JM FINANCIAL

June 18, 2018

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

Dear Sirs,

Re: **Annual Report – 2017-18**
Symbol: JMFINANCIL

We are submitting a copy of our Annual Report for the financial year 2017-18, which inter-alia includes the Notice convening the Thirty Third Annual General Meeting (AGM). The same is also available on the Company's website viz., www.jmfl.com.

In order to comply with the requirements of Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report for the financial year 2017- 18 will be filed with the Stock Exchanges after it is approved and adopted by the members of the Company at the Thirty Third AGM to be held on July 18, 2018.

Thank you.

Yours faithfully,
for JM Financial Limited

P. K. Choksi

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

Encl: As above



JM FINANCIAL

Annual Report 2017-18

JM Financial Limited

Racing Towards Tomorrow

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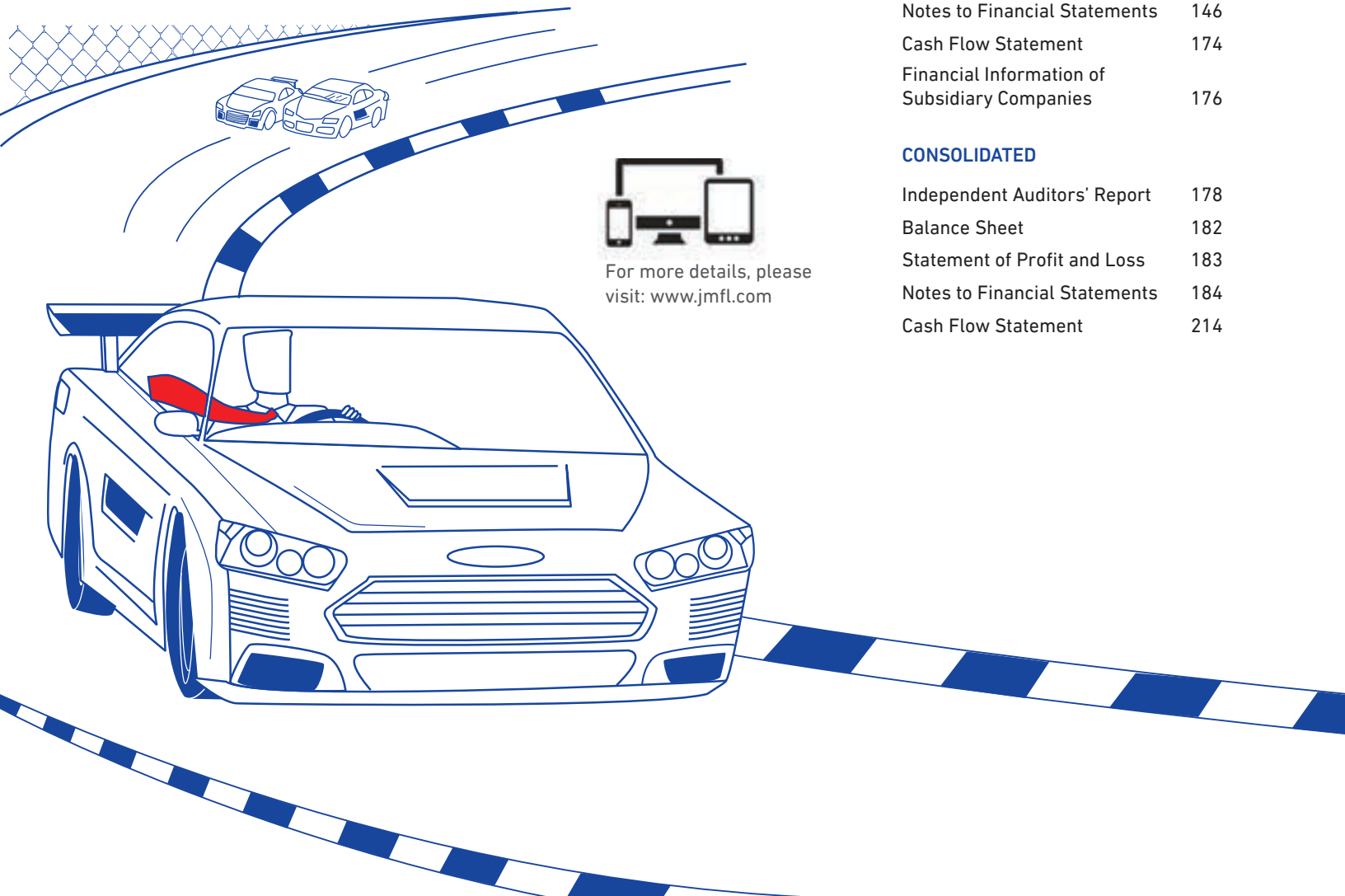
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For more details, please visit: www.jmfl.com

The red tie man,

in the leading car is an astute representation of JM Financial Group, while his car mirrors the insightful strategies and pioneering initiatives of the Group, which has positioned it to have a competitive edge in the market. A robust performance record, diversified business portfolio and a trusted reputation as a credible brand has enabled JM Financial to exert confidence in its abilities and optimise existing market opportunities. We remain committed to unlocking value for our stakeholders by leveraging expertise, experience and excellence and are firmly placed to race towards a vibrant tomorrow.



RACING TOWARDS TOMORROW

The last four decades have been instrumental in consolidating our position as a leading player in the financial services industry on the basis of our expertise, experience and excellence. We are leveraging our core strengths of strong client relationships, market strategies, insightful analytics and ability to offer customised solutions to diversify our bouquet of services. We remain deeply committed to providing bespoke business solutions to our clients.

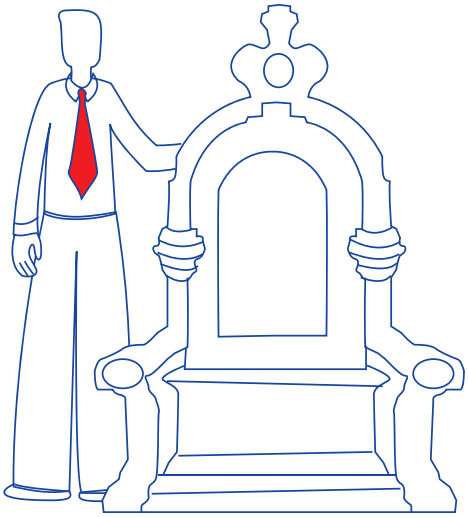
Our journey towards a dynamic tomorrow is ably backed by our proven mettle and consistently growing market capabilities as we envision new paths and develop innovative strategies. During FY 2017-18, we demonstrated healthy growth and traversed a higher growth curve.

During FY 2017-18, we strengthened our business verticals and forayed into new client offerings. We commenced our retail housing finance operations after receiving the licence from National Housing Bank. We also ventured into SME Lending (comprising loans to, NBFCs and Education Institutions Lending sector).

At the same time, we nurtured our talent pool and fortified our technology-driven processes, which have helped us in keeping pace with the improving business scenario and build a sustainable roadmap for delivering value to our clients.

By adopting a diversified business model and armed with the determination to maintain our competitive edge in the market, we are indeed 'racing towards tomorrow' — towards our goals.

OUR VALUES



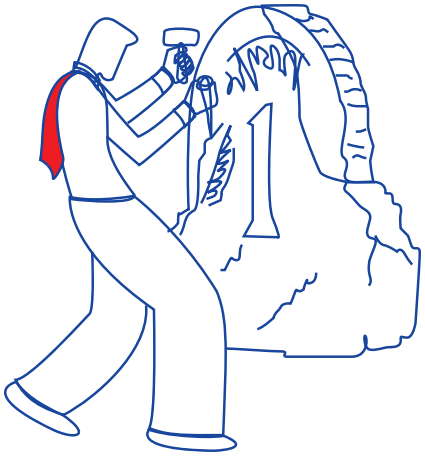
Client Focus

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

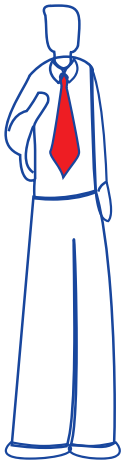
Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals, colleagues and corporate citizens. Our reputation based on our high standards of integrity is invaluable.





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

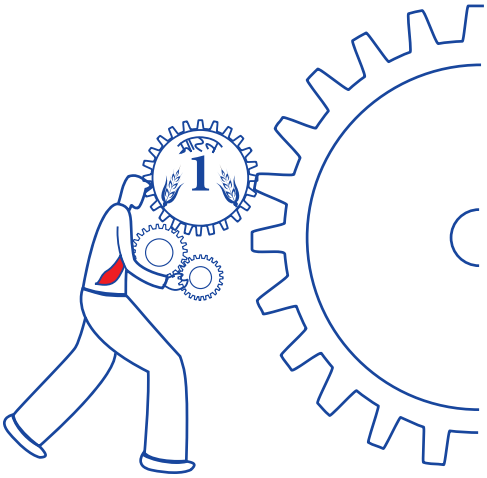
Our relationships with all our stakeholders reflect our spirit of partnership. Clients see us as trusted advisors, shareholders see us as partners and employees see us as family. We respect, trust and support all our stakeholders.

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.





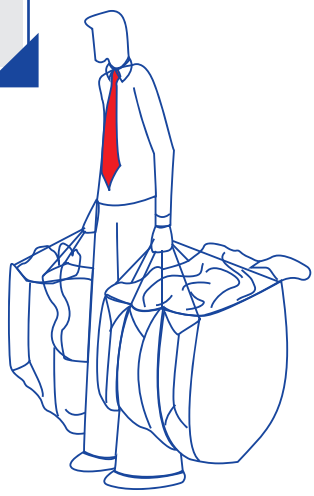


Implementation

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]

17-18	**3,234.89**
16-17	2,359.26
15-16	1,684.66
14-15	1,403.04
13-14	1,006.67
12-13	1,042.23
11-12	873.97
10-11	895.92
09-10	628.79
08-09	464.92

Profit / (Loss)

[₹ in Crore]

17-18	**630.92**
16-17	470.20
15-16	400.46
14-15	330.52
13-14	209.53
12-13	182.92
11-12	121.17
10-11	174.56
09-10	151.66
08-09	(105.21)[1]

Networth

[₹ in Crore]

17-18	**4,348.59**
16-17	3,227.04
15-16	2,804.21
14-15	2,437.71
13-14	2,091.87
12-13	1,975.97
11-12	1,864.77
10-11	1,814.42
09-10	1,702.03
08-09	1,592.60

Book Value

[₹ Per Share]

17-18	**51.90**
16-17	40.62
15-16	35.54
14-15	31.10
13-14	27.70
12-13	26.29
11-12	24.87
10-11	24.20
09-10	22.70
08-09	21.24

Earnings Per Share

[₹ Per Share]

17-18	**7.86**
16-17	5.93
15-16	5.08
14-15	4.32
13-14	2.78
12-13	2.44
11-12	1.62
10-11	2.33
09-10	2.02
08-09	(1.40)[1]

Dividend Per Share

[₹ Per Share]

17-18	**1.80**
16-17	1.50
15-16	1.45
14-15	1.35
13-14	1.00
12-13	0.90
11-12	0.60
10-11	0.60
09-10	0.25[2]
08-09	0.20

1 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 and corresponding negative EPS.

2 Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

CONSOLIDATED TAX INFORMATION

Corporate Tax[1]

[₹ in Crore]

17-18	438.36
16-17	334.84
15-16	222.45
14-15	156.39
13-14	79.98
12-13	74.93
11-12	59.55
10-11	52.78
09-10	47.37
08-09	29.50

Dividend Distribution Tax & Tax on Buyback[2]

[₹ in Crore]

17-18	31.82
16-17	11.08
15-16	18.71
14-15	21.32
13-14	13.86
12-13	16.87
11-12	7.97
10-11	7.89
09-10	6.68
08-09	2.83

GST & Service Tax[3]

[₹ in Crore]

17-18	216.36
16-17	129.59
15-16	99.14
14-15	68.94
13-14	41.71
12-13	37.48
11-12	40.56
10-11	42.54
09-10	39.41
08-09	44.81

Payroll Tax[4]

[₹ in Crore]

17-18	81.84
16-17	73.26
15-16	59.03
14-15	46.58
13-14	40.44
12-13	31.96
11-12	46.64
10-11	55.62
09-10	16.16
08-09	55.26

Non Payroll Tax[5]

[₹ in Crore]

17-18	28.58
16-17	24.64
15-16	19.98
14-15	21.33
13-14	18.61
12-13	14.23
11-12	16.30
10-11	19.21
09-10	22.39
08-09	17.20

Securities Transaction Tax[6]

[₹ in Crore]

17-18	208.33
16-17	140.12
15-16	105.72
14-15	116.29
13-14	65.56
12-13	76.08
11-12	97.06
10-11	101.18
09-10	77.78
08-09	39.23

Total Tax Borne and Paid[7]

[₹ in Crore]

17-18	470.18
16-17	345.92
15-16	241.16
14-15	177.71
13-14	93.84
12-13	91.80
11-12	67.52
10-11	60.67
09-10	54.05
08-09	32.33

Total Tax Deducted / Collected and Paid[8]

[₹ in Crore]

17-18	535.10
16-17	367.61
15-16	283.87
14-15	253.15
13-14	166.32
12-13	159.75
11-12	200.56
10-11	218.55
09-10	155.74
08-09	156.50

₹ 4,132 Crore

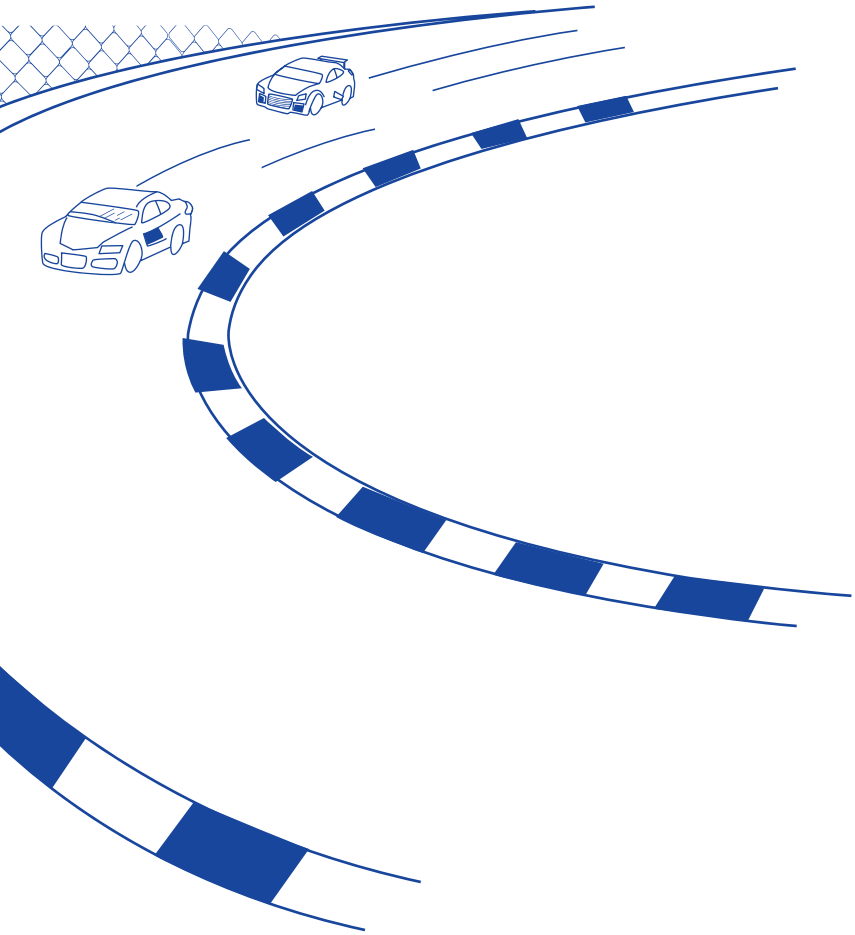
Total tax borne and Paid and Total Tax Deducted / Collected & paid for the last ten years

1 Comprises provision for taxes, including deferred tax.
2 Comprises tax on dividend distributed and tax on buyback.
3 Comprises gross GST and service tax paid.
4 Comprises tax deducted at source from the employees' 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.
7 Comprises corporate tax and dividend distribution tax.
8 Comprises GST, 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.

MANAGEMENT INSIGHT





Mr. Vishal Kampani
Managing Director

JM Financial Group

India continues to be an economic bright spot backed by key financial reforms and the outlook looks promising. During FY 2017-18, we witnessed improved profitability and maintained an upward growth trajectory. We continue to identify and leverage newer opportunities on the horizon with our diversified bouquet of products and services and are geared to capitalise on the growing trend of technology and innovative disruptions to stay ahead for an exciting journey towards tomorrow.



Ms. Dipti Neelakantan
Chief Operating Officer

JM Financial Group

The Indian Economy has started showing signs of revival post adapting to major economic reforms like demonetisation and introduction of GST. We are also seeing continued uptick in rural consumption. These indicators give us confidence about the rise in demand for services from all our business segments. With calibrated thrust for growth in width as well as depth of our service offerings, we remain confident of sustained growth in our business and earnings.



Mr. V P Shetty
Chairman

JM Financial Asset Reconstruction Company Ltd

Our glorious past is an indicator of the journey that we have traversed till date to achieve the present coveted position in the industry. Our future, with all the challenges ahead of us, should lead us towards a good position with committed innovations to find new avenues of growth opportunities. We are, at all levels capable of changing ourselves according to the evolving environment, to be a relevant leading player. It's time to take giant leaps forward to demonstrate that we are distinct from other players.

