction Company Private Limited	12,06,25,000	131.35	12,06,25,000	131.35
Add: Goodwill on acquisition of additional shares		0.39		0.39
		131.74		131.74
Add: Share in post acquisition profit		131.12		76.94
		262.86		208.68
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add: Share in post acquisition profit		6.02		4.87
		6.05		4.90
TOTAL (I)		268.91		213.58
II OTHER INVESTMENTS				
(Unquoted, unless otherwise stated)				
EQUITY SHARES				
a) Quoted		36.77		45.41
b) Unquoted		57.94		57.96
		94.71		103.37
PREFERENCE SHARES		15.33		13.98
DEBENTURES/BONDS		70.00		86.59
VENTURE CAPITAL FUND UNITS (Refer Note i below)				
Sponsored by the group		60.35		63.93
Others		9.63		9.01
EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii below)		0.01		0.01
		250.03		276.89
Less: Provision for diminution in the value of investments		9.02		9.02
TOTAL (II)		241.01		267.87
TOTAL (I+II)		509.92		481.45

Notes:

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

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2.14 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Capital advances (unsecured, considered good)	7.52	0.79
Security deposits (unsecured, considered good)	11.58	10.81
	19.10	11.60
Other long-term loans and advances:		
Secured, considered good		
Loan funds	4,442.84	2,675.74
Unsecured, considered good		
Advance Tax (net of provisions)	240.32	235.30
Other deposits	100.46	114.16
Loan to Employees' Welfare Trust	-	33.00
Advances recoverable in cash or in kind or for value to be received	0.63	0.63
Prepaid expenses	0.34	0.39
Staff loans	0.19	0.17
	4,784.78	3,059.39
TOTAL	4,803.88	3,070.99

2.15 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Mutual fund	141.20	101.35
Fixed coupon notes	81.21	56.33
Debentures and bonds	25.54	-
Security receipts	7.02	-
Equity shares	6.84	0.55
TOTAL	261.81	158.23

2.16 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
(At lower of cost or Market value)		
Debt instruments [refer note (i) below]	256.89	359.01
TOTAL	256.89	359.01

Note:

(i) Debt instruments includes accrued interest of ₹ 3.00 Crore (Previous year ₹ 8.01 Crore).

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2.17 ASSETS HELD FOR ARBITRAGE ACTIVITIES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Arbitrage assets [refer note (i) below]	59.14	-
TOTAL	59.14	-

Note:

(i) Includes assets amounting to ₹ 51.13 Crore (Previous year nil) pledged towards margin.

2.18 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.02	0.06
Unsecured, considered good	-	1.38
Unsecured, considered doubtful	1.74	3.00
Less: Provision for doubtful debts	(1.74)	(3.00)
	0.02	1.44
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	112.99	116.44
Unsecured, considered good	241.79	108.80
Unsecured, considered doubtful	0.08	0.52
Less: Provision for doubtful debts	(0.08)	(0.52)
	354.78	225.24
TOTAL	354.80	226.68

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2.19 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Cash and cash equivalents		
Cash on hand	0.01	0.01
Balances with banks:		
In current accounts	67.14	60.93
In deposit accounts (less than 3 months maturity)	776.03	131.47
	843.18	192.41
Other bank balances - in deposit accounts		
Under lien against which facilities are availed [Refer Note (iii) below]	337.39	243.14
Under lien against which facilities are not availed [Refer Note (iii) below]	71.17	385.06
Other bank balances	13.31	12.26
	421.87	640.46
TOTAL	1,265.05	832.87
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	-	3.39
ii. Earmarked balances with banks (against unclaimed dividend)	1.70	1.55
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	408.56	628.20

2.20 SHORT-TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated and considered good)

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Loan funds (secured)	2,327.53	2,699.07
Loan funds (unsecured)	435.90	3.99
Inter corporate deposits	162.00	-
Other deposits	62.90	162.91
Accrued Interest on loan funds	36.37	27.53
Advances recoverable in cash or kind or for value to be received	8.75	6.80
Prepaid expenses	4.02	3.83
Loan to Employees' Welfare Trust	-	3.00
Security deposits	0.57	1.19
Staff loans	0.15	0.50
TOTAL	3,038.19	2,908.82