BOARD OF DIRECTORS



Mr. Nimesh Kampani
Non Executive Chairman



Mr. Vishal Kampani
Managing Director



Mr. E A Kshirsagar
Independent Director



Mr. Darius E Udwadia
Independent Director



Mr. Paul Zuckerman
Independent Director



Dr. Vijay Kelkar
Independent Director



Mr. Keki Dadiseth
Independent Director



Ms. Jagi Mangat Panda
Independent Director

LEADERSHIP TEAM

Mr. Shashwat Belapurkar
Managing Director & CEO
Fixed Income & Lending for Commercial Real Estate Business & Debt Capital Markets

Mr. Anil Bhatia
Managing Director & CEO
Asset Reconstruction Business

Mr. Manish Prasad
Managing Director & CEO
Institutional Equities Business & Equity Capital Markets

Mr. Rajeev Chitrabhanu
Managing Director & CEO
Investment Advisory and Distribution Business

Mr. Subodh Shinkar
Managing Director & COO
Investment Advisory and Distribution Business

Mr. Atul Mehra
Managing Director & Co CEO
Investment Banking Business

Mr. Adi Patel
Managing Director & Co CEO
Investment Banking Business

Mr. Bhanu Katoch
Managing Director & CEO
Mutual Fund Business

Mr. Darius Pandole
Managing Director & CEO
Private Equity Business

Mr. Prashant Choksi
Group Head
Compliance, Legal & Company Secretary

Mr. Manish Sheth
Chief Financial Officer
JM Financial Group

Mr. Anil Salvi
Group Head
Human Resources & Administration

Mr. Suhas Harinarayanan
Managing Director & Head of Research
Institutional Equities Business

Mr. Vipul Shah
Managing Director & Co-Head
Wealth Group

Mr. Ajay Mishra
Managing Director & Co-Head
Wealth Group

Mr. Dimplekumar Shah
Managing Director & Co-Head
Equity Broking Group

Mr. Krishna Rao
Managing Director & Co-Head
Equity Broking Group

Mr. Sanjay Bhatia
Managing Director & Head
Franchisee Group

Mr. Surajit Misra
Executive Director & Head
Independent Financial Distributors Group

Mr. Anil Mavinkurve
Managing Director & Head
Arbitrage, ESOP & Broker Funding

Mr. Chaitanya Wagh
Group Head
Information Technology

BUSINESS HIGHLIGHTS

JM Financial is a prominent player in India's financial services sector with a diversified portfolio and a strong track record of being a trusted partner to its clients. With consistent performance delivering growth and profitability, culture of innovation and prudent approach, the Group is well positioned to benefit from industry trends.

Our businesses are divided into four broad segments: a) Investment Banking and Securities Business; b) Fund Based Activities; c) Alternative Asset Management; and d) Asset Management.

During FY 2017-18, we reported our highest-ever yearly and quarterly operating profit. With our foray into new businesses like housing finance, SME lending and real estate consulting, we will continue to leverage emerging opportunities and will grow in the years ahead.

Investment Banking and Securities Business

Our investment banking and securities business revolves around ideation, innovation and relationship management. As a full service investment banking franchise with pan-India presence across diverse product range, we have a strong track record of over four decades. Our enduring relationships with large and emerging corporates in India allows us to participate in a variety of transactions, which include equity capital markets, debt capital markets, mergers and acquisitions and private equity syndication. Our investment banking and securities business is largely dependent on the health of capital markets in India.



Investment Banking

Mergers & Acquisitions

We were ranked No.1 in the Indian M&A League Table during FY18* and that has reinforced our proven leadership in the M&A space. At JM Financial, we witnessed increased activities and further leveraged our expertise to execute complex projects, identifying optimal transaction partners for our clients. During FY 2017-18, we were advisors to the following marquee transactions:

Ranked No.1 in the Indian M&A League Table during FY18*

- Advisor to the Department of Investment & Public Management, Ministry of Finance, Government of India on its 51.11% stake sale in Hindustan Petroleum Corporation Limited to Oil and Natural Gas Corporation Limited
- Financial advisor to Reliance Jio Infocomm Limited (RJIL) for acquisition of towers, optic fibre cable network, spectrum and media convergence nodes assets from Reliance Communications Limited and its affiliates

*Source: Mergermarket, on completed basis.

- Financial advisor to Tata Chemicals Limited on the transfer of its urea and customised fertilisers sale and distribution business, by way of a slump sale, to Yara Fertilisers India Private Limited
- Manager to the open offer by Xchanging Technology Services India Private Limited along with Computer Sciences Corporation India Private Limited and DXC Technology Company to the shareholders of Xchanging Solutions Limited
- Financial advisor to Timken India Limited on acquisition of ABC Bearings Limited through a scheme of arrangement
- Sole financial advisor to Sona Autocomp Holding Limited (SAHL) on the sale of its entire stake in Sona Koyo Steering Systems Limited to JTEKT Corporation, a Japanese multinational, and long-standing technical and financial collaborator to SAHL
- Manager to the open offer by JSW Cement Limited to the public shareholders of Shiva Cement Limited
- Sell side financial advisor to Arch Pharmalabs Limited for sale of a US FDA approved manufacturing plant

Equity Capital Markets

At JM Financial, we advise corporates for fund raising, debts and related offerings. During FY 2017-18, the primary markets were active and the Equity Initial Public Offers (IPOs) have both increased in number of issuances and value.

During FY 2017-18, we were involved in the following equity capital market transactions:

Book Running Lead Managers to the IPOs of:

S.Chand & Co. Ltd.: ₹ 729 crore
GTPL Hathway Ltd.: ₹ 485 crore
Cochin Shipyard Ltd.: ₹ 1,443 crore
ICICI Lombard General Insurance Co. Ltd.: ₹ 5,701 crore
SBI Life Insurance Co. Ltd.: ₹ 8,389 crore
Prataap Snacks Ltd.: ₹ 482 crore
Reliance Nippon Life Asset Management Ltd.: ₹ 1,542 crore
Galaxy Surfactants Ltd.: ₹ 937 crore
Aster DM Healthcare Ltd.: ₹ 980 crore
Bandhan Bank Ltd.: ₹ 4,473 crore

Book Running Lead Managers to the QIPs of:

State Bank of India: ₹ 15,000 crore
Aksharchem (India) Ltd.: ₹ 69 crore
Bajaj Finance Ltd.: ₹ 4,500 crore
Apollo Tyres Ltd.: ₹ 1,500 crore
Mahindra & Mahindra Financial Services Ltd.: ₹ 1,056 crore
Natco Pharma Ltd.: ₹ 915 crore
Housing Development Finance Corp. Ltd.: ₹ 1,896 crore
Gayatri Projects Ltd.: ₹ 200 crore
L&T Finance Holdings Ltd.: ₹ 1,000 crore
Jindal Steel & Power Ltd.: ₹ 1,200 crore

Private Equity Syndication

During FY 2017-18, IT/ITES, Financial Services and Power & Power Ancillary sectors received maximum interest from private equity investors and the year recorded private equity deals worth ₹ 1,76,681 crore. This was significantly higher than ₹ 86,843 crore private equity deals worth in FY 2016-17.

(Source: JM Financial Estimates).

We acted as advisor to the following clients in private equity advisory:

- Catholic Syrian Bank for investment of ₹ 1,180 crore from Fairfax India
- Eton Park Capital Management for exit of ₹ 659 crore in Reliance Nippon Life Asset Management Limited to IIFL Special Opportunities Fund and Valiant Partners
- Wisemore Advisory (promoter entity of ReNew Power) for structured finance from Piramal Finance

BUSINESS HIGHLIGHTS

Institutional Equities

We offer brokerage services in both cash and derivatives segments to Indian and global institutional clients through our Institutional Equities business. Our objective is to provide high-quality differentiated research with a focus on new stock ideas, intensive client servicing and efficient trade execution, complemented by hassle-free post trade settlement.

We continue to generate differentiated research spanning stock ideas, thematic and sector reports, macro and investment strategy notes, among others. This helps us maintain a strong two-way relationship with our existing and ever-growing institutional client base. We are the preferred choice of our clients and consistently rank top among broker partners for several foreign and domestic institutional investors. We ensure to provide end-to-end delivery through full-service sale, trading, research and corporate access services.

We are looking forward to grow our derivatives product and coverage in FY 2018-19 to further augment our position in institutional equities business. We will capitalise on the tailwinds caused by the government's initiatives towards dismantling Double Taxation Avoidance Agreements (DTAAs) with most jurisdictions; and further driving the 'on-shoring' of the Indian equities derivatives market by restricting listing of Indian derivatives onto offshore exchanges.



Investment Advisory and Distribution

Our Investment Advisory and Distribution business has three main divisions: Wealth Management, Equity Brokerage and Independent Financial Distribution.

Wealth Management Group (WMG)

The Wealth Management Group, at JM Financial, caters to ultra-high net-worth and high net-worth investors, corporates, banks and institutions. We believe the key to our growth is our ability to offer the best product solution to our clients through open product architect. We provide a complete range of financial and custody solutions to clients including family office, advisory and execution services through in-house and third party products, which makes us an unbiased trusted advisor. At present, we offer our services in seven major cities of India, while we cover the other cities through our hub and spoke model.



Mr. Rajeev Chitrabhanu, MD & CEO (left) and **Mr. Subodh Shinkar,** MD & COO (extreme right), Investment Advisory and Distribution presenting award at the Achievers Awards Event

Key Highlights of FY 2017-18

- Our assets under advice, distribution and management grew by 34% from ~₹ 23,664 crore as on March 31, 2017 to ~₹ 31,808 crore as on March 31, 2018
- We observed further improvement in the quality of our asset mix by garnering better yielding equity and debt assets, which now stands at ~81% of assets under management (AUM) compared to ~70% in the previous year

Moving forward, we will focus onrefining the quality of asset mix, improving productivity of wealth advisors and increasing AUM by adding net new money from existing and prospective clients. Besides, we will further expand our team size in key geographies where we have presence and invest in technology to improve our customer experience



Mr. Gautam Shah Associate Director, Technical Analyst (centre) at the Talking Finance event

BUSINESS HIGHLIGHTS

Equity Brokerage Group (EBG)

Our Equity Brokerage Group offers research-based equity advisory and trading services to high net-worth individuals, corporates and retail clients. It has a strong presence in 113 cities across India through a network of branches and franchisees that helps us in achieving a de-risked business model and a wide spread presence.

We service over 46,000 active clients with a team of 198 advisors spread across the country. The emergence of discount broking players in the last few years has forced even traditional full service brokers to build an online platform for cost-sensitive retail/high-trading customers.

Key Highlights of FY 2017-18

- Continued to invest in people, research capabilities and online technology platforms, which will help us to grow cost effectively
- Recorded 33% of clientele volume contributions through online trading

Independent Financial Distribution Group (IFDG)

Our Independent Financial Distribution Group (IFDG) has a network of over 8,400 active Independent Financial Distributors (IFDs). The IFDs distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds to retail and high net worth customers across the country.

Key Highlights of FY 2017-18

- Mobilised more than ₹ 3,500 crore in various company fixed deposits and bonds; over ₹ 3,800 crore in public issues of equity under retail category; and more than ₹ 2,000 crore in various mutual fund schemes
- Continued to invest in technology platforms to service IFDs more efficiently
- The new online platform for investments in Mutual Funds and IPOs launched last year has been well received by IFDs and observed a steady increase of business transactions through the online platform that helped handle higher business volumes



BSE Awards 2017

JM Financial Services Limited was recognised amongst the Top Performers in the Equity Broking Segment (Retail Trading)

We were recognised amongst the Top Performers in Primary Market Segment (Equity – IPO/FPO Bids - Members)

We were recognised amongst the Top National Distributors in Mutual Fund Segment

NSE Award 2017

JM Financial Services Limited awarded Market Achievers Award in the 'Highest IPO Bidding-Non-Institutional' category

The Great Place To Work Award 2017

JM Financial Services Limited chosen as India's best Large-Size companies to Work 'Investments' category

International Operations

We have established subsidiaries/step down subsidiaries in Mauritius, Singapore and USA to offer our overseas clients/investors services in these jurisdictions.

Fund Based Activities

Our fund-based activities involve commercial real estate lending, structured financing, capital market related lending and asset reconstruction business. The business also includes trading in corporate bonds and government securities and identifying, acquiring and selling down debt assets through a range of structured products. It also includes our new initiatives; Housing Finance Business and SME Business.

LOAN BOOK GROWTH

[₹ in Crore]

FY 17-18	14,772
FY 16-17	11,343
FY 15-16	7,215
FY 14-15	5,388
FY 13-14	2,979

Commercial Real Estate

Key Highlights of FY 2017-18

- Our loan book grew to ₹ 9,268 crore as on March 31, 2018 from ₹ 8,106 crore as on March 31, 2018
- Expanded client relationships to 77 groups across India
- Recorded CAGR of 48% over the last three years
- We ventured into two new geographies — NCR and Kolkata

Strategy going forward

- Leveraging our long-standing relationships in the industry and provide financing solutions to meet requirements
- Increase exposure to existing clients, along with addition of high-quality new clients
- Continue diversification of the loan book across existing geographies
- Provide financing solutions to real estate developers with focus on project financing



BUSINESS HIGHLIGHTS

Structured Finance

The Structured Finance business achieved good momentum in FY 2017-18 propelled by increasing refinancing and new money requirements of corporates due to (a) challenges in the banking system and (b) absence of capital to fund growth and strategic objectives of corporates.

Key Highlights of FY 2017-18

- Closed over 20 transactions comprising medium- to long-tenor structured deals and promoter financings to companies across various sectors — consumer, industrials, pharmaceutical, engineering, infrastructure, services and others — with a loan book of ₹ 2,705 crore as on March 31, 2018 comprising a portfolio of good credits with credible promoters in resilient sectors
- Added significant balance sheet progress on single transactions at attractive pricing

Our key differentiator in the Structured Finance Group (SFG) business versus other Non-Banking Financial Companies (NBFCs) is our ability to be a valued financing partner for the long term, with a reputed investment banking and capital markets franchise. Therefore, we offer a comprehensive advisory cum financing platform to clients. While risk-return is based on lending criterion, the credit rigour is akin to that of a private equity investment team, with a relationship approach instead of mere transaction orientation.

Going forward, the focus will be on driving business and profitability with stronger client partnerships, robust credit assessment and portfolio monitoring. It will further steer competitiveness on pricing terms and maximise yield across the portfolio.

Asset Reconstruction

At JM Financial ARC, we continue to focus on acquisition of corporate accounts having revival and restructuring potential. On the resolution front, we aggregated and restructured dues of few large accounts across various sectors like pharmaceuticals, ceramics, plywood and so on. Typical restructuring of these accounts was envisaged through infusion of additional finance, conversion of part loan into equity and monetisation of some assets to generate liquidity and optimise operations. We are also witnessing increased traction in recoveries from small and medium sized accounts and expect the same to continue.



Mr. Vivek Grover, MD & COO, JM Financial ARC (extreme right) attending the Asset Resolution Conference of Indian Banks' Association

Amendments likely to impact Asset Reconstruction business

Current legal and regulatory environment provides impetus to timely resolution of stressed accounts because of favourable initiatives by Reserve Bank of India (RBI) and Government of India. Some such initiatives are being amended with regard to Insolvency and Bankruptcy Code (IBC) allowing ARCs, among others, to become resolution applicants in Corporate Insolvency Resolution Process (CIRP) filed under IBC before NCLT. The exemption provided by RBI allows ARCs to hold more than 26% in the post converted equity of the borrower company. The revised guidelines issued by RBI for Resolution of Stressed Asset directs banks to start insolvency proceedings on accounts with debt of ₹ 2,000 crore and more if stress is not resolved within 180 days. These amendments are expected to have a positive impact on the industry in the long run and shall also lead to speedy recovery due to early involvement of ARCs in the resolution process.

Our investment strategy focusses on acquiring good quality assets having revival potential at the right price and limiting the downside risk by ensuring sufficient underlying security value. Our investment approach is based on a disciplined due diligence process that measures risk while also identifying various measures to increase value from our investments. We are closely working with diverse sector-specific professionals and sector-specialised firms for revival of the acquired units.

Going forward, we will continue to focus on cash investments. However, we are also committed to meet the requirements of seller Banks/NBFCs be it in terms of only cash or cash cum security receipts depending upon their respective requirements based on anticipated recoveries, so that they can also participate in the upside.

Housing Finance Business

We forayed into retail housing finance in FY 2017-18 with a focus on affordable housing. Affordable housing remains a large and under-penetrated market in India with government policies catalysing the market. We endeavour to cater to this segment, which is currently under-served by banks and traditional HFCs.

Key Highlights of FY 2017-18

- Focussed on setting up the core team, processes and operations and have already put together senior team members with more than 100 man-years' experience behind them
- Established operations at five locations in Maharashtra and Gujarat
- Processed more than 1,000 loan applications and garnered over 200 customers in the past four months

We believe, with our core systems and operations in place we are well positioned to build on the strong platform that we laid in FY 2017-18.



The Housing Finance team at the inauguration of its new office in Borivali

BUSINESS HIGHLIGHTS

SME Business

The SME vertical broadly covers three sub categories – Credit to SMEs, NBFC lending and Education Institution Loans (EIL).

- **SME Loans**: With an objective to contribute to this dynamic and growing sector, we launched the SME loans business, which includes collateral based lending to manufacturing, services and trading entities to help them meet their working capital needs. The SME loans business covers both term loans and line of credit to the sector with a distinct focus on right fit product built around current and projected cash flows of the borrower

- **Education Institution loans**: India offers tremendous growth potential in private education with over 40% of its population falling under education seeking population. We have forayed into the Education Institution financing segment in select geographies. Education Institution Loans would be offered to private education institutions for brown-field expansion and for augmentation of working capital

- **NBFC lending**: India is witnessing an era of evolution where digital transactions and deeper credit penetration has increased multifold, leading towards high growth for formal credible financing. We believe NBFCs with proximity to specific regions have potential opportunity for the underserved and last mile delivery to the credit. We are selectively partnering with such NBFCs, which have domain expertise by providing them with loans

India offers tremendous growth potential in private education with over 40% of its population falling under education seeking population.

Alternative Asset Management

Private Equity Fund

JM Financial India Fund (the Fund) is an India-focussed private equity fund. It provides growth capital to dynamic, fast growing companies in India. The Fund raised capital of ₹ 952 crore through its domestic and offshore schemes and invested the corpus in 13 companies across various sectors.

The Fund has successfully exited from nine of its portfolio companies (including two partial exits) and has returned an aggregate of 98% of the capital contributions as on March 31, 2018. The Fund is currently working to seek exit opportunities for the balance portfolio.

JM Financial India Fund II

JM Financial India Fund II (Fund II) is established as a trust under the Indian Trust Act, 1882 and registered with the Securities and Exchange Board of India (SEBI), under the SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II AIF.

Similar to the Fund, Fund II is an India-focussed private equity fund, which concentrates on investing in dynamic and fast-growing small to mid-market companies in India. The Fund II has completed one investment and is actively evaluating further investment opportunities.

Real Estate Fund

JM Financial Property Fund (the Property Fund) is a real estate focussed 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 ₹ 401 crore, which is completely invested. Till date the Property Fund has made an aggregate distribution of ₹ 290 crore, which is 72% of the total capital contribution in rupee terms.

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

Asset Management

Mutual Fund

JM Financial Mutual Fund (JMF MF) has been operational for over two decades in the Asset Management business in India with ~₹ 16,365 crore of average AUM as on quarter ending March 31, 2018.

We offer a bouquet of 15 mutual fund schemes across the risk-return spectrum that caters to the specifics of both institutional and individual investors.

With schemes in various categories such as Equity-oriented schemes, Equity-linked Savings Scheme, Debt-based schemes (in both short-term debt and long-term debt), Hybrid Schemes and Specialised Schemes such as Arbitrage, we provide a wide range of retail and corporate investment solutions. In fact, JMF MF was one of the first few fund houses in the country to launch and create a niche in the Arbitrage category. Our risk and fund management framework allows us to effectively manage both risk and investments while generating high quartile returns across the product categories.

JM Financial Asset Management Ltd., the asset management company of the Mutual Fund has established its presence across all demographics and has a pan-India presence with 14 branches, 81 investor service centres and over 15,000 distributors.

Mutual fund industry touched an all-time high

The AAUM of the mutual fund industry touched an all-time high of ₹ 23 trillion in the quarter ending March 31, 2018. The robust performance of the industry comes on the back of growing investor awareness and increased inflows in both the equity as well as debt-oriented funds. Indian markets rallied to near recent high led by strong domestic institutional investor flows as economic fundamentals continue to remain strong.

The average assets under management (AAUM) of JM Financial Mutual Fund for FY2017-18 were at ~₹ 14,822 crore with Equity AAUM ~₹ 8,847 crore and Debt AAUM of ~₹ 5,975 crore.



The Great Place To Work 2017

JM Financial Asset Management Ltd. ranked 30 in India's Great Mid-Size Work Places 2017

Real Estate Consultancy Services

Tech-enabled Real Estate Consultancy

In April 2017, we launched our new business named 'Dwello' which operates within the primary residential real estate space. Dwello assists home buyers to make right decisions at every step from initiation to completion of their home buying journey and also helps real estate developers to source home buyers for their projects.

The value proposition of Dwello is backed by technology, data analytics and use of online and social media marketing. Dwello is expanding to different areas within Mumbai. We believe that our existing real estate relationships and our expertise in closing transactions will help us further build this business and expand geographically.

With a vision to create a technologically advanced real estate consulting company, we believe Dwello will be able to add significant value to our customers.

Dwello assists home buyers to make right decisions at every step from initiation to completion of their home buying journey and also helps real estate developers to source home buyers for their projects.



Team interacting with homebuyers from Thane at a recent expo conducted by NAREDCO

CLIENTS' SPEAK

Mr. Rajeev Piramal
Vice Chairman & Managing Director
Peninsula Land Limited

JM Financial has always offered Peninsula Group unique solutions for funding requirements. We have been associated with them for over five years now and can vouch that they understand real estate and its funding requirements very well, and their team turns around proposals very quickly. In the past five years, we have closed many financial transactions involving complex funding structures and the team has always been supportive. The team is committed, knowledgeable, dedicated and demonstrates very high ethical standards. We wish them success and look forward to our continued association. We also expect that our relationship will now extend to other offerings provided by JM Financial.

Mr. Parag Munot
Managing Director
Kalpataru Group

JM Financial stands out for its professionalism, responsiveness and funding expertise. Its keen understanding of the market and unique client needs enables it to offer a custom financing solution that makes an impactful difference to the business. We are truly happy with our business relations and long-term partnership with JM Financial.

Mr. Sundeep Sikka
Executive Director & CEO
Reliance Nippon Life Asset Management Limited

On behalf of Reliance AMC, I would like to thank the entire team at JM Financial for the impressive work done to successfully close our landmark transaction, the first IPO by Asset Management Company of ₹ 1,542 crore. The strong commitment and dedication displayed by JM Financial team in ensuring an exceptional debut of Reliance AMC on the stock exchanges was truly admirable.

Mr. Shivkumar Reddy
Managing Director & Promoter
Pearl Distilleries Limited

JM Financial was very thorough in understanding the fundamentals of our business and their knowledge base of benchmarking with the best in our business vertical was of immense help in improving our performance parameters. Also, the standards of professionalism exhibited by JM Financial helped us raise our standards considerably, which was a big value addition to our existing business processes.

OUR PEOPLE. OUR PRIDE.

We care about our people and believe they are our most important asset. We recruit individuals and nurture them to build a team. At JM Financial, our people strategy ensures that we focus on creating the right culture through employee engagement, talent management and performance management.

TALENT MANAGEMENT

We believe our team's commitment towards attaining our organisational goals plays a critical role in our overall performance. Thus, talent management remains one of the most important aspects for our business. We believe our people are our partners and stakeholders and helps to keep us competitive in the market.



Employees enjoying a musical evening

EMPLOYEE DEVELOPMENT

At JM Financial, it is a key priority to build and develop the talent pool with relevant competencies. Thus, it is essential to encourage an environment of continuous learning. We promote both on-the-job and classroom trainings for employees' skill development and progress, which also serve as motivational points. Our skill development programmes involve both behavioural and technical skills.

During FY 2017-18, we organised several workshops and training programmes, which included behavioural programmes such as Eye for Detail, HR Analytics, Effective Communication and Time Management. Our technical training programmes in FY 2017-18 involved MS Office, Cash Flow Based Financial Analysis, Financial Modelling, Credit Risk Modelling and Key Account Management.



Team attending a training session

EMPLOYEE ENGAGEMENT

At JM Financial, we endeavour to engage our people through various forums, which encourage employee interactions and communications; thus, improving work relationships. We make all major festivals like Independence Day, Diwali, Women's Day memorable with engagement events that draw active participation from our people. Additionally, we organised staff outings to enhance team building and reinforce inter-team functionalities. We further encourage our people to participate in cultural programmes like the Music Club, Yoga Club and the Photography fest (All India Corporate Photography Contest) and various sporting activities. Besides, we actively promote and sponsor participation of both male and female colleagues in various corporate tournaments like football and cricket.

During FY 2017-18, we participated in employee engagement surveys such as Great Place to Work and People Matters' Awards. We were recognised as one of the best places to work in the 'Great Place to Work 2017' Survey.

We were also selected for the Final Round in People Matters League Awards 2018 in the Category: Best in Building Careers.



Team celebrating a festival of colours



Employees participating an Inter-corporate Soccer Tournament



Awardees of the Excellence Awards held in January 2018 in recognition of their stellar work performance

EMPOWERING PEOPLE. INSPIRING HOPE.

At JM Financial, our objective is to be an enabler in developing capacities of underserved communities and helping them achieve greater self-reliance. Our social initiatives are implemented by JM Financial Foundation and Kampani Charitable Trust – our two philanthropic arms — that help us catalyse social development projects at the grassroots.

JM Financial Foundation was set up in 2001 with an objective of providing relief and rehabilitation to the then victims of a major natural calamity. It has been supporting several commendable initiatives, under philanthropic giving and employees volunteering.

We are implementing long-term social initiatives in some of the most underdeveloped regions of Maharashtra, Madhya Pradesh, Bihar, Jharkhand and Gujarat. These need-based interventions are designed keeping in mind the communities' willingness, abilities and existing resources. Premised on this perspective, we undertake our social initiatives under the aegis of Integrated Rural Transformation Programme in the aforementioned geographies.

Glimpses of our work on field









The details of our journey so far has been described in the Corporate Social Responsibility section of the Management Discussion and Analysis. Refer page nos. from 90 to 99.

CORPORATE INFORMATION

BOARD OF DIRECTORS

NON EXECUTIVE CHAIRMAN
Mr. Nimesh Kampani

MANAGING DIRECTOR
Mr. Vishal Kampani

INDEPENDENT DIRECTORS
Mr. E A Kshirsagar
Mr. Darius E Udwadia
Mr. Paul Zuckerman
Dr. Vijay Kelkar
Mr. Keki Dadiseth
Ms. Jagi Mangat Panda

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
Deloitte Haskins & Sells, LLP

REGISTRAR & SHARE TRANSFER AGENTS
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032
Phone: 040-6716 2222 Fax: 040-23420814
Toll Free no.: 1800-3454-001
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: 91-22-6630 3030 Fax: 91-22-6630 3223
Email: shareholdergrievance@jmfl.com
Website: www.jmfl.com

CIN: L67120MH1986PLC038784

Notice

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON WEDNESDAY, JULY 18, 2018 AT 3.00 P.M. AT J. K. BANQUETS HALL, INDUSTRY MANOR, 1/B - 1&2, GROUND FLOOR, APPASAHEB MARATHE MARG, NEAR CENTURY BHAVAN, PRABHADEVI, MUMBAI – 400 025 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, 2018, 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, 2018, 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), who retires by rotation and being eligible, seeks re-appointment.

4. To ratify the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W/W-100018), as the Statutory Auditors of the Company to hold office from the conclusion of the Thirty Third Annual General Meeting until the conclusion of the Thirty Fourth Annual General Meeting and to 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** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations"), as amended, and Section 188 of the Companies Act, 2013 (hereinafter referred to as "the Act"), if and to the extent applicable, and other applicable provisions 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(s) thereof for the time being in force), consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall include any Committee thereof) 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 loan(s) to, and/or giving of guarantee(s) or providing security(ies) on behalf of JM Financial Credit Solutions and/or making of investments in the securities of JM Financial Credit Solutions and the purchase from and/or sale to it of any securities and/or providing/availing of services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the 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 point of time shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore Only) during a financial year."

   "**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."

6. 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, as amended (hereinafter referred to as "the Listing Regulations") and Section 188 of the Companies Act, 2013 (hereinafter referred to as "the Act"), if and to the extent applicable, and other applicable

provisions 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(s) thereof for the time being in force), consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall include any Committee thereof) to enter into any and all transactions/contracts/arrangements with JM Financial Asset Reconstruction Company Limited (JM Financial ARC), 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 loan(s) to, and/or giving of guarantee(s) or providing security(ies) 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 services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the 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 point of time shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore Only) during a financial year."

"**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."

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 referred to as "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(s) or re-enactment(s) 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 other applicable Securities and Exchange Board of India regulations and guidelines, Reserve Bank of India guidelines along with applicable circulars and clarifications issued by them from time to time and to the extent applicable to the Company and subject to the provisions of the Company's Memorandum and Articles of Association, consent of the Members be and is hereby accorded to the Board of Directors (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 ₹ 5,000 Crore (Rupees Five Thousand Crore Only), 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 a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and subject to necessary approvals from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and other appropriate statutory authorities, as may be necessary, consent of the Members be and is hereby accorded for re-classification of the status of Mr. Ashith Kampani, (currently constituting part of Promoter Group of the Company), from Promoter Group category to Non-Promoter Group/Public category."

"**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."

Notice (Contd.)

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

"**RESOLVED THAT** pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder as applicable, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in terms of the provisions of the Company's Memorandum and Articles of Association, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the Members 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 give any loan(s) and/or any guarantee(s) and/or provide any security(ies) in connection with any loan(s) to any other body corporate or person and/or to make any further investments/acquisition by way of subscription, purchase or otherwise, the securities (including equity shares, preference shares, debentures, or any other kind of instruments, whether convertible or not) of other body corporate, up to an amount of ₹ 2,000 Crore (Rupees Two Thousand Crore Only) over and above the limits available to the Company of 60% (Sixty Percent) of its paid up share capital, free reserves and securities premium account or 100% (One Hundred Percent) of its free reserves and securities premium account, whichever is more, and remaining outstanding at any point of time."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, 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 for implementation of the above resolution and matters connected therewith or incidental thereto including but not limited to delegation of all or any of the powers herein conferred to any Committee or any director(s) or any other officer(s) of the Company, or to settle any questions, difficulties or doubts that may arise with regard to the above resolution, without being required to seek any further clarification, consent or approval of the Members."

By Order of the Board

Prashant Choksi
Group Head - Compliance, Legal
& Company Secretary

Date: May 2, 2018
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 referred to as "the Act") and the Rules made thereunder, a person can act as proxy on behalf of the Members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10% (ten percent) of the total 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 10% (ten percent) of the total 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 statement 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, is annexed hereto and forms part of the Notice.

2. Members are requested to:

   i bring 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. Body Corporate 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 shall remain closed from Monday, May 14, 2018 to Friday, May 18, 2018 (both the days inclusive) for the purpose of dividend and Annual General Meeting (AGM).

5. The final dividend as recommended by the Board of Directors, if declared at the ensuing AGM, will be paid on and from Friday, July 20, 2018 to those members:

   i. whose names appear in the Register of Members at the close of business hours on Friday, May 11, 2018, 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 Friday, May 11, 2018, in respect of shares held by them in dematerialised form.

6. Pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "the IEPF Rules"), the amount of dividend which remains unclaimed or unpaid for a period of seven consecutive years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) thereof is required to be transferred to the Investor Education and Protection Fund (IEPF) established under Section 125(1) of the Act. Accordingly, the unclaimed dividend in respect of the financial year 2010-11 is due for transfer to the IEPF in August 2018. Members, who have not yet claimed their dividend for the financial year 2010-11 and/or for any subsequent financial years, are requested to immediately claim the same from the Company or its Registrar and Share Transfer Agents.

   Additionally, pursuant to Section 124(6) of the Act read with the IEPF Rules, all shares in respect of which the dividend has not been claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF Authority by way of credit to the Demat Account established by the IEPF Authority for the said purpose. In accordance with requirements of the said Section, the Company has transferred an aggregate of 11,65,283 equity shares in favour of IEPF authority in November 2017. Pursuant to this requirement, all equity shares in respect of which the dividend has not been claimed for seven consecutive years from the financial year 2010-11 (barring the equity shares that have already been transferred in November 2017) are due to be transferred by the Company in the name of IEPF Authority in August 2018. Any member whose shares are thus transferred to IEPF Authority may claim his/her/its shares under proviso to Section 124(6) of the Act by following the process given under Rule 7 of the IEPF Rules.

   In terms of the relevant IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the financial years from 2010-11 to 2015-16 and Interim Dividend for the financial year 2016-17 as on the date of the Thirty Second Annual General Meeting held on July 24, 2017, 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 Sections 124 and 125 of the Act, the Company has transferred an amount of ₹ 11,46,434, being the unclaimed dividend for the financial year 2009-10 to IEPF on September 21, 2017. The details in respect of amount of unclaimed dividend for last seven years are given in the General Shareholders' Information Section forming part 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 2017-18 is being sent to those members whose email IDs are registered with their respective Depository Participants (DPs), the Company or its Registrar and Share Transfer Agents, viz., Karvy Computershare Private Limited, unless any member has requested for a hard copy of the same. Members, who have not registered their email addresses so far, are requested to promptly intimate the same to their respective DPs or to the Company/its Registrar and Share Transfer Agents, as the case may be. Physical copies of the Annual Report for the financial year 2017-18 will be sent through the permitted mode in cases where the email addresses are not registered with the Company.

Notice (Contd.)

9. Electronic copy of the Notice convening the Thirty Third AGM 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 email IDs are registered with their respective DPs. Those Members who have not registered their email 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 through permitted mode.

10. Members may also note that the Annual Report for the financial year 2017-18 including the Notice convening the Thirty Third AGM will also be available on the Company's website viz., www.jmfl.com which can be downloaded from the site. The physical copies of the aforesaid documents will also be available for inspection at the Company's Registered Office on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Third Annual General Meeting. 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. Members may also send their requests to the Company's investor email id: shareholdergrievance@jmfl.com.

11. **Voting through electronic means**

I. In compliance with the 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, as amended the Company provides to its Members, the facility to exercise their right to vote on resolutions proposed to be considered at the Thirty Third AGM by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using the 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 the meeting shall be able to exercise their right to vote at the meeting through ballot paper in case they have not cast their vote by remote e-voting.

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

IV. The remote e-voting period commences on Saturday, July 14, 2018 (9:00 a.m.) and ends on Tuesday, July 17, 2018 (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 Wednesday, July 11, 2018) may cast their votes 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 a member through e-voting, the concerned member shall not be allowed to change it subsequently or cast the vote again.

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

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

A. Members whose email IDs are registered with the Company/DPs will receive an email from Karvy informing them of their User ID and Password. Once a Member receives the email, 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 1800-3454-001 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 (a-z), 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, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you have forgotten

your password. 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. If you do not want to cast your vote, select "ABSTAIN".

(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 and click on "SUBMIT".

(xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm your vote on the Resolution(s), 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, NRIs, 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 authorised representative(s), to the Scrutiniser 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 format "Corporate Name_EVENT NO."

B. In case a member receives physical copy of the Notice of AGM (for those members whose email IDs are not registered or who have requested the physical copy):

(i) Initial password is provided in below format at the bottom of the Attendance Slip for the AGM :

USER ID	PASSWORD

(ii) Please follow all steps from Sl. No. (ii) 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 you are already registered with Karvy e-voting platform then you can use your 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 Wednesday, July 11, 2018.

XII. Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date i.e., Wednesday, July 11, 2018, 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 and Client ID, the member may send SMS : **MYEPWD** <space> E-Voting Event Number + Folio No. or DP ID and 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 and Client ID, then on the home page of

Notice (Contd.)

https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID and Client ID and PAN to generate a new password.

c) You may call Karvy's toll free number 1800-3454-001 for any help.

d) You may also send an e-mail request to evoting@karvy.com.

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., Wednesday, July 11, 2018, only, shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.

XIV. Ms. Jayshree S Joshi, Company Secretary (Membership No. FCS 1451), Proprietress of Jayshree Dagli & Associates, Company Secretaries, Mumbai, is 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 those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

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

XVIII. Subject to receipt of requisite number of votes, the Resolutions as stated in this Notice shall be deemed to have been passed on the date of the AGM i.e., Wednesday, July 18, 2018.

12. The Company has paid the annual listing fees for the financial year 2018-19 to BSE Limited and National Stock Exchange of India Limited.

13. 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 No. SH-13 in duplicate to the Registrar and Share Transfer Agents (RTA) of the Company. Members may obtain a blank Form No. SH-13 upon request to the Company or its RTA.

14. Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN), bank account details and documents pertaining to address proof by every participant in the securities market. Members holding shares in physical form are requested to submit their PAN, bank account details and documents pertaining to address proof to the Company or to its RTA, if not submitted earlier.

15. The Company has made necessary arrangements for the Members to hold their shares in dematerialised form. Those members who are holding shares in physical form are requested to dematerialise 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.