2.21 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2016	As at 31.03.2015
Interest accrued but not due	17.79	19.41
Redemption proceeds receivable from Mutual Fund	39.55	-
Interest on income tax refund receivable	8.09	-
Securities held for settlement of claims	0.28	0.35
Assets acquired in satisfaction of claims	-	0.01
TOTAL	65.71	19.77

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2.22 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Fees and commission	315.76	301.47
Brokerage	134.68	145.25
Interest and other income on fund based activities	1,044.40	749.51
TOTAL	1,494.84	1,196.23

2.23 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest income	83.51	89.75
Income from arbitrage activities	34.99	22.30
Profit on sale of investments (net)	6.09	43.17
Dividend income	30.64	13.10
Gain on foreign currency transactions (net)	-	4.68
Miscellaneous income	34.59	33.81
TOTAL	189.82	206.81

2.24 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Salaries, bonus and allowances	250.90	223.28
Contribution to provident fund and other funds	7.62	6.71
Gratuity	2.91	3.01
Staff welfare	2.48	2.24
TOTAL	263.91	235.24

2.25 FINANCE COSTS

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Interest expense	510.42	418.68
Other borrowing cost	0.86	0.84
Finance charges on leased assets	0.81	0.68
TOTAL	512.09	420.20

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2.26 OTHER EXPENSES

(₹ in Crore)

	For the year ended 31.03.2016	For the year ended 31.03.2015
Sub-brokerage, fees and commission	77.04	97.15
Rent	11.66	10.71
Legal and professional fees	11.16	10.74
Donation	10.49	6.80
Rates and taxes	9.99	11.09
Manpower expenses	8.82	8.13
Information technology expenses	8.16	8.10
Provision for standard assets	7.97	4.58
Membership and subscriptions	7.55	7.16
Travelling, hotel and conveyance expenses	6.61	5.85
Repairs and maintenance	4.79	4.08
Electricity expenses	4.21	3.59
Insurance expenses	3.59	2.94
Communication expenses	3.35	3.05
Provision for bad & doubtful debts and assets written off	2.28	2.73
Advertisement and other related expenses	1.99	2.03
Printing and stationery	1.97	1.69
Auditors' remuneration	1.62	1.01
Directors' commission	1.60	1.24
Fund expenses	1.45	6.80
Business conference and seminar expenses	0.73	1.23
Provision for diminution in value of investments (net)	0.10	-
Loss on sale of assets	0.07	0.24
Provision for clawback obligation	-	3.06
Miscellaneous expenses	8.32	8.64
TOTAL	195.52	212.64

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2.27 A) ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2016 (%)	Proportion of interest as on March 31, 2015 (%)
Subsidiaries in India			
JM Financial Institutional Securities Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Limited	India	100.00	100.00
JM Financial Insurance Broking Private Limited	India	100.00	100.00
JM Financial Properties and Holdings Limited	India	100.00	100.00
JM Financial Services Limited [Refer Note (i)]	India	100.00	90.90
JM Financial Commtrade Limited [Refer Note (ii)]	India	100.00	90.90
CR Retail Malls (India) Limited	India	100.00	100.00
JM Financial Capital Limited [Refer Note (iii)]	India	100.00	-
JM Financial Products Limited	India	98.49	90.00
JM Financial Credit Solutions Limited	India	50.01*	50.01*
JM Financial Asset Management Limited	India	53.47	53.47
Partnership Firm in India			
Astute Investments [refer note (iv)]	India	100.00	90.90
Subsidiaries outside India			
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd.	Singapore	100.00	100.00
JM Financial Securities, Inc	USA	100.00	100.00
PT JM Financial Securities Indonesia [Refer Note (v)]	Indonesia	-	99.00
Associates			
JM Financial Asset Reconstruction Company Private Limited	India	50.00	50.00
JM Financial Trustee Company Private Limited	India	25.00	25.00

*includes Preference shares

Notes:

- i. During the year, JM Financial Services Limited became wholly owned subsidiary of the Company.
- ii. During the year, JM Financial Commtrade Limited became wholly owned subsidiary of the Company.
- iii. JM Financial Capital Limited, wholly owned subsidiary of the Company formed on December 4, 2015.
- iv. During the year, Astute Investments became wholly owned Partnership firm of the Company.
- v. "PT JM Financial Securities", Indonesia, was wound up on August 25, 2015.