16. Payment of dividend through Electronic Clearing Services (ECS)/ National Automated Clearing House (NACH):

All companies are mandatorily required to use ECS/NACH facility wherever available for payment of dividend, 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 their respective DPs. All Members holding shares in electronic form are, therefore, requested to update their correct bank details with their DPs to ensure receipt of dividend through ECS/NACH mode. Members holding shares in physical form and desirous of either registering their bank particulars or changing bank particulars already registered in their respective folios for payment of dividend, are requested to write to the Company or to its RTA.

17. 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 despatch the dividend pay orders or the communication relating to the ECS/NACH at the changed address.

Request To Members

Members are requested to send their queries, 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 11, 2018, so that the answers/details can be kept ready at the Annual General Meeting.

Annexure to Notice

Statement to be annexed to Notice pursuant to Section 102 of the Companies Act, 2013

Item Nos. 5 & 6

Pursuant to the Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations"), all related party transactions shall require prior approval of the Audit Committee and all material transactions with related parties shall also require approval of the members of a public listed company through a resolution and the concerned related parties shall abstain from voting on such resolution. Additionally, as per the provisions of Section 188 of the Companies Act, 2013 (hereinafter referred to as "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(s) thereof for the time being in force), all related party transactions beyond the thresholds mentioned in sub-rule (3)(a) of the said Rule 15, 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 listed company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2017-18 is ₹ 3,234.89 Crore. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 323.49 Crore (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, prior approval of the Members will be required for the same.

The Company has made investments in its group companies and it may also make further investments and/or lends funds in/to its group entities from time to time including JM Financial Credit Solutions Limited and JM Financial Asset Reconstruction Company Limited as and when they require funds for their business activities/working capital needs.

The Company has a net worth of ₹ 2,378.03 Crore and it enjoys credit rating CRISIL A1+ from Crisil Limited, ICRA A1+ and ICRA AA (stable) from ICRA Limited and CARE A1+ from CARE Limited for its borrowings.

In view of the above, it is proposed to obtain 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	Subsidiary Company	Loans/Inter-corporate Deposits/Investment, purchase and/or sale of securities, transfer of assets, providing/ availing of services, etc.	Up to ₹ 500 Crore
2.	JM Financial Asset Reconstruction Company Limited	Subsidiary Company	Loans/Inter-corporate Deposits/Investment, purchase and/or sale of securities, transfer of assets, providing/ availing of services, etc.	Up to ₹ 500 Crore

* *The ceiling on the amounts of transactions specified as above would mean the transactions, if any, entered into and remaining outstanding at any point of time during a financial year.*

The Members at the Thirty Second Annual General Meeting had accorded their approval, inter alia, to give loans/inter corporate deposits/investment, purchase and/or sale of securities to JM Financial Credit Solutions Limited (JM Financial Credit Solutions) and JM Financial Asset Reconstruction Company Limited (JM Financial ARC) for an amount of up to ₹ 500 Crore each. Pursuant to the said approval, the Company has done transactions with JM Financial Credit Solutions for an amount aggregating ₹ 8.77 Crore and with JM Financial ARC for an amount aggregating ₹ 304.82 Crore during the financial year 2017-18. Apart from the above, no other transactions have been entered into by the Company with these companies.

JM Financial Credit Solutions is a Non-Banking Finance Company registered with Reserve Bank of India and engaged in lending activities focused on Real Estate Financing which includes loan against commercial real estate/properties. As on March 31, 2018, the Company holds 50.01% equity stake of the total share capital in JM Financial Credit Solutions. Out of the remaining 49.99% stake, 48.62% is held by INH Mauritius 1, a company whose sole voting shareholder is controlled by Mr. Vikram Shankar Pandit and 1.37% is held by Ms. Aparna Murthy Aiyar.

JM Financial ARC is a Securitisation Company registered with Reserve Bank of India and engaged in acquisition of

non-performing and distressed assets (NPAs) from Banks and Financial Institutions. As on March 31, 2018, the Company holds 57.07% equity stake of the total share capital in JM Financial ARC, and the remaining 42.93% stake is held by other investors.

The above transactions, which are enabling in nature, have been approved by the Audit Committee of the Board of the Company at their meeting held on May 2, 2018, in terms of the requirements of Regulation 23(3) of the Listing Regulations.

The Board commends passing of the Ordinary Resolutions set out at item nos. 5 and 6 of the Notice.

Mr. Darius E Udwadia, also a Director of JM Financial Credit Solutions, may be deemed to be interested in the ordinary resolution at item no. 5 of the Notice.

None of the other Directors/Key Managerial Personnel of the Company and their relatives is, in any way concerned or interested, financially or otherwise, in the Ordinary Resolutions set out at item nos. 5 and 6 of the Notice.

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 to the securities has been previously approved by the members of a company by a special resolution. In case of any offer or invitation to subscribe to 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 one year period from the date of passing such special resolution by the members of a company.

The Company had obtained the approval of Members by way of Special Resolution passed at the Thirty Second Annual General Meeting held on Monday, July 24, 2017 for raising of funds of up to ₹ 5,000 Crore (Rupees Five Thousand Crore Only) by way of issue of NCDs, in one or more tranches. Pursuant to the said approval, the Company so far has not raised any amount by way of issue of NCDs. In order to facilitate the raising of funds, if any, by way of issue of NCDs, it would be necessary to have the approval of members without any break.

The resolution proposed at item no. 7 of the Notice is to seek enabling approval from the members. If the NCDs are issued in pursuance of this resolution, the proceeds thereof would 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 ₹ 5,000 Crore (Rupees Five Thousand Crore Only) by passing the Special Resolution set out at item no. 7 of the Notice. This resolution will enable the Board of the Company to raise monies through the issue of NCDs, as and when required during the period of one year commencing from date of passing of the resolution as proposed above.

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 or 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 taken up by them), in the resolution as set out at item no. 7 of the Notice.

Item No. 8

As the Members may be aware, Mr. Ashith Kampani, brother of Mr. Nimesh Kampani, is currently classified as part of the Promoters' Group. Mr. Ashith Kampani, was holding 88 equity shares of the Company which he disposed off before the end of December 2017. At present, Mr. Ashith Kampani does not hold any equity shares in the Company and is not involved in any of the businesses of the Company. Accordingly, he has requested the Board of Directors of the Company to reclassify himself from part of the Promoters' Group to Non-Promoters' Group/Public category.

Pursuant to Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations") any person who is part of the Promoters' Group and is desirous of being reclassified as part of the Public category, may by a request to a company get himself/herself/itself reclassified subject to compliance with certain conditions stipulated therein and obtaining approval of the Board of Directors and members of a company and concerned stock exchanges.

Annexure to Notice (Contd.)

For information of the Members, Mr. Ashith Kampani does not directly or indirectly, exercise any control, over the affairs of the Company. He does not have any special rights through formal or informal arrangements with the Company or promoters or any person(s) forming part of the Promoters' Group. He has not been a Director or Key Managerial Personnel of the Company since July 2012. Members may note that the proposed reclassification is not pursuant to Regulation 31A(5) or (6) of the Listing Regulations. However, as a matter of abundant caution, it is proposed to seek the approval of the Members for the proposed reclassification.

Based on the above and taking into consideration the request of Mr. Ashith Kampani, the Board has approved the said reclassification.

In terms of Regulation 31A of the Listing Regulations, re-classification of promoters requires the approval of members of the Company.

The Board commends passing of the Special Resolution set out at item no. 8 of the Notice.

Mr. Nimesh Kampani, (being a relative of Mr. Ashith Kampani) and his relatives, may be deemed to be concerned or interested in the said resolution.

None of the other Directors/Key Managerial Personnel of the Company, or their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item no. 8 of the Notice.

Item No. 9

Section 186(3) of the Companies Act, 2013 (hereinafter referred to as "the Act") requires every company to obtain the members' approval through special resolution if it is proposing to -

a) give any loan to any person or other body corporate;

b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and

c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is more.

As the Members are aware, the Company has become a SEBI registered Category I Merchant Banker effective from January 18, 2018 upon amalgamation inter alia, of JM Financial Institutional Securities Limited with it and on filing of a certified copy of the order of the Hon'ble National Company Law Tribunal, Mumbai Bench dated December 14, 2017 with the Registrar of Companies, Maharashtra. Prior to this, the Company was registered as a Core Investment Company (CIC) with Reserve Bank of India, having investment in its subsidiaries, associate(s) and group companies. As a CIC and an investment holding company, the provisions of Section 186 were not applicable to it.

As a SEBI registered Category I Merchant Banker and an operating cum holding company, the Board of Directors of the Company has decided to seek and obtain enabling approval of the Members pursuant to Section 186 of the Act for giving of loan, guarantee and/or providing security in connection with any loan and/or to make further investments in the securities up to an amount of ₹ 2,000 Crore (Rupees Two Thousand Crore Only) over and above the limits available to the Company of 60% (Sixty Percent) of its paid up share capital, free reserves and securities premium account or 100% (One Hundred Percent) of its free reserves and securities premium account, whichever is more, and remaining outstanding at any point of time.

The subsidiaries/group companies of the Company are engaged in various financial services businesses. These entities may require financial support of the Company for their short term requirement of funds including on an episodic basis from time to time. The approval for higher limit is sought keeping in mind the fund requirements of subsidiaries/group companies for a short period of time as also to meet any episodic business requirements including meeting any underwriting obligations.

The Board commends passing of the Special Resolution as set out at item no. 9 of the Notice.

None of the Directors/Key Managerial Personnel of the Company and/or their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item no. 9 of the Notice.

By Order of the Board

Prashant Choksi
Group Head - Compliance, Legal
& Company Secretary

Date: May 2, 2018
Registered Office:
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai - 400 025
(CIN: L67120MH1986PLC038784)

ADDITIONAL INFORMATION OF DIRECTOR SEEKING APPOINTMENT AT THE THIRTY THIRD 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 (INFORMATION AS ON MARCH 31, 2018)

Name of the Director	Mr. Nimesh Kampani
Date of Birth	September 30, 1946
Initial Date of Appointment	June 12, 1987
Last Date of Re-appointment	July 24, 2017
Qualifications	B.Com, FCA
Expertise in specific functional areas	Financial advisory including Investment Banking, Mergers, Acquisitions & Restructuring, Corporate Finance and Capital Markets
Brief Profile	Mr. Nimesh Kampani is a commerce graduate from Sydenham College, Mumbai and a fellow member of the Institute of Chartered Accountants of India. Mr. Kampani is the founder and the 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, non-banking financial services, private equity and asset reconstruction. 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, mergers & acquisitions, investors on the focus areas for investing, regulators and law makers on progressive regulations for development of financial markets and corporate activities. 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 of India Limited, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Institute of Chartered Accountants of India. Mr. Kampani 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 and also a member of the Governing Board of Centre for Policy Research. Mr. Kampani is currently the Chairman of the CII National Council on Financial Sector Development. He is also a member of the India Advisory Board of Bain & Company and Advisory Board of Venture Studio promoted by Ahmedabad University. Mr. Kampani serves as an Independent Director on the Board of some of the leading Indian listed companies.
Directorships held in other listed companies excluding foreign companies	Apollo Tyres Limited Britannia Industries Limited Deepak Nitrite Limited Chambal Fertilisers and Chemicals Limited

Membership of Committees in other listed companies*	**Name of the Company**	**Audit Committee**	**Stakeholders' Relationship Committee**
	Britannia Industries Limited	Member	Member
	Apollo Tyres Limited	Member	-

Shareholding in the Company	Mr. Kampani holds 13,53,57,500** equity shares of the Company as on March 31, 2018. Mr. Kampani does not hold any equity shares of the Company for other persons on a beneficial basis.
Relationship with other Directors and Key Managerial Personnel	Mr. Vishal Kampani, Managing Director of the Company is son of Mr. Nimesh Kampani.
No. of Board Meetings attended during the financial year 2017-18	Mr. Nimesh Kampani attended all the 6 (six) Board meetings held during the financial year 2017-18.
Details of remuneration paid during the financial year 2017-18	Mr. Nimesh Kampani was paid ₹ 7.95 Lakh as sitting fees for attending Board and Committee meetings during the financial year 2017-18. It is also proposed to pay a commission of ₹ 16.00 Lakh for the financial year 2017-18.
Terms and conditions of appointment	Re-appointment as a Non-executive Director of the Company liable to retire by rotation to comply with the provisions of Section 152 of the Companies Act, 2013.

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

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

Directors' Report

To
The Members,

The Directors of the Company are pleased to present their Thirty Third Annual Report together with the annual audited consolidated and standalone financial statements for the financial year ended March 31, 2018.

Financial Highlights

The summary of the consolidated and standalone financial highlights for the financial year ended March 31, 2018 and the previous financial year ended March 31, 2017 is given below:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	**2017-18**	2016-17
Gross income	3,234.89	2,359.26	244.18	162.95
Profit before depreciation and amortisation expenses, finance costs & tax expenses	**2,479.29**	**1,777.01**	**185.07**	**147.20**
Less: Depreciation and amortisation expenses	26.17	23.32	1.02	0.67
Finance costs	1,144.60	781.96	34.54	39.60
Profit before tax	**1,308.52**	**971.73**	**149.51**	**106.93**
Current tax	444.53	343.75	10.60	-
Deferred tax	(5.64)	(8.50)	3.48	0.14
Tax adjustments of earlier years (net)	(0.53)	(0.41)	(0.73)	0.07
Profit after tax but before minority interest and share in associate company	**870.16**	**636.89**	**136.16**	**106.72**
Add: Share in profit of associate(s)	1.12	11.98	-	-
Less: Share of minority interest	240.36	178.67	-	-
Net Profit	**630.92**	**470.20**	**136.16**	**106.72**

Financial Performance

Consolidated

The consolidated Gross Income was higher by 37.11% at ₹ 3,234.89 Crore for the financial year ended March 31, 2018 as against ₹ 2,359.26 Crore during the previous financial year. Consolidated Net Profit was higher at ₹ 630.92 Crore for the year ended March 31, 2018 as compared to ₹ 470.20 Crore in the previous year registering an increase of 34.18%.

The consolidated financials reflect the cumulative performance of the Company together with its various subsidiaries and associate company. Detailed description about the business carried on by these entities including the Company is contained in the Management Discussion and Analysis report forming part of this Annual Report.

Standalone

The Gross Income of the Company stood at ₹ 244.18 Crore for the year ended March 31, 2018 as against ₹ 162.95 Crore in the previous year. The Company made a Net Profit of ₹ 136.16 Crore for the year ended March 31, 2018 as compared to the Net Profit of ₹ 106.72 Crore in the previous year. The above Gross Income and Net Profit for the year ended March 31, 2018 also includes the revenue and profit earned by the Company from the recently merged merchant banking and funds management business during the fourth quarter ended on March 31, 2018.

Dividend

The Directors are pleased to recommend a final dividend of ₹ 1.10 per share of the face value of ₹ 1/- each for the financial year 2017-18 (previous year ₹ 0.85 per share). The Company has paid an interim dividend of ₹ 0.70 per equity share of the face value ₹ 1/- each (previous year ₹ 0.65 per share). With the above recommendation, the total dividend is ₹ 1.80 per share (previous year ₹ 1.50 per share) for the said financial year. The total outgo on account of interim and final dividend amounts to ₹ 148.10 Crore for the financial year 2017-18 as against ₹ 119.28 Crore for the previous year.

The final dividend, if declared, at the Thirty Third Annual General Meeting, will be paid on and from Friday, July 20, 2018 to the eligible members.

The Dividend Distribution Policy formulated by the Board pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations"), as amended, is appended as **Annexure I** to this Report.

Appropriations

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

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Net Profit	**630.92**	**470.20**	**136.16**	**106.72**
Add: Balance profit brought forward from previous year	2,052.97	1,768.07	1,024.86	991.61
Less: Transferred to minority interest	(0.04)	(0.08)	-	-
Less: Pursuant to the scheme of amalgamation*	(261.92)	-	(277.15)	-
Less: Pursuant to the scheme of arrangement**	(17.69)	-	-	-
Profit available for appropriation	**2,404.24**	**2,238.19**	**883.87**	**1,098.33**
Less: **Appropriations**				
Interim dividend	55.84	51.59	55.84	51.59
Final dividend (F.Y. 2016-17)	67.69	-	67.69	-
Tax on Dividend	25.15	10.51	0.91	0.53
Tax on buy back of shares in subsidiary company	1.18	-	-	-
Transfer to Statutory reserve	112.22	116.87	-	21.35
Transfer to Capital Redemption Reserve	5.80	6.25	-	-
Surplus carried to balance sheet	**2,136.36**	**2,052.97**	**759.43**	**1,024.86**

* Refer Note 2.25 of the Notes to Standalone Financial Statements and Note 2.38 of the Notes to Consolidated Financial Statements.
** Refer Note 2.38 of the Notes to Consolidated Financial Statements.

Share Capital

During the last quarter of financial year 2017-18, the Company offered equity shares to the Qualified Institutional Buyers ('QIBs') on private placement basis through Qualified Institutions Placement ('QIPs') in accordance with provisions of the Companies Act, 2013, as amended from time to time (hereinafter referred to as "the Act") and Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 4,01,22,706 equity shares of face value ₹ 1/- each were allotted to QIBs on February 6, 2018 at an issue price of ₹ 162/- per equity share (including premium of ₹ 161/- per equity share) aggregating ₹ 650 Crore. The said equity shares are listed on BSE Limited and National Stock Exchange of India Limited.

The QIP issue proceeds aggregating ₹ 650 Crore is/will be utilised in accordance with the objects stated in the placement document. Pending utilisation, the amount of issue proceeds have been invested in Liquid Mutual Funds.

Additionally, during the above year, an aggregate of 32,32,438 equity shares have been allotted upon exercise of stock options by the eligible employees ('the Employees') under the Employees' Stock Option Scheme – Series 3 to Series 9.

Consequent to the allotments made as above, the issued, subscribed and paid-up equity share capital of the Company has increased to ₹ 83,78,80,258 (comprising 83,78,80,258 equity shares of ₹ 1/- each) as on March 31, 2018 from ₹ 79,45,25,114 at the end of the previous financial year (comprising 79,45,25,114 equity shares of ₹ 1/- each).

Additionally, an aggregate of 8,24,767 equity shares have been allotted on May 2, 2018 to the Employees on exercise of stock options by them under Series 4 to Series 10. Consequent to the said allotment, the paid-up equity share capital of the Company, stands further increased to ₹ 83,87,05,025 representing 83,87,05,025 equity shares of the face value of ₹ 1/- each.

Employees' Stock Option Scheme

Out of the total number of stock options so far granted under Series 1 to 10, an aggregate of 2,46,27,931 (up to March 31, 2018) stock options have been exercised by the Employees and

Directors' Report (Contd.)

1,47,13,216 stock options have lapsed. The aggregate number of stock options outstanding as on March 31, 2018 are 49,99,654.

The Nomination and Remuneration Committee of the Board, at its meeting held on April 12, 2018, has granted 18,48,018 stock options to the Employees under the Employees Stock Option Scheme – Series 11.

Summary of information on the Employee Stock Option Scheme required to be made in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 and Section 62(1) of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is disclosed in **Annexure II** to this Report.

Deposits

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

Restructuring of Entities within the Group through the Schemes of Amalgamation and Arrangement

In continuation of our intimation in the report of the previous financial year, we are pleased to report to the Members that our restructuring exercise has been completed with the amalgamation of the erstwhile Wholly Owned Subsidiaries viz., the JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited, with JM Financial Limited. The institutional equities division of JM Financial Institutional Securities Limited was demerged into JM Financial Securities Limited (re-named as JM Financial Institutional Securities Limited).

The Appointed Dates for the above arrangement and amalgamation were December 31, 2017 and January 1, 2018 respectively. The effective date was January 18, 2018, being the date on which the certified copy each of the Orders of Scheme of Amalgamation and the Scheme of Arrangement, as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, was filed with the Registrar of Companies, Maharashtra. With this restructuring, the Company has become an operating cum holding company.

Subsidiaries and Associate

As on March 31, 2018, the Company has 15 subsidiaries (including step down subsidiaries), a partnership firm and an associate company. These subsidiaries, partnership firm and associate are as under:

Subsidiaries

1. JM Financial Services Limited
2. JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited).
3. JM Financial Capital Limited
4. JM Financial Commtrade Limited
5. JM Financial Overseas Holdings Private Limited (Mauritius)
6. JM Financial Singapore Pte Limited (Singapore)
7. JM Financial Securities, Inc. (Delaware - United States of America)
8. JM Financial Products Limited
9. JM Financial Credit Solutions Limited
10. JM Financial Home Loans Limited
11. JM Financial Asset Reconstruction Company Limited
12. Infinite India Investment Management Limited
13. JM Financial Asset Management Limited
14. JM Financial Properties and Holdings Limited
15. CR Retail Malls (India) Limited

Partnership Firm

Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, the wholly owned subsidiaries of the Company are partners.

Associate Company

JM Financial Trustee Company Private Limited.

In accordance with Section 129(3) of the Act and Regulation 34 of Listing Regulations, the consolidated financial statements of the Company and all its subsidiary/associate companies have been prepared and are forming part of the Annual Report. A statement containing salient features of the financial statements of subsidiary and associate companies is stated in Form AOC-1, forming part of this Annual Report.

The Annual Report of the Company, containing, inter alia, its standalone and the consolidated financial statements is uploaded on the website of the Company viz., www.jmfl.com in accordance with third proviso to Section 136(1) of the Act.

The audited financial statements of each of the subsidiaries have also been placed on the website of the Company. Members interested in obtaining a copy of the audited financial statements of subsidiary companies may write to the Company Secretary at the Company's Registered Office. The Company will 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 on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Third Annual General Meeting.

Awards and Recognition

During the year, the Company was conferred with following awards and recognitions:

- Ranked 45th in "India's Great Mid-Size Work Places 2017" conducted by The Great Place to Work Institute, India in partnership with The Economic Times.

Also, during the year, various subsidiaries of the Company were conferred with the following awards and recognitions:

JM Financial Services Limited

- At BSE Awards-2017, recognized amongst:
  - Top Performer in Primary Market Segment (Equity - IPO/FPO Bids - Members).
  - Top Performer in Equity Broking Segment (Retail Trading).
  - Top National Distributors in Mutual Fund Segment.
- National Stock Exchange of India Limited awarded JM Financial Services Limited as Market Achievers in the 'Highest IPO Bidding – Non Institutional' category.
- The Great Place to Work Institute recognized JM Financial Services Limited as the "Best Large-Size companies to Work" in the Investments Category.

JM Financial Asset Management Limited

- Ranked 30th in "India's Great Mid-Size Work Places 2017" conducted by The Great Place to Work Institute, India in partnership with The Economic Times.

Board of Directors and Key Managerial Personnel

The Company has eight Directors on its Board comprising six Independent Directors and two Non-independent Directors, one of whom is the Managing Director and other a Non-executive Director and the Chairman.

Mr. Vishal Kampani, Managing Director is a 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, being the Company Secretary and the Chief Financial Officer respectively.

Mr. Nimesh Kampani, a Non-Executive Director will retire by rotation at the Thirty Third Annual General Meeting of the Company to enable compliance by the Company with the provisions of Section 152 of the Act. Being eligible, Mr. Kampani has offered himself for re-appointment at the ensuing Annual General Meeting.

Declarations 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 Listing Regulations.

The above confirmations were placed before the Board and duly noted.

Board Meetings

The Board meets at regular intervals to, inter-alia, discuss about 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 enable the Directors to plan their schedule and to ensure participation in the meetings. The notice for the Board/Committee meetings is also given in advance to all the Directors.

The details about the Board/Committee meetings is given at length in Report on Corporate Governance forming part of this Annual Report.

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 III(a) and III(b)** to this Report.

Directors' Report (Contd.)

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 and Remuneration Committee (NRC) and Corporate Social Responsibility Committee. The Board also carried out the performance evaluation of all the individual directors including the Chairman of the Company. Additionally, NRC also carried out the evaluation of the performance of all the individual directors and Chairman of the Company. The performance evaluation was carried out by way of obtaining feedback from the Directors through a structured questionnaire prepared in accordance with the policy adopted by the Board and after taking into consideration the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India.

The structured questionnaire prepared to evaluate the performance of individual directors and the Chairman, inter alia, contained parameters such as professional conduct, roles and functions, discharge of duties and their contribution to Board/ Committees/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 roles, responsibilities 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 and professional development.

The feedback received from the Directors through the above questionnaire was reviewed by the Chairman of the Board and the Chairman of the NRC and then discussed the same at the meetings of the Board and NRC respectively. 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 18, 2017.

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 the Report on Corporate Governance which forms part of this Report.

Additionally, during the year under review, the Board of Directors also constituted a Committee of Directors comprising Mr. Nimesh Kampani, Mr. Vishal Kampani, Mr. Darius E Udwadia, and Mr. E A Kshirsagar for the sole purpose of considering various matters pertaining to the issuance of securities, on a private placement basis, to the Qualified Institutional Buyers through Qualified Institutional Placement in accordance with the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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 departure has 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;

(d) the annual accounts have been prepared on a going concern basis;

(e) internal financial controls to be followed by the Company had been laid down and 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

Deloitte Haskins & Sells LLP, Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Act, for a period of five years from the conclusion of the Thirty Second Annual General Meeting (AGM) until the conclusion of the Thirty Seventh AGM.

In accordance with Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors needs to be ratified by the members at every AGM. The Company has received a confirmation from Deloitte Haskins & Sells LLP that their appointment, if ratified, at the Thirty Third 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 Third AGM.

Comments on Auditors' Report

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors, in their Audit Report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2017-18.

Secretarial Audit

Pursuant to the requirements of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report as received from M/s. N L Bhatia & Associates, Company Secretaries in Practice, is appended as **Annexure IV** to this Report. There are no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors, in their Audit Report.

Secretarial Standards

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Corporate Social Responsibility

The Board has constituted 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 and are appended as **Annexure V** 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, management and mitigation 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 2017-18, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Reports on Corporate Governance and Management Discussion and Analysis

The reports on Corporate Governance and Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of the Listing Regulations forms part of this Annual 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.

Business Responsibility Report

The Business Responsibility Report in terms of Regulation 34(2) of the Listing Regulations, describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Report.

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

Directors' Report (Contd.)

the disclosures pertaining to remuneration and other details as required under the Act and the above Rules, are appended to this Report as **Annexure VI.**

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 statement 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 on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Third 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.

Particulars of Loans, Guarantees or Investments

Particulars of investments made, loans given, guarantees given and securities provided, if any, are given in the Notes to Standalone Financial Statements of the Company.

Particulars of Contracts or Arrangements with Related Parties

The related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions that are required to be reported under Section 188(1) of the Act, as prescribed in Form AOC-2.

All related party transactions as required under Accounting Standards AS-18 are reported in Annexure 'I' to note 2.39 of the Notes to the Standalone Financial Statement and Annexure 'II' to note 2.35 of the Notes to the Consolidated Financial Statement of the Company.

The Board of Directors of the Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. The same is displayed on the website of the Company at www.jmfl.com.

Extract of Annual Return

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of the 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 financial year 2017-18, the Company's foreign exchange earnings was ₹ 1,94,08,675 and outgo was ₹ 82,14,044.

The details of the amount spent in foreign exchange is provided at note number 2.35 and 2.36 of the Notes to the Standalone Financial Statement 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. Details of Vigil Mechanism/Whistle Blower are included in the Report on Corporate Governance.

During the financial year 2017-18, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries/associate.

Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

The Company's policy for prevention of sexual harassment is embodied both in the Code of Conduct of JM Financial Group as also in a specific p olicy i n accordance w ith T he Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2017-18, no cases in the nature of sexual harassment were reported at any workplace of the Company or any of its subsidiaries/associate.

CEO & CFO Certification

In terms of Regulation 17(8) of the Listing Regulations, a certificate as prescribed in part B of Schedule II of the said Regulations, from Mr. Vishal Kampani, Managing Director and Mr. Manish Sheth, Chief Financial Officer, for the financial year

2017-18 with regard to financial statements and other matters as required under the Listing Regulations forms part of the Report on Corporate Governance.

Acknowledgements

The Directors acknowledge the support extended by the Reserve Bank of India, Securities and Exchange Board of India, National Housing Bank, Ministry of Corporate Affairs, Registrar of Companies and all other governmental and regulatory authorities.

The Directors place on record the gratitude for the guidance and support extended by BSE Limited, National Stock Exchange of India Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange, National Commodity and Derivatives Exchange Limited, National Securities Depository Limited, Central Depository Services (India) Limited, Association of Investment Bankers of India and Association of Mutual Funds of India.

The Directors also place on record their sincere appreciation for the continued support extended by the bankers, financial institutions, lenders and stakeholders; and the trust reposed by them in the JM Financial Group.

Recognising the challenging work environment, the Directors also place on record, their appreciation for the dedication and commitment displayed by the employees of the Company and its subsidiaries/associate across all levels.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 2, 2018

Nimesh Kampani
Chairman

Directors' Report (Contd.)

ANNEXURE I

Dividend Distribution Policy

1. Introduction:

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires every listed entity to formulate a dividend distribution policy.

Accordingly, the Dividend Distribution Policy has been formulated by the Board of Directors of JM Financial Limited ('the Company').

2. Policy – Objective and Considerations:

It is the Policy of the Board of Directors of the Company (hereinafter referred to as "the Board"), to reward the shareholders regularly by sharing profits earned by the Company by way of dividend. The Board may also consider declaration of bonus shares at appropriate time by capitalising accumulated profits and permissible reserves of the Company.

The Company is an operating cum holding company. It is a SEBI registered Category I Merchant Banker undertaking the business of capital markets, fund raising, mergers & acquisitions, advisory business, etc. The Company is also in investment management business for Private Equity funds. Additionally, it also has investments in its subsidiaries. The subsidiaries of the Company are engaged in various businesses, namely, Non-Banking Financial Services, Asset Reconstruction, Equity Research, Equity Broking to Institutional and Non Institutional Investors, Wealth Management Advisory, Depository Participantship, Asset Management, etc.

Thus, the overall performance of the Company is dependent on its own financial performance as well as the performance of its subsidiary companies and the decision of the Board of Directors of such subsidiaries to recommend/declare dividend out of the concerned company's profits.

In the above background, the Board would consider recommendation/declaration of dividend based on the consolidated profits of the Company. Since the applicable regulations require the accounts to be prepared on the basis of consolidation of the performance of all operating businesses, it is easy to appreciate the earnings in totality and accordingly decide the quantum of dividend for shareholders.

The Board will also consider retention of capital to maintain a healthy financial position to support liquidity, capital adequacy and/or future growth of the Company as well as its various subsidiary companies.

3. Utilisation of Retained Earnings:

Being in the financial services industry, the Company follows the practice of sharing a part of its earnings with employees in the form of performance linked compensation. Accordingly, the earnings that are available for distribution to shareholders and other corporate needs are determined after the payment of performance linked compensation and corporate taxes.

The Board would consider dividend distribution on the basis of applicable provisions of the Companies Act, 2013 and their assessment of the need to retain resources for growth of various businesses, capital adequacy and liquidity maintenance. The Board will endeavor to maintain a Dividend pay-out in the range of at least 25% to 30% of consolidated profits after tax (PAT). The Company and its subsidiaries will pay applicable Dividend Distribution Tax on the dividends declared and paid.

The Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors. The Board may also consider paying a Special Dividend under certain circumstances such as extraordinary profits, if any, achieving a milestone in the journey of the Company, etc.

If for any year, there is inadequacy of profits, liquidity constraint in the economy and similar situations and there is a need to preserve resources based on these considerations and in this scenario if the Board is of the opinion that the Company should preserve its resources, it may recommend/declare a lower or no dividend. The Board may also decide to recommend/declare a lower or no dividend in case it has made a decision whereby the Shareholders have been rewarded by a corporate action such as issue of bonus shares, buy-back of shares, etc.

4. Frequency of Dividend Distribution:

In normal course, the Board would consider one interim dividend in addition to final dividend for a financial year. The considerations applied for both types of dividend will be same as enumerated above. The interim dividend

will be usually paid based on the financial performance of 6 to 9 months and final dividend based on the financial performance of the full year.

5. Types of Capital:

The Company has only equity share capital as on date. If in future, the Company issues preference share capital and if dividend is declared by the Board, the preference share capital will have priority to receive dividend in accordance with the terms of its issue before any dividend is paid in respect of equity share capital in accordance with the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company.

6. Disclosure of this Policy:

The Company shall disclose this policy on its website and in its Annual Report.

7. Amendment to this Policy:

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes or arising out of any merger/ amalgamation, from time to time.

Directors' Report (Contd.)

ANNEXURE II

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

1.	Options granted during the year (FY 2017-18)	:	23,19,636
2.	Pricing formula	:	As determined by the Nomination and Remuneration Committee
3.	Options vested during FY 2017-18	:	21,85,339
4.	Options exercised during FY 2017-18	:	7,95,000 (Exercise Price – ₹ 54.80) 24,63,195 (Exercise Price – Re. 1.00*)
5.	Total number of shares arising as a result of exercise of Options during FY 2017-18	:	32,32,438 (Includes 8,000 Stock Options exercised by eligible employees during FY 2016-17 allotted on May 2, 2017). (33,757 Stock Options exercised by the eligible employees were pending allotment as on March 31, 2018).
6.	Options lapsed during FY 2017-18	:	1,29,081
7.	Variation of terms of Options	:	None
8.	Money realised from the Employees by exercise of Options during FY 2017-18	:	₹ 4,35,66,000 ₹ 24,63,195*
9.	Total Options in force as on March 31, 2018	:	49,99,654
10.	Employee wise details of Options granted to:		
	(i) senior managerial personnel	:	16,77,051 Stock Options have been granted to 21 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 – ₹ 1.69 Consolidated – ₹ 7.81
12.	Difference between the employee compensation cost using intrinsic value method and fair value method. The impact of this difference on profits and on EPS of the Company.	:	**a. On Standalone basis**

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	136.16	135.70
Basic EPS (₹)	1.70	1.69
Diluted EPS (₹)	1.69	1.68

b. On Consolidated basis

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	630.92	628.03
Basic EPS (₹)	7.86	7.82
Diluted EPS (₹)	7.81	7.78

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 7,95,000 options ₹ 1.00 for 24,63,195 options Weighted average value of options granted during the year – ₹ 96.57
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	:	6.96%
	ii. Life of options	:	4.5 years
	iii. Expected volatility	:	49.19%
	iv. Expected dividend yield	:	1.49%
	v. The price of the underlying share in market at the time of Option grant	:	₹ 104.05

** In addition to ₹ 24,63,195 received from eligible employees, an aggregate amount of ₹ 10,18,65,881 being the difference between the exercise price and market price on the date of grant of option has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.*

ANNEXURE III (A)

Policy on Selection and Appointment of Directors

Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 (hereinafter referred to as "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 (hereinafter referred to as "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 assess 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 each, 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 III (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 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 Directors;
- 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 Director(s) and Independent Director(s) 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 (hereinafter referred to as "the Act") including any amendments thereto. In addition to the sitting fees, the Non-executive Director(s) and Independent Director(s) 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 Director(s) and Independent Director(s) 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(s) 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 Director is 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 and/or the Group.

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(s) is also reviewed by the Nomination and Remuneration Committee and approved by the Shareholders of the Company.

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

- Market benchmarking
- Individual performance
- Performance of the Company

ANNEXURE IV

Secretarial Audit Report

for the financial year ended March 31, 2018

[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

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, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized 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 March 31, 2018, 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:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 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 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

d. The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;

e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

g. The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992; **Not Applicable for this financial year**

h. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable for this financial year**

i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable for this financial year**

j. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable for this financial year;** and

k. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable for this financial year.**

Amongst the various laws which are applicable to the Company, following are the additional laws which are applicable to the Company:

Directors' Report (Contd.)

a. Prevention of Money Laundering Act, 2002 and its circulars, notifications.

b. Anti-Money Laundering Regulation issued by RBI and various circulars and Guidelines thereunder.

c. Tax Laws

- Income Tax Act, 1961
- Goods and Service Tax

d. Employee Laws

- Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972
- Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975
- Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & the scheme provided thereunder.

e. The States Shops and Establishment Act, 1948

f. Negotiable Instrument Act, 1881

g. Indian Stamp Act, 1899 and the State Stamp Acts

h. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

During the period under review, the Company has complied with the provisions of all the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that; the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review, there was no change in the composition of the Board of Directors of the Company.

Adequate notice is given to all directors to schedule the Board Meetings, Board Committee Meetings. Agenda and detailed notes on agenda were sent 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes where applicable. **All the decisions have been taken unanimously and no dissent recorded in Board minutes**.

We further report that; there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines.