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B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associates.

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount ₹ in Crore	As % of consolidated net assets*	Amount ₹ in Crore	As % of consolidated profit or loss
Parent				
JM Financial Limited	(39.40)	(1.13%)	(0.84)	(0.16%)
Subsidiaries in India				
JM Financial Institutional Securities Limited	186.51	5.37%	34.14	6.49%
JM Financial Investment Managers Limited	71.56	2.06%	2.03	0.39%
Infinite India Investment Management Limited	11.50	0.33%	1.71	0.33%
JM Financial Insurance Broking Private Limited	-	-	(0.01)	0.00%
JM Financial Properties and Holdings Limited	102.14	2.94%	1.34	0.25%
JM Financial Services Limited	240.68	6.93%	15.73	2.99%
JM Financial Commtrade Limited	9.28	0.27%	1.94	0.37%
CR Retail Malls (India) Limited	24.89	0.72%	2.32	0.44%
JM Financial Capital Limited	2.01	0.06%	0.01	0.00%
JM Financial Products Limited	1,141.26	32.87%	162.04	30.82%
JM Financial Credit Solutions Limited	568.12	16.36%	98.79	18.79%
JM Financial Asset Management Limited	94.73	2.73%	23.78	4.52%
Partnership Firm in India				
Astute Investments	3.17	0.09%	4.10	0.78%
Subsidiaries outside India				
JM Financial Overseas Holdings Private Limited	100.60	2.90%	3.11	0.59%
JM Financial Singapore Pte. Ltd.	10.21	0.28%	(3.26)	(0.62%)
JM Financial Securities, Inc.	8.04	0.23%	(1.80)	(0.34%)
Associates				
JM Financial Asset Reconstruction Company Private Limited	262.86	7.57%	54.18	10.31%
JM Financial Trustee Company Private Limited	6.05	0.17%	1.15	0.22%
Minority Interests in all subsidiaries				
	668.55	19.25%	125.28	23.83%
	3,472.76	100.00%	525.74	100.00%

*Net Assets have been arrived at after excluding intercompany adjustments and Goodwill on consolidation.

2.28 CONTINGENT LIABILITY, PROVISIONS AND PENDING LITIGATIONS

(i) Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 29.73 Crore (previous year ₹ 25.64 Crore).

Disputed demands of service tax authorities is ₹0.31 Crore (previous year ₹ 1.24 Crore).

(ii) The Group at the year end, as a process, reviews and ensures to make adequate provisions for material foreseeable losses, if any, on all long-term contracts, including derivate contracts.

(iii) The Group evaluates the impact of the pending litigations as at the date of the balance sheet and provides for or discloses its existence in the financial statements in terms of provisions of applicable accounting standards.

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2.29 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 36.72 Crore (previous year ₹ 0.67 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹ 3.60 Crore (previous year nil).

2.30 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ('the Employees') of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee (erstwhile Compensation Committee) of the Board of the Company.

During the Financial Year 2015-16, the Nomination and Remuneration Committee of the Board has granted stock options under Series 8, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee has granted 14,44,440 Options (previous year 44,85,267 Options) at an exercise price of ₹1/- per option to the Employees.