We further report that; during the audit period, the Members at the Annual General Meeting held on July 24, 2017, inter alia, approved;

1. Appointment of Mr. Vishal Kampani (DIN: 00009079) as Managing Director of the Company for a period of five years with effect from October 1, 2016 and payment of remuneration to him.

2. Issue of secured / unsecured Redeemable Non-Convertible Debentures (NCDs) in one or more series/tranches, on private placement and/or through public offer, on such terms and conditions as the Board may determine, up to an aggregate amount of ₹ 5,000 Crore (Rupees Five Thousand Crore only).

We further report that; during the audit period, the Members passed the Special Resolution through Postal Ballot on September 25, 2017, authorising the Board of Directors to borrow from time to time, any sum or sums of money, not exceeding ₹ 5,000 Crore (Rupees Five Thousand Crore only).

We further report that; during the audit period, the Members of the Company at the meeting of the equity shareholders convened as per the directions of the Mumbai Bench of the Hon'ble National Company Law Tribunal ('NCLT'), held on September 25, 2017, approved the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited and their respective shareholders and related matters thereto.

We further report that; NCLT vide its order dated December 14, 2017, approved the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited and their respective shareholders.

We further report that; during the period under review, the Members passed the Special Resolution through Postal Ballot on January 29, 2018, authorising the Board of Directors (the Board) to issue Securities, for an aggregate amount of up to ₹ 650 Crore (Rupees Six Hundred Fifty Crore Only) by way of a public issue, preferential allotment, private placement or a rights issue, including a qualified institutions placement or through any other permissible modes and/or combination thereof as the Board may deem appropriate, by way of issue of equity shares or by way of issue of any instrument or security including fully/partly convertible debentures, global depository receipts, american depository receipts, foreign currency convertible bonds, or by way of a composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for equity shares or any other eligible securities or any combination of Securities, with or without premium.

For N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800

N. L. Bhatia
(Managing Partner)
FCS: 1176
CP. No. 422

Place: Mumbai
Date: May 2, 2018

Directors' Report (Contd.)

ANNEXURE V

Annual Report on Corporate Social Responsibility Activities

A brief outline of the Company's Corporate Social Responsibility (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 is given below:

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, as amended, (hereinafter referred to as "the Act") and Schedule VII thereto 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 is administered and monitored.

   Accordingly, the Board and the CSR Committee of the Company and its relevant subsidiaries approved release of an aggregate amount of ₹ 15.65 Crore (including ₹ 0.12 Crore for the Company) in respect of FY 2017-18 through the philanthropic arm of JM Financial Group viz., JM Financial Foundation for allocation to projects that have been approved by the Board of Directors and the CSR Committee of the Company and its relevant subsidiaries.

2. The Composition of the Company's CSR Committee:
   1. Mr. Nimesh Kampani (Chairman)
   2. Mr. Paul Zuckerman (Independent Director)
   3. Mr. Keki Dadiseth (Independent Director)

3. Average net profit before tax of the Company for last three financial years as per the provisions of the Act: ₹ 5.54 Crore

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 11.08 Lakh (Rounded off to ₹ 12.00 Lakh)

5. Details of CSR spent during the financial year:

   (a) Total amount spent for the financial year: ₹ 12.00 Lakh

   (b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (i) Local area or other (ii) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Comprehensive Village Development	Rural development	District – Bhavnagar State – Gujarat	₹ 12.00 Lakh	₹ 12.00 Lakh*	₹ 12.00 Lakh*	JM Financial Foundation and implementing agency. **

** The earmarked amount has been contributed to JM Financial Foundation through which the CSR project on Comprehensive Village Development is being undertaken in Gujarat. The project implementation is currently at a preliminary stage, whereby a project action plan will be drawn up and implemented with pre-determined deliverables in the areas of water and sanitation, alternate livelihoods generation, mother and child healthcare and girls' education. The project is expected to be implemented together with a combination of non-governmental organisations, complementing the support of the Government.*

*** Details of the various projects supported by CSR across JM Financial Group and the activities of JM Financial Foundation and Kampani Charitable Trust are given under the Corporate Social Responsibility section of Management Discussion and Analysis Report forming part of this Annual Report.*

Update on Projects supported by us during FY 2017-18:

Comprehensive Village Development Project

The CSR Project for FY 2016-17 had been envisaged for Integrated Development to address pressing community needs through a long-term project. Over the months, through continuous interactions with district authorities and Focus Group Discussions with the village communities, the Company has mapped it as a Comprehensive Village Development Project with need-specific interventions premised on the existing health, education and livelihoods gaps in rural areas in and around Bhavnagar District in the State of Gujarat.

Ashoka University

The Company has during the financial years 2014-15, 2015-16 and 2016-17 disbursed a total amount of ₹ 11.79 Lakh towards promotion of education and campus development of Ashoka University, Sonepat, Haryana, over a period of three years up to FY 2017-18. During FY 2017-18, based on the instructions given by the Company the final disbursement of ₹ 2.95 Lakh was made by JM Financial Foundation and Kampani Charitable Trust, towards the aforementioned development of Ashoka University. The Company thereby completed its CSR project commitment towards Ashoka University, with a cumulative disbursement of ₹ 14.74 Lakh.

6. 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 since amount has been spent.**

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

Date: May 2, 2018
Place: Mumbai

Nimesh Kampani
Chairman

Directors' Report (Contd.)

ANNEXURE VI

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. Vishal Kampani, Managing Director – 7.5 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	Director/KMP: Mr. Vishal Kampani — Designation: Managing Director — Percentage increase/(decrease) in Remuneration: 9.2% Director/KMP: Mr. Prashant Choksi — Designation: Company Secretary — Percentage increase/(decrease) in Remuneration: 19.8% Director/KMP: Mr. Manish Sheth — Designation: Chief Financial Officer — Percentage increase/(decrease) in Remuneration: 28.1%
3.	Percentage increase in the median remuneration of employees in the financial year.	19.0%
4.	Number of permanent employees on the rolls of Company at the end of the year	142
5.	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 14.2% and that of the KMPs has increased by 20.1%.
6.	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.

Notes:

1. For the purposes of calculation of ratio and percentage increase/decrease in salary of KMPs in serial no. 1 and 2 above, the remuneration paid to one of the KMPs has been annualised.

2. The Non-executive Director and Independent Directors of the Company are entitled to sitting fees and commission in accordance with the applicable provisions of the Companies Act, 2013. The ratio of remuneration and percentage increase in respect of Non-executive Director and Independent Directors is therefore not considered for the above purpose. The details of remuneration of Non-executive Director and Independent Directors are provided in the Report on Corporate Governance.

For and on behalf of the Board of Directors

Date: May 2, 2018
Place: Mumbai

Nimesh Kampani
Chairman

ANNEXURE VII

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018

[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 **Email 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 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel.: 040-67162222 Fax: 040-23001153 Toll Free no.: 1800-345-4001 Email ID: einward.ris@karvy.com Website: www.karvycomputershare.com

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	Investment Banking (with effect from January 1, 2018)	66190	26.86%
2	Management of other investment funds (with effect from January 1, 2018)	66309	1.14%
3	Activities of holding companies	64200	72.00%

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 Services Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67120MH1998PLC115415	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
2	JM Financial Institutional Securities Limited *(formerly known as 'JM Financial Securities Limited')* 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67100MH2017PLC296081	Subsidiary	100*	2(87)(ii)
3	JM Financial Capital Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65190MH2015PLC270754	Subsidiary	100*	2(87)(ii)
4	JM Financial Commtrade Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U51100MH2005PLC153110	Subsidiary	100*	2(87)(ii)
5	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)
6	JM Financial Singapore Pte Limited 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624	-	Subsidiary	100*	2(87)(ii)
7	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)
8	JM Financial Products Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1984PLC033397	Subsidiary	99.30	2(87)(ii)
9	JM Financial Credit Solutions Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1980PLC022644	Subsidiary	50.01	2(87)(ii)
10	JM Financial Home Loans Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65999MH2016PLC288534	Subsidiary	99.30#	2(87)(ii)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
11	JM Financial Asset Reconstruction Company Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67190MH2007PLC174287	Subsidiary	57.07	2(87)(ii)
12	Infinite India Investment Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH2006PLC163489	Subsidiary	100	2(87)(ii)
13	JM Financial Asset Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65991MH1994PLC078879	Subsidiary	59.54	2(87)(ii)
14	JM Financial Properties and Holdings Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65990MH2010PLC201513	Subsidiary	100	2(87)(ii)
15	CR Retail Malls (India) Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U92190MH1999PLC122208	Subsidiary	100	2(87)(ii)
16	JM Financial Trustee Company Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	U65991MH1994PTC078880	Associate	25	2(6)
17	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 through the Company's Wholly Owned Subsidiaries*

 # Holding through JM Financial Products Limited

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). Promoter									
(1) Indian									
a) Individual/HUF	135,357,500	-	135,357,500	17.04%	135,357,500	-	135,357,500	16.15%	-0.89%
b) Central Govt.	-	-	-	-	-	-	-	-	
c) State Govt.	-	-	-	-	-	-	-	-	
d) Bodies Corporate	203,406,600	-	203,406,600	25.60%	203,406,600	-	203,406,600	24.28%	-1.32%
e) Banks/FIs	-	-	-	-	-	-	-	-	
f) Any other	-	-	-	-	-	-	-	-	
A (ii). Promoter Group									
(1) Indian									
a) Individual/HUF	56,714,985	-	56,714,985	7.13%	56,951,250	-	56,951,250	6.80%	-0.33%
b) Central Govt.	-	-	-	-	-	-	-	-	
c) State Govt.	-	-	-	-	-	-	-	-	
d) Bodies Corporate	123,542,908	-	123,542,908	15.55%	124,772,908	-	124,772,908	14.89%	-0.66%
e) Banks/FIs	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	**519,021,993**	**-**	**519,021,993**	**65.32%**	**520,488,258**	**-**	**520,488,258**	**62.12%**	**-3.20%**
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FIs	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**519,021,993**	**-**	**519,021,993**	**65.32%**	**520,488,258**	**-**	**520,488,258**	**62.12%**	**-3.20%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	19,839,589	-	19,839,589	2.50%	33,620,152	-	33,620,152	4.01%	1.51%
b) Banks/FIs	205,041	-	205,041	0.02%	745,484	-	745,484	0.09%	0.07%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	115,583,321	-	115,583,321	14.55%	134,981,643	-	134,981,643	16.11%	1.56%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
j) Alternative Investment Funds	-	-	-	-	12,312	-	12,312	0.00%	0.00%
Sub total (B)(1):-	**135,627,951**	**-**	**135,627,951**	**17.07%**	**169,359,591**	**-**	**169,359,591**	**20.21%**	**3.14%**

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	24,048,222	39,750	24,087,972	3.03%	22,125,444	34,750	22,160,194	2.64%	-0.39%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	37,545,765	4,878,455	42,424,220	5.34%	42,987,513	3,430,517	46,418,030	5.54%	0.20%
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	38,122,263	-	38,122,263	4.80%	46,958,660	-	46,958,660	5.60%	0.80%
c) Others									
i) NRIs	13,357,140	5,000	13,362,140	1.68%	14,493,569	5,000	14,498,569	1.73%	0.05%
ii) Trust	21,878,575	-	21,878,575	2.76%	16,831,673	-	16,831,673	2.01%	-0.75%
iii) IEPF	-	-	-	-	1,165,283	-	1,165,283	0.14%	0.14%
Sub total (B)(2):-	**134,951,965**	**4,923,205**	**139,875,170**	**17.61%**	**144,562,142**	**3,470,267**	**148,032,409**	**17.67%**	**0.06%**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**270,579,916**	**4,923,205**	**275,503,121**	**34.68%**	**313,921,733**	**3,470,267**	**317,392,000**	**37.88%**	**3.20%**
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	789,601,909	4,923,205	794,525,114	100.00%	834,409,991	3,470,267	837,880,258	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	25.60	0.00	203,406,600	24.28	0.00	-1.32
2	J M Assets Management Private Limited	103,042,908	12.97	0.00	103,042,908	12.30	0.00	-0.67
3	JSB Securities Limited	6,505,000	0.82	0.00	6,505,000	0.78	0.00	-0.04
4	Mr. Nimesh Nagindas Kampani	135,357,500	17.04	0.00	135,357,500	16.15	0.00	-0.89
5	SNK Investments Private Limited	11,660,000	1.47	0.00	11,760,000	1.40	0.00	-0.07
6	Persepolis Investment Company Private Limited	1,650,000	0.20	0.00	1,650,000	0.20	0.00	0.00
7	Kampani Consultants Limited	685,000	0.08	0.00	685,000	0.08	0.00	0.01
8	JM Financial Trustee Company Private Limited	-	-	-	1,130,000	0.13	0.00	0.13
9	Ms. Aruna Nimesh Kampani	38,451,250	4.84	0.00	38,451,250	4.59	0.00	-0.25
10	Mr. Vishal Kampani	10,263,647	1.29	0.00	10,500,000	1.25	0.00	-0.04
11	Ms. Amishi Kampani	8,000,000	1.01	0.00	8,000,000	0.95	0.00	-0.04
12	Mr. Ashith Kampani	88	0.00	0.00	-	-	-	0.00
	Total	**519,021,993**	**65.32**	**0.00**	**520,488,258**	**62.12**	**0.00**	**-3.21**

Notes:

1. The percentage change in the shareholding of the Promoter/Promoters' Group is partly due to an increase in the paid up share capital of the Company consequent upon allotment of 40,122,706 equity shares under qualified institutions placement and allotment of an aggregate of 3,232,438 equity shares pursuant to exercise of stock options by the eligible employees during the year and partly due to acquisition of equity shares by SNK Investments Private Limited (100,000 equity shares) and Mr. Vishal Kampani (236,353 equity shares) from the open market.
2. JM Financial Trustee Company Private Limited, part of the promoter group, acquired 1,130,000 equity shares from the open market during the year.
3. Mr. Ashith Kampani, through market sale, disposed off his entire shareholding in the Company in December 2017.

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(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 (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	25.60	01.04.2017				
				No change in the shareholding during the year				-
		203,406,600	24.28	31.03.2018				
2	J M Assets Management Private Limited	103,042,908	12.97	01.04.2017				
				No change in the shareholding during the year				-
		103,042,908	12.30	31.03.2018				
3	JSB Securities Limited	6,505,000	0.82	01.04.2017				
				No change in the shareholding during the year				-
		6,505,000	0.78	31.03.2018				
4	Nimesh Nagindas Kampani	135,357,500	17.04	01.04.2017				
				No change in the shareholding during the year				-
		135,357,500	16.15	31.03.2018				
5	SNK Investments Private Limited	11,660,000	1.47	01.04.2017				
				05.03.2018	75,000	Market Purchase	11,735,000	1.39
				06.03.2018	25,000	Market Purchase	11,760,000	1.40
		11,760,000	1.40	31.03.2018				
6	Persepolis Investment Company Private Limited	1,650,000	0.21	01.04.2017				
				No change in the shareholding during the year				-
		1,650,000	0.20	31.03.2018				
7	Kampani Consultants Limited	685,000	0.09	01.04.2017				
				No change in the shareholding during the year				-
		685,000	0.08	31.03.2018				
8	JM Financial Trustee Company Private Limited	-	-	01.04.2017				
				07.03.2018	128,602	Market Purchase	128,602	0.02
				08.03.2018	71,398	Market Purchase	200,000	0.02
				09.03.2018	50,000	Market Purchase	250,000	0.03
				19.03.2018	20,000	Market Purchase	270,000	0.03
				20.03.2018	30,000	Market Purchase	300,000	0.04
				21.03.2018	430,000	Market Purchase	730,000	0.09
				22.03.2018	400,000	Market Purchase	1,130,000	0.13
		1,130,000	0.13	31.03.2018				
9	Ms. Aruna Nimesh Kampani	38,451,250	4.84	01.04.2017				
				No change in the shareholding during the year				-
		38,451,250	4.59	31.03.2018				
10	Mr. Vishal Kampani	10,263,647	1.29	01.04.2017				
				07.04.2017	100,000	Market Purchase	10,363,647	1.31
				05.03.2018	274	Market Purchase	10,363,921	1.24
				06.03.2018	36,079	Market Purchase	10,400,000	1.24
				20.03.2018	30,000	Market Purchase	10,430,000	1.24
				21.03.2018	65,508	Market Purchase	10,495,508	1.25
				22.03.2018	4,492	Market Purchase	10,500,000	1.25
		10,500,000	1.25	31.03.2018				
11	Ms. Amishi Kampani	8,000,000	1.01	01.04.2017				
				No change in the shareholding during the year				-
		8,000,000	0.95	31.03.2018				
12	Mr. Ashith Nagindas Kampani	88	0.00	01.04.2017				
				29.12.2017	88	Market Sale	-	-
		-	0.00	31.03.2018				

Notes:

1. The percentage change in the shareholding of the Promoter/Promoters' Group is partly due to an increase in the paid up share capital of the Company consequent upon allotment of 40,122,706 equity shares under qualified institutions placement and allotment of an aggregate of 3,232,438 equity shares pursuant to exercise of stock options by the eligible employees during the year and partly due to acquisition of equity shares by SNK Investments Private Limited (100,000 equity shares) and Mr. Vishal Kampani (236,353 equity shares) from the open market.
2. JM Financial Trustee Company Private Limited, part of the promoter group, acquired 1,130,000 equity shares from the open market during the year.
3. Mr. Ashith Kampani, through market sale, disposed off his entire shareholding in the Company in December 2017.