The details of options are as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Outstanding at the beginning of the year	2,40,49,622	2,51,78,013
Add: Granted during the year	14,44,440	44,85,267
Less: Exercised and shares allotted during the year	52,61,959	50,86,302
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	97,70,877	5,27,356
Outstanding at the end of the year	1,04,61,226	2,40,49,622
Exercisable at the end of the year	52,27,612	1,46,47,989

The Group follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted in Series 8 and 7 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant date, exercise price of ₹1/-, volatility of 55.42% (previous year 57.32%), dividend yield of 2.62% (previous year 3.63%), Life of options 7 years (previous year : 7 years), and a risk-free interest rate of 8% (previous year 9%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of options granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,81,480	14,95,089	April 16, 2016	April 1, 2015	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2017	April 1, 2016	42.20	19.83
33.33%	4,81,480	14,95,089	April 16, 2018	April 1, 2017	42.20	19.83
	14,44,440	44,85,267				

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Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 6.56 Crore (previous year ₹ 10.41 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been increased by ₹ 0.81 Crore (previous year reduced by ₹ 1.95 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amounts as under:

Particulars	As reported		As adjusted	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Net profit(₹ in Crore)	400.46	330.52	401.27	328.57
Basic earnings per share (in ₹)	5.08	4.32	5.09	4.29
Diluted earnings per share (in ₹)	5.04	4.25	5.05	4.22

Details of options granted under various series are as under:

	Series 1	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8
Grant date	15/04/2008	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015
Options granted	1,11,37,500	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440
Options exercised till March 31, 2016	13,50,000	Nil	63,60,149	55,30,522	16,17,496	9,64,091	N.A.
Options forfeited/cancelled till March 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2016	97,87,500	10,00,000	7,56,734	7,21,857	3,76,054	2,92,062	47,958
Outstanding at end of year	Nil	27,50,000	3,83,116	10,50,290	16,52,224	32,29,114	13,96,482
Exercisable at end of year	Nil	27,50,000	3,83,116	10,50,290	5,79,539	4,64,666	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (Refer Note[i] below)	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	Being the closing market price quoted on the immediately preceding working day of the date of Grant of options	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015

Notes:

- In addition to the above amount, an aggregate amount of ₹ 7,37,74,228/- being the difference between the grant price and market price on the date of grant has been received on relevant vesting dates from the respective subsidiary Company on behalf of the Employees on their pay roll to whom the stock options have been granted..
- In respect of Series 2, all the 15,00,000 options granted have been lapsed and hence not included in the above table.

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2.31 EARNINGS PER SHARE (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Net consolidated Profit (₹ in Crore)	A	400.46	330.52
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Basic earnings per share (in ₹)	A/B	5.08	4.32
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	78,81,49,593	76,56,73,104
Add: Weighted average number of potential equity shares on account of employee stock options and Warrants	C	64,84,504	1,23,10,440
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,46,34,097	77,79,83,544
Diluted earnings per share (in ₹)	A/D	5.04	4.25

2.32 LEASE TRANSACTION

Finance lease

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

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

(₹ in Crore)

Particulars	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016	Total minimum lease payment outstanding as at March 31, 2015	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2015
Not later than 1 year	1.50	0.36	1.14	1.63	0.39	1.25
Later than 1 year but not later than 5 years	1.52	0.27	1.25	1.61	0.22	1.38
Later than 5 years	-	-	-	-	-	-
TOTAL	3.02	0.63	2.39	3.24	0.61	2.63

Operating lease

- The Group had taken assets under operating lease for the periods ranging between 22 months and 42 months. The same were non-cancellable for an initial period ranging between 11 months and 24 months.

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

(₹ in Crore)

Particulars	Total lease payments outstanding as at March 31, 2016	Total lease payments outstanding as at March 31, 2015
Not later than 1 year	5.11	5.37
Later than 1 year but not later than 5 years	2.22	7.30
Later than 5 years	-	-
Expenditure debited to the statement of profit and loss	5.71	5.50

- ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 5.95 Crore (previous year ₹5.21 Crore).

2.33 SEGMENTAL REPORTING

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities/commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products. Fund based activities also include securitisation and reconstruction of financial assets.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure 'I'.

II. Geographical segment

The Group does not have any reportable geographical segment.

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

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

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

2.37 The notes to and disclosures in consolidated financial statements are being made in accordance with provisions of applicable

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Accounting Standard (AS-21 para 6) and General circular No. 39/2014 dated October 14, 2014 issued by Ministry of Corporate Affairs - Government of India.

2.38 The Group has spent ₹ 7.77 Crore (previous year ₹ 5.43 Crore) towards Corporate Social Responsibility activities as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.

(₹ in Crore)

	For the year ended March 31, 2016			For the year ended March 31, 2015		
	Holding Company and its subsidiaries	Associates	Total	Holding Company and its subsidiaries	Associates	Total
a) Gross amount required to be spent by the Group during the year.	6.35	1.38	7.73	4.27	1.13	5.40
b) Amount spent during the year:						
In cash	6.39	1.38	7.77	4.30	1.13	5.43
Yet to be paid in cash	-	-	-	-	-	-
Total	6.39	1.38	7.77	4.30	1.13	5.43
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	6.39	1.38	7.77	4.30	1.13	5.43

2.39 Figures of the previous year have been regrouped/ reclassified/ rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

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ANNEXURE 'I' TO NOTE 2.33

DISCLOSURE IN RESPECT OF SEGMENT REPORTING PURSUANT TO AS 17 ON 'SEGMENT REPORTING'

(₹ in Crore)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Segment revenue		
A Investment banking and securities business	494.66	521.93
B Fund based activities	1,078.96	806.21
C Alternative asset management	12.85	27.44
D Asset management	85.54	46.75
E Others	193.97	139.17
Total segment revenue	1,865.98	1,541.50
Less: Inter - segmental revenue	(181.32)	(138.46)
Total revenue	1,684.66	1,403.04
Segment results		
A Investment banking and securities business	79.42	123.99
B Fund based activities	548.62	347.44
C Alternative asset management	4.38	14.95
D Asset management	56.34	17.81
E Others	4.09	12.72
Total segment results	692.85	516.91

	As at 31.03.2016	As at 31.03.2015
Segment assets		
A Investment banking and securities business	1,376.14	1,232.18
B Fund based activities	8,496.80	6,391.08
C Alternative asset management	99.57	102.46
D Asset management	196.77	146.62
E Unallocated	786.39	527.26
Total segment assets	10,955.67	8,399.60
Segment liabilities		
A Investment banking and securities business	817.66	632.30
B Fund based activities	5,936.43	4,286.91
C Alternative asset management	16.51	17.74
D Asset management	13.56	9.04
E Unallocated	698.75	361.30
Total segment liabilities	7,482.91	5,307.29

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Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Capital expenditure incurred during the year		
A Investment banking and securities business	10.58	9.94
B Fund based activities	2.21	1.06
C Alternative asset management	0.12	0.01
D Asset management	5.17	26.62
E Unallocated	1.68	200.13
Total capital expenditure	19.76	237.76
Depreciation/amortisation for the year		
A Investment banking and securities business	10.16	6.56
B Fund based activities	7.12	1.41
C Alternative asset management	1.64	0.23
D Asset management	0.04	0.83
E Unallocated	1.33	9.02
Total depreciation/amortisation	20.29	18.05

Annexure 'II' to Note 2.34

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

I. LIST OF RELATED PARTIES

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
 JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel

Mr. Nimesh Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N. Kampani (ARNK)
 Mr. Vishal Kampani (VNK)
 Ms. Amishi Kampani (AMNK)

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

J.M. Financial & Investment Consultancy Services Private Limited (JM FICS)
 J M Assets Management Private Limited (JM Assets)
 JSB Securities Limited (JSB)
 Kampani Consultants Limited (KCL)
 Persepolis Investment Company Private Limited (PICPL)
 SNK Investments Private Limited (SNK)
 Kampani Properties & Holdings Limited (KPHL)
 Capital Market Publishers India Private Limited (CMPL)

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II. RELATED PARTY RELATIONSHIPS HAVE BEEN IDENTIFIED BY THE MANAGEMENT AND RELIED UPON BY THE AUDITORS. ANNEXURE 'II' TO NOTE 2.34 (CONTD..)