(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 (01-04-17 to 31-03-18)	% of total shares of the Company
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
1	Baron Emerging Markets Fund	-	-	**01/04/2017**				
				14/04/2017	8,916,650	Purchase	8,916,650	1.12
				21/04/2017	51,036	Purchase	8,967,686	1.13
				28/04/2017	4,215,000	Purchase	13,182,686	1.66
				14/07/2017	903,101	Purchase	14,085,787	1.77
				21/07/2017	96,899	Purchase	14,182,686	1.78
				11/08/2017	400,000	Purchase	14,582,686	1.83
				08/09/2017	388,573	Purchase	14,971,259	1.88
				15/09/2017	1,500,000	Purchase	16,471,259	2.07
				20/10/2017	483,476	Purchase	16,954,735	2.13
				27/10/2017	266,524	Purchase	17,221,259	2.16
				15/12/2017	400,000	Purchase	17,621,259	2.21
				02/02/2018	114,715	Purchase	17,735,974	2.22
				09/02/2018	2,566,051	Purchase	20,302,025	2.42
		20,302,025	**2.42**	**31/03/2018**				-
2	TIMF Holdings	**20,328,773**	**2.56**	**01/04/2017**				
				23/06/2017	125,038	Sale	20,203,735	2.54
				08/09/2017	378,468	Sale	19,825,267	2.49
				15/09/2017	3,393,628	Sale	16,431,639	2.06
				22/09/2017	214,723	Sale	16,216,916	2.03
				06/10/2017	117,254	Sale	16,099,662	2.02
				13/10/2017	470,180	Sale	15,629,482	1.96
				20/10/2017	553,085	Sale	15,076,397	1.89
				27/10/2017	536,558	Sale	14,539,839	1.82
				03/11/2017	251,817	Sale	14,288,022	1.79
				09/02/2018	314,074	Purchase	14,602,096	1.74
				23/03/2018	1,000,000	Purchase	15,602,096	1.86
		15,602,096	**1.86**	**31/03/2018**				
3	Azim Premji Trust	**21,875,000**	**2.75**	**01/04/2017**				
				02/06/2017	121,727	Sale	21,753,273	2.73
				09/06/2017	2,346,607	Sale	19,406,666	2.44
				16/06/2017	314,993	Sale	19,091,673	2.40
				14/07/2017	27,481	Sale	19,064,192	2.39
				21/07/2017	215,327	Sale	18,848,865	2.37
				28/07/2017	282,178	Sale	18,566,687	2.33
				11/08/2017	63,069	Sale	18,503,618	2.32
				25/08/2017	26,505	Sale	18,477,113	2.32
				01/09/2017	1,098,652	Sale	17,378,461	2.18
				08/09/2017	200,000	Sale	17,178,461	2.16
				09/02/2018	1,842,487	Sale	15,335,974	1.83
		15,335,974	**1.83**	**31/03/2018**				

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Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	% of total shares of the Company
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
4	Valiant Mauritius Partners Offshore Limited	**17,787,607**	**2.24**	**01/04/2017**				
				04/08/2017	234,748	Sale	17,552,859	2.20
				11/08/2017	263,166	Sale	17,289,693	2.17
				20/10/2017	284,000	Sale	17,005,693	2.13
				24/11/2017	290,390	Sale	16,715,303	2.10
				01/12/2017	870,000	Sale	15,845,303	1.99
				19/01/2018	110,490	Sale	15,734,813	1.97
				26/01/2018	962,100	Sale	14,772,713	1.85
				02/02/2018	698,900	Sale	14,073,813	1.76
		14,073,813	**1.68**	**31/03/2018**				
5	IDFC Premier Equity Fund	**19,414,589**	**2.44**	**01/04/2017**				
				07/04/2017	1,063,316	Sale	18,351,273	2.31
				14/04/2017	728,360	Sale	17,622,913	2.22
				02/06/2017	290,365	Sale	17,332,548	2.18
				04/08/2017	98,074	Sale	17,234,474	2.16
				11/08/2017	151,122	Sale	17,083,352	2.14
				01/09/2017	269,160	Sale	16,814,192	2.11
				08/09/2017	1,714,192	Sale	15,100,000	1.89
				15/09/2017	376,282	Sale	14,723,718	1.85
				22/09/2017	976,832	Sale	13,746,886	1.72
				29/09/2017	222,153	Sale	13,524,733	1.70
				06/10/2017	12,228	Sale	13,512,505	1.69
				13/10/2017	412,505	Sale	13,100,000	1.64
				20/10/2017	136,075	Sale	12,963,925	1.63
				02/02/2018	572,787	Sale	12,391,138	1.55
		12,391,138	**1.48**	**31/03/2018**				
6	Mr. Vikram Shankar Pandit	**11,646,939**	**1.47**	**01/04/2017**				
						No change in the shareholding during the year		
		11,646,939	**1.39**	**31/03/2018**				
7	Valiant Mauritius Partners Limited	**13,423,015**	**1.69**	**01/04/2017**				
				04/08/2017	219,356	Sale	13,203,659	1.66
				11/08/2017	186,834	Sale	13,016,825	1.63
				20/10/2017	202,500	Sale	12,814,325	1.61
				24/11/2017	210,282	Sale	12,604,043	1.58
				01/12/2017	630,000	Sale	11,974,043	1.50
				19/01/2018	74,510	Sale	11,899,533	1.49
				26/01/2018	1,948,074	Sale	9,951,459	1.25
				02/02/2018	471,100	Sale	9,480,359	1.19
		9,480,359	**1.13**	**31/03/2018**				

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	% of total shares of the Company
	For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
8	The Wellington Trust Company National Association	**6,710,117**	**0.84**	**01/04/2017**				
				29/09/2017	485,532	Sale	6,224,585	0.78
				06/10/2017	138,363	Sale	6,086,222	0.76
				10/11/2017	459,243	Sale	5,626,979	0.71
				17/11/2017	843,685	Sale	4,783,294	0.60
				24/11/2017	635,565	Sale	4,147,729	0.52
				01/12/2017	125,570	Sale	4,022,159	0.50
				12/01/2018	82,360	Purchase	4,104,519	0.51
				26/01/2018	732,755	Purchase	4,837,274	0.61
				02/02/2018	250,000	Purchase	5,087,274	0.64
				09/02/2018	2,229,143	Purchase	7,316,417	0.87
		7,316,417	**0.87**	**31/03/2018**				
9	BNP Paribas Arbitrage	**-**	**-**	**01/04/2017**				
				15/12/2017	325,000	Purchase	325,000	0.04
				12/01/2018	59,225	Purchase	384,225	0.05
				26/01/2018	2,145,000	Purchase	2,529,225	0.32
				02/02/2018	150,000	Purchase	2,679,225	0.34
				09/02/2018	4,894,000	Purchase	7,573,225	0.90
				16/02/2018	29,569	Purchase	7,602,794	0.91
				23/02/2018	440,600	Sale	7,162,194	0.85
				02/03/2018	373,267	Sale	6,788,927	0.81
				23/03/2018	13,972	Purchase	6,802,899	0.81
				30/03/2018	136,384	Sale	6,666,515	0.80
		6,666,515	**0.80**	**31/03/2018**				
10	Ms. Aparna Murthy Aiyar	**5,823,470**	**0.73**	**01/04/2017**				
						No change in the shareholding during the year		
		5,823,470	**0.70**	**31/03/2018**				

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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 (01-04-17 to 31-03-18)	% of total shares of the Company
	For each of the Directors and Key Managerial Personnel	No. of Shares at the beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
1	Mr. Nimesh Kampani	**135,357,500**	**17.04**	**01.04.2017**				
	Chairman				No change in the shareholding during the year			-
		135,357,500	**16.15**	**31.03.2018**				
2	Mr. E A Kshirsagar	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
3	Mr. Darius E Udwadia	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
4	Mr. Paul Zuckerman	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
5	Dr. Vijay Kelkar	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
6	Mr. Keki Dadiseth	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
7	Ms. Jagi Mangat Panda	**0**	**0.00**	**01.04.2017**				
	Independent Director				No change in the shareholding during the year			-
		0	**0.00**	**31.03.2018**				
8	Mr. Vishal Kampani	**10,263,647**	**1.30**	**01.04.2017**				
	Managing Director			07.04.2017	100,000	Market Purchase	10,363,647	1.31
				05.03.2018	274	Market Purchase	10,363,921	1.24
				06.03.2018	36,079	Market Purchase	10,400,000	1.24
				20.03.2018	30,000	Market Purchase	10,430,000	1.24
				21.03.2018	65,508	Market Purchase	10,495,508	1.25
				22.03.2018	4,492	Market Purchase	10,500,000	1.25
		10,500,000		**31.03.2018**				
9	Mr. Prashant Choksi	**254,500**	**0.03**	**01.04.2017**				
	Group Head- Compliance, Legal & Company Secretary			**29.06.2017**	33,544	Allotment pursuant to exercise of Stock Options	288,044	0.04
		288,044	**0.04**	**31.03.2018**				
10	Mr. Manish Sheth	**265,295**	**0.03**	**01.04.2017**				
	Group Chief Financial Officer			**29.06.2017**	32,483	Allotment pursuant to exercise of Stock Options	297,778	0.04
		297,778	**0.04**	**31.03.2018**				

Note: The percentage change in the shareholding of Mr. Vishal Kampani is due to acquisition of an aggregate of 236,353 equity shares by him from the open market and due to an increase in the paid up share capital consequent upon issue of 40,122,706 equity shares through qualified institutions placement to qualified institutional buyers and allotment of an aggregate of 3,232,438 equity shares pursuant to exercise of stock options by the eligible employees during the year.

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	1.71	20,890.00	-	20,891.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1.71**	**20,890.00**	**-**	**20,891.71**
Change in indebtedness during the financial year				
Addition	96.09	246,700.00	-	246,796.09
Reduction	11.90	267,590.00	-	267,601.90
Net Change	**84.19**	**(20,890.00)**	**-**	**(20,805.81)**
Indebtedness at the end of the financial year				
i) Principal amount	85.90	-	-	85.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**85.90**	**-**	**-**	**85.90**

Note: The Indebtedness in respect of unsecured loans at the end of financial year is Nil (previous year ₹ 20,656.30 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. Vishal Kampani (Managing Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	120.00	120.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21.90	21.90
	(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)	**141.90**	**141.90**
	Ceiling as per the Act		**727.96**

Directors' Report (Contd.)

B. Remuneration to other Directors:

(₹ In Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Nimesh Kampani	Mr. E A Kshirsagar	Mr. Darius E Udwadia	Mr. Paul Zuckerman	Dr. Vijay Kelkar	Mr. Keki Dadiseth	Ms. Jagi Mangat Panda	
1.	Independent Directors								
	Fee for attending board/committee meetings	-	8.40	5.75	8.40	8.60	6.40	6.00	43.55
	Commission	-	22.00	20.00	20.00	22.00	20.00	20.00	124.00
	Others (Fee for attending Independent Directors' Meeting)	-	1.00	1.00	1.00	1.00	1.00	1.00	6.00
	Total (1)	**-**	**31.40**	**26.75**	**29.40**	**31.60**	**27.40**	**27.00**	**173.55**
2.	Other Non-Executive Directors								
	Fee for attending board/committee meetings	7.95	-	-	-	-	-	-	7.95
	Commission	16.00	-	-	-		-	-	16.00
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**23.95**	**-**	**-**	**-**	**-**	**-**	**-**	**23.95**
	Total (B)=(1+2)	**23.95**	**31.40**	**26.75**	**29.40**	**31.60**	**27.40**	**27.00**	**197.50**
	Remuneration to Managing Director, Whole-time Directors and/or Manager								**141.90**
	Remuneration to other Directors including sitting fees								**197.50**
	Total Managerial Remuneration including sitting fees								**339.40**
	Overall Ceiling as per the Act (6% of the Net Profits of the Company as calculated as per Section 198 of the Companies Act, 2013)								**873.55**

Note: Mr. Nimesh Kampani, Mr. Darius E Udwadia and Mr. E A Kshirsagar were paid ₹ 60,000, ₹ 20,000 and ₹ 20,000 respectively for attending the meetings of Committee of Directors constituted for the purpose of Qualified Institutions Placement of the Company.

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	202.98	197.22	400.20
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	38.07	41.06	79.13
	(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	**241.05**	**238.28**	**479.33**

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

Date: May 2, 2018
Place: Mumbai

Nimesh Kampani
Chairman

Management Discussion and Analysis

Current strong growth momentum not enough to assure sustainable growth in the medium-term

Prompted by the recovery in investment in advanced economies, sustained growth in emerging Asia, a rebounding emerging Europe and revival of several commodity exporters, global growth is expected to record 3.8% YoY in 2017 vs. 3.2% in 2016. This momentum is expected to sustain until 2019 (with a growth forecast of 3.9% YoY) aided by i) expansionary fiscal policies in the US and its international spillovers, ii) accommodative financial conditions and iii) favourable market sentiment. Recent fears of global trade wars and its implications on global growth have been downplayed after the International Monetary Fund (IMF) not only retained the 2018 global growth forecast but also raised world trade volume growth estimate to 5.1% YoY, 50bps higher than its Jan'18 update. Amid these favourable projections, the IMF highlighted the need for policies and reforms to strengthen global growth in the medium-term in light of downside risks such as a) reversal of the pro-cyclical policies (especially of the US), b) recent threat to international trade and c) geopolitical tensions.

Indian Economy

Due to events such as Demonetization and GST, the Indian economy was overtaken by China (6.9% YoY) as the fastest growing economy among the Emerging and Developing Asian economies in FY18. According to the Central Statistical Office's (CSO) second advanced estimates, India's growth rate is expected at 6.6% in FY18, slower than 7.1% in FY17, due to moderation of growth in private consumption (6% YoY vs. 7.3% in FY17; 56% share) and government spending (11% vs. 12% in FY17). Capital formation (33% share in GDP) is expected to record the highest growth (10% YoY) since the construction of the new GDP series (2011-12 onwards). For FY19, however, sustained capital formation would depend on revival of investments, which in turn would depend on the pace of resolution of stressed assets and stabilising of GST. As per the IMF, India would regain its spot as the fastest growing economy in the world in FY19, with growth at 7.4% YoY.

It should be noted that while government spending is a significant factor governing growth (11% share in GDP), abiding to the norms laid by the Fiscal Responsibility & Budget Management Act (FRBM) is important to support medium-term growth. As per the revised estimates laid in the Union Budget 2018-19, the Centre will breach its gross fiscal deficit (GFD) target of 3.2% by 30 basis points, due to higher than budgeted expenditure without an adequate increase in revenues. According to our study of state budgets 2018-19 (17 states; 90% of India's GDP), states too, would breach their budgeted GFD target of 2.7% by 26bps. This would bring the general government fiscal slippage to 56bps, with a GFD-to-GDP ratio of 6.5% in FY18. Going forward, the consolidated GFD-to-GDP target is estimated at 5.9% in FY19 (3.2% for the Centre; 2.6% for the states).

Inflation

The Reserve Bank of India (RBI) has put forth its objective of inflation targeting as a priority, while supporting growth. The Monetary Policy Committee (MPC), of the RBI remained neutral in its policy stance throughout FY18, with the medium-term target for CPI inflation at 4% (+/- 2%). Headline CPI inflation began declining from Mar'17-from 3.89% to an all-time low of 1.46% in Jun'17. Despite the sizeable fall in inflation rate, the RBI continued to maintain a hold on policy rates due to upside risks lingering around inflation. It was only in Aug'17, that the RBI cut rates by 25bps. RBI's policy decision has resulted in an annual inflation rate of 3.6% for FY18 (vs. 4.5% in FY17). Going forward, the RBI has projected inflation for a) 1HFY19 at 4.7-5.1%, and b) around 4.4% in the second half, with upside risks emerging due to uncertainties from around a) a revised MSP formula, b) the staggered impact of HRA revisions by state governments, c) fiscal slippages by Centre and states, d) the monsoon (which now been estimated to be 97% normal), e) expectations of higher input and output prices by manufacturing firms and f) volatility in crude prices.

Monetary conditions

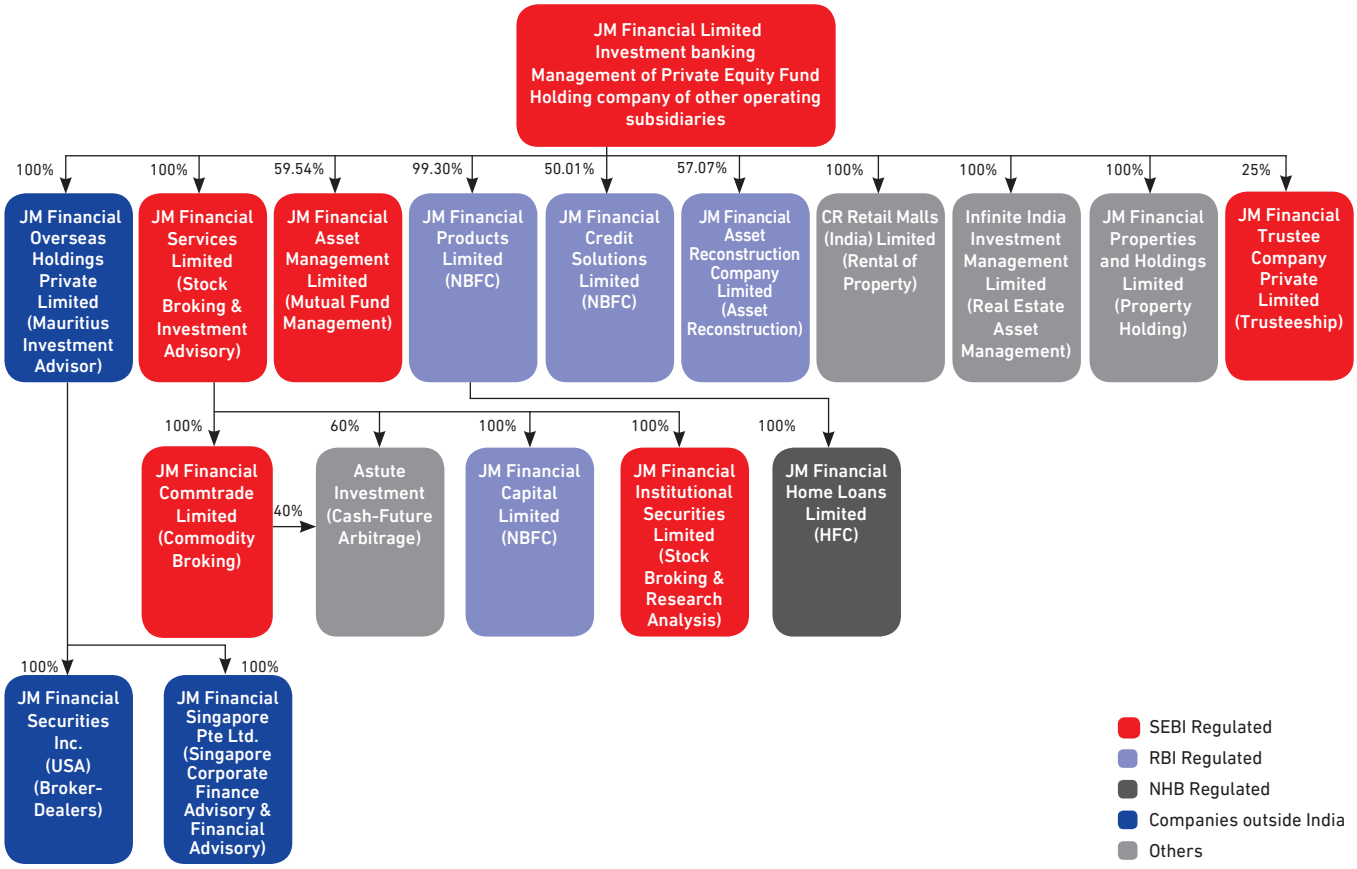
Credit growth touched double-digits after picking up in 2HFY18. As on Feb'18, credit growth stood at 9.8% YoY, driven by personal loans (20% YoY), agriculture & allied activities (9% YoY) and services (14% YoY). Industry credit uptake however remained subdued at 1%YoY, being dragged by non-ferrous metals (-12% YoY) and infrastructure (-2%). As on March 31, 2018, CRR stood at 4%, SLR at 19.5%, repo rate at 6.0%, reverse repo at 5.75% and MSF/bank rate at 6.25%. The Indian rupee remained fairly resilient versus other emerging market peers, on account of strong capital inflows and reserve build-up by the RBI. The exchange rate during FY18 averaged INR 64.5 per USD, ranging from INR 63.4/USD on January 5, 2018 to INR 65.7/USD on September 27, 2017. As on March 30, 2018, foreign exchange reserves stood at a record high of USD 424 bn vs. USD 370 bn in FY17.