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
ICD taken from										
Trustee	5.00	10.00	-	-	-	-	-	-	5.00	10.00
ICD placed with										
ARC	669.00	629.00	-	-	-	-	-	-	669.00	629.00
ICD repaid by										
ARC	507.00	679.00	-	-	-	-	-	-	507.00	679.00
Security deposit paid to										
JMFICS	-	-	-	-	-	-	-	0.68	-	0.68
Security deposit received back										
JMFICS	-	-	-	-	-	-	-	0.32	-	0.32
KPHL	-	-	-	-	-	-	-	1.50	-	1.50
Investments made in										
ARC	-	98.36	-	-	-	-	-	-	-	98.36
Investments Purchased from										
ARC	25.75	-	-	-	-	-	-	-	25.75	-
Employee related transfers to										
ARC	0.53	-	-	-	-	-	-	-	0.53	-
JMFICS	-	-	-	-	-	-	0.39	-	0.39	-
Interest income on ICD from										
ARC	16.88	62.71	-	-	-	-	-	-	16.88	62.71
Interest paid on ICD from										
Trustee	1.23	0.33	-	-	-	-	-	-	1.23	0.33

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(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Secondary brokerage received from										
JMFICS	-	-	-	-	-	-	0.09	0.06	0.09	0.06
KCL	-	-	-	-	-	-	0.01	#	0.01	#
PICPL	-	-	-	-	-	-	0.01	-	0.01	-
JM Assets	-	-	-	-	-	-	0.07	0.01	0.07	0.01
Trustee	#	0.01	-	-	-	-	-	-	-	0.01
Others	-	-	-	-	#	#	#	0.01	-	0.01
Recovery of expenses from										
ARC	0.60	0.54	-	-	-	-	-	-	0.60	0.54
JMFICS	-	-	-	-	-	-	-	#	-	#
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.08	0.40	0.08	0.40
CMPL	-	-	-	-	-	-	0.03	0.02	0.03	0.02
Remuneration paid to										
NNK	-	-	5.79	3.81	-	-	-	-	5.79	3.81
VNK	-	-	-	-	8.50	7.00	-	-	8.50	7.00
AMNK	-	-	-	-	0.68	0.52	-	-	0.68	0.52
Dividend paid to										
JMFICS	-	-	-	-	-	-	28.48	22.37	28.48	22.37
J M Assets	-	-	-	-	-	-	14.32	11.25	14.32	11.25
JSB	-	-	-	-	-	-	0.91	0.72	0.91	0.72
PICPL	-	-	-	-	-	-	0.23	0.18	0.23	0.18
KCL	-	-	-	-	-	-	0.10	0.08	0.10	0.08
SNK	-	-	-	-	-	-	1.63	1.28	1.63	1.28
NNK	-	-	18.95	14.89	-	-	-	-	18.95	14.89
ARNK	-	-	-	-	5.38	4.23	-	-	5.38	4.23
VNK	-	-	-	-	1.39	1.08	-	-	1.39	1.08
AMNK	-	-	-	-	1.12	0.88	-	-	1.12	0.88
Rent income from										
ARC	2.05	1.95	-	-	-	-	-	-	2.05	1.95

Denotes amount below ₹ 50,000/-.

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(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Rent paid to										
JMFICS	-	-	-	-	-	-	1.36	1.36	1.36	1.36
KPHL	-	-	-	-	-	-	-	0.04	-	0.04
KCL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
Subscription charges paid to										
CMPL	-	-	-	-	-	-	0.01	0.02	0.01	0.02
Support service fees received from										
ARC	1.80	1.80	-	-	-	-	-	-	1.80	1.80
Support service fees paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Demat charges received from										
Others	-	-	#	-	#	-	-	#	#	#
Balance outstanding at the year end										
Investment in										
ARC	201.74	201.74	-	-	-	-	-	-	201.74	201.74
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Receivables from										
ARC	168.31	4.76	-	-	-	-	-	-	168.31	4.76
Payables to										
NNK	-	-	4.00	1.95	-	-	-	-	4.00	1.95
VNK	-	-	-	-	7.50	6.00	-	-	7.50	6.00
AMNK	-	-	-	-	0.67	0.45	-	-	0.67	0.45
Trustee	15.00	10.00	-	-	-	-	-	-	15.00	10.00

Denotes amount below ₹ 50,000/-.

Annexure 'III' to Note 2.35

Statement of Consolidated Cash Flow

for the year ended March 31, 2016

(₹ in Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A Cash flow from operating activities		
Profit before tax	692.85	516.91
Adjustment for:		
Depreciation and amortisation expense	20.29	18.05
Amortisation of deferred employee compensation (ESOP)	7.38	8.45
Provision for gratuity	2.91	3.01
Provision for compensated absences	1.47	1.40
Provision for clawback obligation	-	3.06
Provision for bad & doubtful debts and assets written off	2.28	2.73
Provision for standard assets	7.97	4.58
Provision for diminution in value of investments (net)	0.10	-
Loss on sale of fixed assets	0.07	0.24
Profit on sale of investments	(6.09)	(43.17)
Dividend income	(30.64)	(13.10)
Interest income	(83.51)	(89.75)
Finance costs	512.09	420.20
Operating profit before working capital changes	1,127.17	832.61
Adjustment for:		
(Increase)/decrease in trade receivables	(130.40)	(34.66)
(Increase)/decrease in short term loans and advances	(162.38)	(1,005.02)
(Increase)/decrease in long term loans and advances	(1,727.87)	(1,476.44)
(Increase)/decrease in securities held as stock in trade	102.11	175.20
(Increase)/decrease in assets held for arbitrage activities	(59.14)	-
(Increase)/decrease in other current assets	(45.95)	(5.09)
Increase/(decrease) in trade payables	103.63	(54.01)
Increase/(decrease) in other current liabilities	120.66	22.20
Increase/(decrease) in long-term provisions	-	(1.45)
Increase/(decrease) in short-term provisions	(2.56)	(1.84)
Cash generated from/(used in) operations	(674.73)	(1,548.50)
Direct taxes paid	(229.50)	(168.59)
Net cash from/(used in) operating activities	(904.23)	(1,717.09)
B Cash flow from investing activities		
Purchase of investments	(104.92)	(280.38)
Sale of investments	34.20	197.45
Purchase of fixed assets	(19.78)	(237.76)
Sale of fixed assets	0.93	0.48
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	218.60	(73.67)
Currency fluctuation	6.94	10.08
Interest income	83.51	89.75
Dividend income	30.64	13.10
Net cash from /(used in) investing activities	250.12	(280.95)

Annexure 'III' to Note 2.35

Statement of Consolidated Cash Flow

for the year ended March 31, 2016

(₹ in Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
C Cash flow from financing activities		
Proceeds from issue of equity share (including premium) on exercise of options	7.79	0.50
Proceeds from exercise of Warrants	-	33.28
Proceeds from issue of shares (including premium) to minority shareholders (net)	-	537.75
Share issue expenses	-	(0.88)
Proceeds from borrowings (net)	1,949.33	1,734.08
Finance costs paid	(512.09)	(420.20)
Dividend paid (including dividend distribution tax)	(140.15)	(101.46)
Net cash from/(used in) financing activities	1,304.88	1,783.07
Net increase/(decrease) in cash and cash equivalents	650.77	(214.97)
Cash and cash equivalents - opening	192.41	407.38
Cash and cash equivalents - closing	843.18	192.41
Notes:		
i. The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 on "Cash Flow Statement" notified in Companies (Accounting Standards) Rules, 2006 (as amended).		
ii. Cash and bank balances as per note 2.19	1,265.05	832.87
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	421.87	640.46
Cash and cash equivalents as shown in Cash Flow Statement	843.18	192.41
iii. Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of

Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. F-2242

Place: Mumbai
Date: May 13, 2016

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director
DIN - 00009071

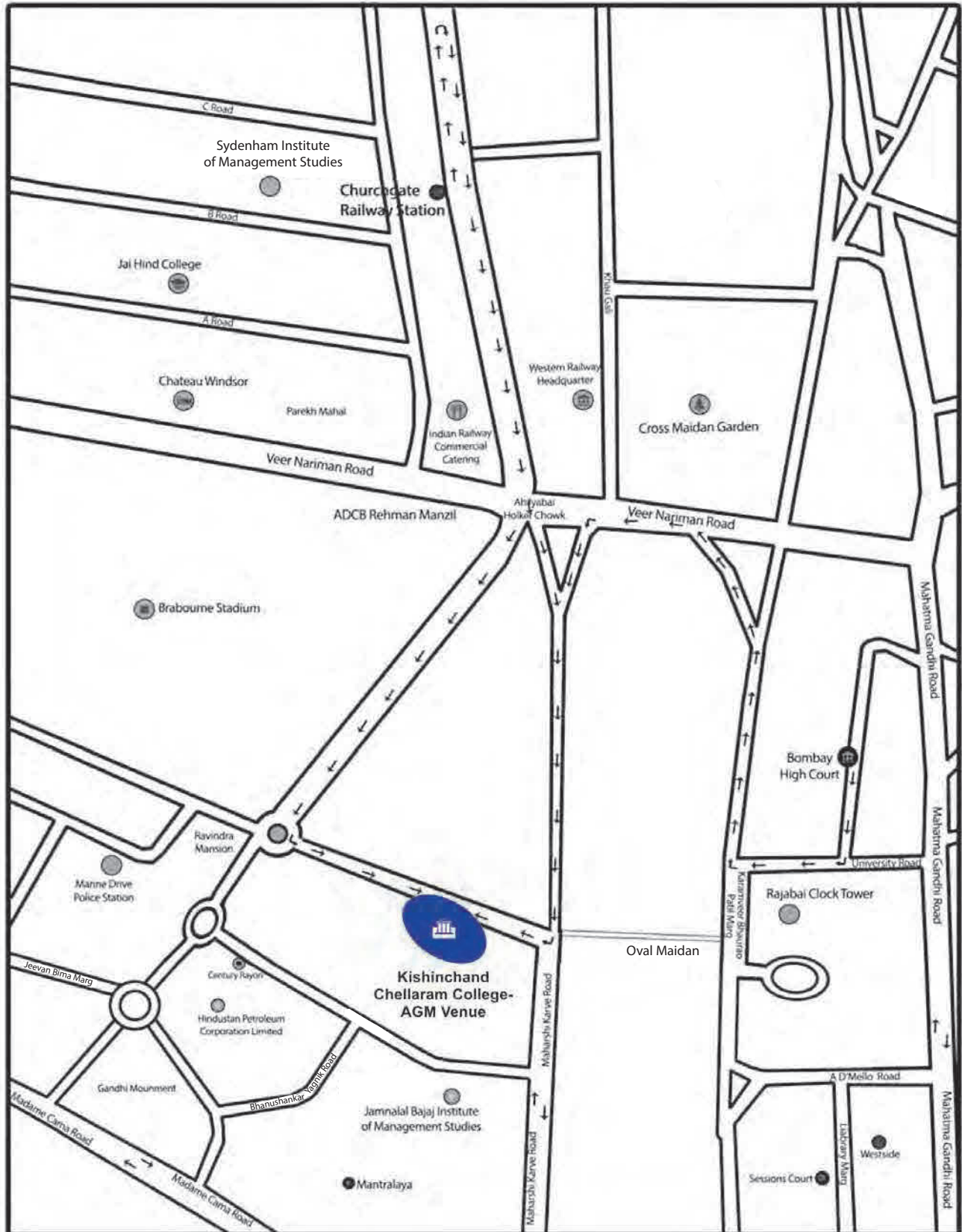
P K Choksi
Company Secretary

E A Kshirsagar
Director
DIN - 00121824

Manish Sheth
Chief Financial Officer

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ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE



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Snapshots of the Year



Mr. Nimesh Kampani addressing the audience at the CII Governance Series



Mr. Bhavesh Shah addressing the audience at the inaugural JM Financial JADE Conference



Mr. Nimesh Kampani addressing the audience at the CII 6th Capital Markets Summit



Mr. Anil Salvi and Ms. Gayatri Puranik receiving the 'India's best companies to work for 2015' award



Mr. Rajeev Chitrabhanu attending a session at the inaugural JM Financial JADE Conference



Ms. Dipti Neelakantan participating in a panel discussion at the CII 10th Corporate Governance Summit



7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India