Source: International Monetary Fund, Reserve Bank of India, Union Budget 2018-19.

Discussion on Businesses and Operational Performance

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

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



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 business performance of the Company is to analyse the standalone businesses and 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:** Our investment banking, wealth management and securities business revolves around ideation, innovation and relationship management. This business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, providing wealth advisory services, margin financing, broking services and distribution of financial products in an open architecture environment to retail investors/High Networth Individuals (HNIs) through

Management Discussion and Analysis (Contd.)

a large network of franchisees and Independent Financial Distributors (IFDs). Our investment banking and securities business is largely dependent on the health of capital markets in India.

- **Fund based activities:** We provide fund based activities through our Non-Banking Financial Companies (NBFCs) which inter alia, are as follows;
  - Commercial real estate lending to real estate developers
  - Structured financing solutions group catering to the funding requirements of our corporate clients
  - Capital market related lending to our broking and wealth management clients
  - Asset reconstruction business catering to the acquisition and resolution of distressed assets
- **Alternative asset management** comprising private equity and real estate fund management and
- **Asset management** comprising mutual fund management business.

Our business segments are discussed in detail below:

Investment Banking and Securities Business

Investment Banking Business

Investment banking business is amongst the oldest businesses within the JM Financial group. We are a full service investment banking franchise present across products viz. equity capital markets, debt capital markets, mergers and acquisitions and private equity syndication with a strong track record of over four decades. We have deep relationships into large and emerging corporates in India and have acted as their trusted advisors for decades. These relationships have strengthened over time and have enabled us to be the advisor of choice for managing marquee clients. Our expertise and relationships have helped us handle some of the most complex and largest transactions in India. We have also led innovative structuring and executed complex, challenging transactions and restructuring of corporate groups and businesses. We have leveraged our relationships and expertise built through our investment banking platform in our fund based businesses.

A positive economic and a conducive business and regulatory environment is expected to provide growth opportunities for our investment banking business as corporates look for avenues of fund raising as well as consider inorganic growth and restructurings to implement their strategy. We will continue to focus on ideation with deeper, wider and sharper coverage and to synergistically use our balance sheet resources to expand our revenue base and gain profitable market share. Cross selling of products within the various businesses will be at the forefront of all our strategies. We will continue to strive for client centric solutions and use our strong relationships to provide them with increased product offerings to meet their requirements.

Market Environment

Primary Market

The breakup of funds raised in public markets during FY 2017-18 as compared to the FY 2016-17 is as follows:

Primary market	FY 2017-18		FY 2016-17		FY 18 v/s FY 17
	No.	₹ in Crore	No.	₹ in Crore	%
IPO	45	81,516	25	28,225	191%
IPO on the SME Platform	155	2,249	80	825	152%
InvIT	2	7,283	-	-	-
Rights Issue	20	21,397	13	3,424	521%
QIP	52	62,520	22	13,671	356%
IPP	2	4,668	-	-	-
Offer for Sale	36	17,431	28	8,390	104%
Total Equity Raised	**312**	**197,064**	**168**	**54,534**	**261%**
Total Debt raised through Public issue	8	5,103	16	29,547	(84%)
Total Amount Raised	**320**	**202,167**	**184**	**84,081**	**140%**

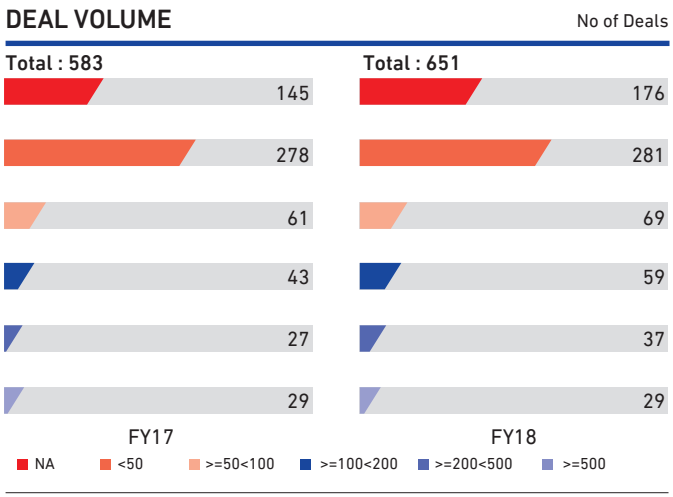
(Source: Prime Database as on April 5, 2018)

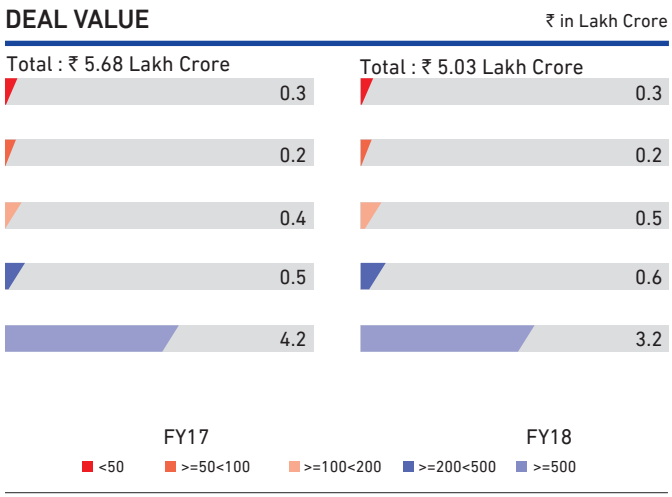
The Indian equity capital markets have raised a total of ₹ 197,064 Crore in FY 18 as compared to ₹ 54,534 crores in FY 17, an increase of 261% over one year. Companies have predominantly used IPOs, QIPs and rights issue route to raise funds.

Mergers and Acquisition

During FY 2017-18, 651 deals were announced as compared to 583 deals in FY 2016-17. The total value of the deals announced was ₹ 5.03 lakh crore for FY 2017-18 (this does not include 176 deals for which deal values were not available) as against ₹ 5.68 lakh crore for FY 2016-17 (this does not include 145 deals for which deal values were not available).

Source: Mergermarket





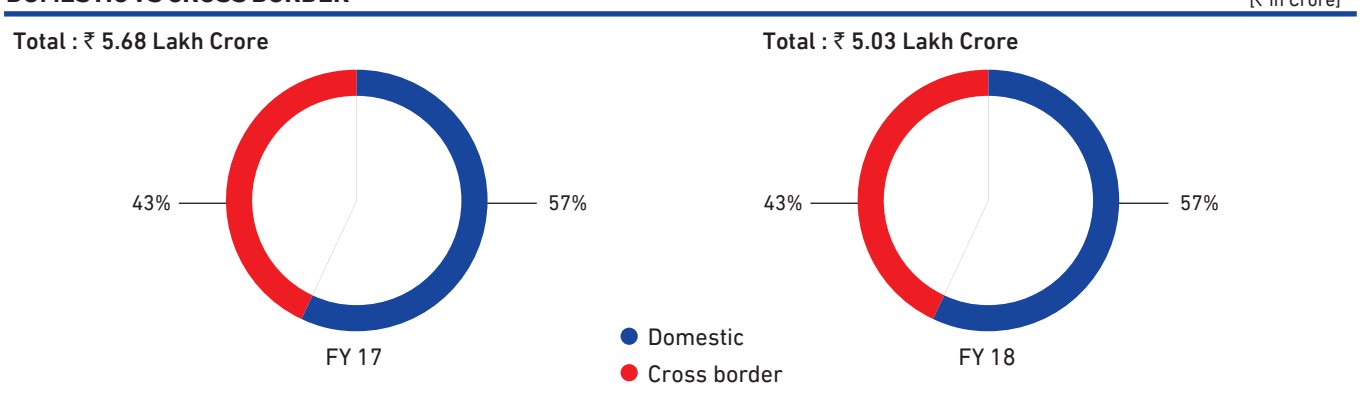
Source: Mergermarket

Notes

1. Deals are considered based on announcement date (excluding lapsed/withdrawn bids)
2. Deals where both target and bidder are outside India are not considered
3. Deal values are converted from USD to INR based on the average exchange rates for FY 2016-17 and FY 2017-18 obtained from RBI website viz https://www.rbi.org.in/

Domestic v/s Cross-Border Activity

During FY 2017-18, domestic transactions contributed 57% to the overall M&A activity with deal value aggregating ₹ 2.87 lakh crore.



Source: Mergermarket

Notes

1. Deals are considered based on announcement date (excluding lapsed/withdrawn bids)
2. Deals where both target and bidder are outside India are not considered
3. Deal values are converted from USD to INR based on the average exchange rates for FY 2016-17 and FY 2017-18 obtained from RBI website viz. https://www.rbi.org.in/

Management Discussion and Analysis (Contd.)

Private Equity

In FY 2017-18, private equity deals worth ₹ 176,681 Crore were announced compared to ₹ 86,843 Crore in FY 2016-17 (Source: JM Financial Estimates). The sectors that experienced the maximum interest from private equity investors include IT/ITES, Financial Services and Power & Power Ancillary.

Operational Performance of Investment Banking Business

Financial Year 2017-18 has been a good year in terms of capital markets business executed by our firm. In FY 2017-18, the firm successfully completed 24 IPOs, QIPs, buy-backs and de-listings. The firm is ranked # 2 in capital markets transactions, garnering ₹ 81,687 Crore for its corporate and private equity clients for the FY 2017-18. Within transactions executed jointly with other banks; the firm ranks within the top three in terms of distribution market share garnered in those transactions. (Source: Prime Database).

Given the firm's DNA of establishing and maintaining strong long-term relationships combined with showcasing innovative solutions to its clientele; the firm maintains a healthy pipeline of mandated transactions that show promise of being executed in FY 2019.

During FY 2018, we concluded the following equity capital market transactions:

- Book Running Lead Manager to the IPO of:
  - S Chand & Co Ltd – ₹ 729 Crore
  - GTPL Hathway Ltd – ₹ 485 Crore
  - Cochin Shipyard Ltd – ₹ 1,443 Crore
  - ICICI Lombard General Insurance Ltd – ₹ 5,701 Crore
  - SBI Life Insurance Co Ltd – ₹ 8,389 Crore
  - Prataap Snacks Ltd – ₹ 482 Crore
  - Reliance Nippon Life Asset Management Ltd - ₹ 1,542 Crore
  - Galaxy Surfactants Ltd – ₹ 937 Crore
  - Aster DM Healthcare Ltd – ₹ 980 Crore
  - Bandhan Bank Ltd – ₹ 4,473 Crore
- Book Running Lead Managers to the QIP by:
  - State Bank of India - ₹ 15,000 Crore
  - Aksharchem (India) Ltd - ₹ 69 Crore
  - Bajaj Finance Ltd – ₹ 4,500 Crore
  - Apollo Tyres Ltd – ₹ 1,500 Crore
  - Mahindra & Mahindra Financial Services Ltd – ₹ 1,056 Crore
  - Natco Pharma Ltd – ₹ 915 Crore
  - Housing Development Finance Corp Ltd – ₹ 1,896 Crore
  - Gayatri Projects Ltd – ₹ 200 Crore
  - L&T Finance Holdings Ltd – ₹ 1,000 Crore
  - Jindal Steel & Power Ltd – ₹ 1,200 Crore
- Buyback:
  - Mphasis Ltd– ₹ 1,103 Crore
  - Tata Consultancy Services Ltd.– ₹ 16,000 Crore
  - Wipro Ltd. –₹ 11,000 Crore
- Delisting:
  - Claris Lifesciences Ltd. – Feb 2018 – ₹ 1,087 Crore

Private Equity

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

- Catholic Syrian Bank for investment of ₹ 1,180 Crore from Fairfax India
- Eton Park Capital Management for exit of ₹ 659 Crore in Reliance Nippon Life Asset Management Limited to IIFL Special Opportunities Fund and Valiant Partners
- Wisemore Advisory (promoter entity of ReNew Power) for structured finance from Piramal Finance

Mergers & Acquisitions

JM Financial was an advisor to the following marquee transactions during FY 2017-18:

- Advisor to the Government of India on its 51.11% stake sale in Hindustan Petroleum Corporation Limited to Oil and Natural Gas Corporation Limited.
- Financial advisor to Reliance Jio Infocomm Limited for the acquisition of the assets of Reliance Communications Limited.
- Financial advisor to Tata Chemicals Limited on the sale of its urea and customised fertiliser business to Yara Fertilisers India Private Limited.

- Manager to the open offer by Xchanging Technology Services India Private Limited along with Computer Sciences Corporation India Private Limited and DXC Technology Company to the shareholders of Xchanging Solutions Limited.
- Financial advisor to Timken India Limited on acquisition of ABC Bearings Limited through a scheme of arrangement.
- Sole financial advisor to Sona Autocomp Holding Limited (SAHL) on the sale of its entire stake in Sona Koyo Steering Systems Limited to JTEKT Corporation, a Japanese multinational, and long standing technical and financial collaborator to SAHL.
- Manager to the open offer by JSW Cement Limited to the public shareholders of Shiva Cement Limited.
- Sell side financial advisor to Arch Pharmalabs Limited for sale of a US FDA approved manufacturing plant.
- We also provided fairness opinions for a number of landmark transactions including:
  - Demerger of the renewable energy business of Adani Enterprises Limited and transfer of the same to Adani Green Energy Limited;
  - Slump sale of renewable energy undertakings of Tata Power Limited (TPL) to subsidiaries of TPL including Tata Power Renewable Energy Limited;
  - Merger of Capital First Limited with IDFC Bank Limited;
  - Demerger of the gas sourcing and distribution business of Adani Enterprises Limited into Adani Gas Limited;
  - Internal restructuring of Nelco Limited involving a slump sale of two business undertakings to a wholly owned subsidiary and amalgamation of another wholly owned subsidiary with itself;
  - Fairness opinion to Adani Power Limited on slump sale of the Mundra power generating business.

Securities Business

Our securities business includes our Institutional Equities Business which serves our institutional clients and our Equity Brokerage Group which serves individual and corporate clients. 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 differentiated research with a focus on new stock ideas, intensive client servicing and efficient trade execution, complemented by hassle free post trade settlement.

The global institutional equities industry is going through a catharsis of sorts led by technology, shift in assets under management from active fund management houses to passive fund management houses and global regulatory changes such as MIFD II, affecting service level agreements and pricing.

Such structural changes continue to impact yields on secondary markets businesses globally, across market participants. Despite these head-winds, our securities business clocked a robust growth for the financial year FY 18 over FY 17. We expect challenges on the yield front to continue into the foreseeable future across industry participants; and hence a wider distribution reach, continuous augmentation of execution technology, wider and deeper research coverage strategies are being continuously implemented to ensure we maintain the momentum in our secondary institutional equities business.

While the global backdrop of securities yields remains challenged; the strong growth in domestic asset under management at home grown asset management companies bodes well for our firm. As a well-recognized full service investment bank, the firm's institutional business continues to generate differentiated research spanning stock ideas, thematic and sector reports, macro and investment strategy notes amongst others; thereby maintaining a strong two-way relationship with its existing and ever growing institutional client base. The firm continues to be positioned by many of its institutional clientele in their top tier rankings. Research analysts of the equities business continue to garner improved vote share and a full service sales –trading – research and corporate access service ensures end-to-end delivery, well appreciated by the firm's clientele.

To further augment its position in its institutional equities business, the firm expects to significantly grow its derivatives product and coverage in FY 19 to take advantage of the tail-winds emanating out of the government's initiatives towards dismantling most Double Taxation Avoidance Agreements (DTAAs) with most jurisdictions; and further driving the 'on-shoring' of the Indian equities derivatives market by restricting listing of Indian derivatives onto offshore exchanges.

The Equity Brokerage Group offers research based equity advisory and trading services to high net-worth individuals, corporate and retail clients. The Equity Brokerage Group has its presence in 113 top cities in India through network of branches and franchisees. The combination of branches and franchisee has helped us in achieving a de-risked business model and a

Management Discussion and Analysis (Contd.)

wide spread presence. This group services over 46,000 active clients with team of 198 advisors spread across the country. The emergence of discount broking players in last few years have forced even traditional full service brokers to build online platform for cost sensitive retail/high trading customers. During the year we have continued to invest in people, research capabilities and online technology platform which will help us to grow this business cost effectively. The new Mobile Trading App launched at the end of the last year has been well received and we are seeing a steady increase in trading volumes through the mobile app. During the FY 2017-18, 33% of our clientele volume was contributed through online trading. We will continue to focus on strengthening our branch network in Tier 1 cities and Franchisee Network in Tier 2 & 3 cities. Our focus will be to gain more market share in high yielding cash segment delivery based business by offering suitable products, pricing, research ideas and execution capabilities to our broking customers. We also provide securities backed lending in the form of margin financing through JM Financial Capital Limited.

The comparative details of average daily turnover in the Cash and Derivative segments of BSE and NSE are given below:

(₹ in Crore)

Average Daily Turnover	FY 2017-18	FY 2016-17
Cash		
BSE	4,384	4,025
NSE	29,263	20,387
Derivatives		
BSE	13	28
NSE	6,70,844	3,80,525

(Source: SEBI, NSE, BSE)

During FY 2017-18, our average daily turnover stood at ₹ 5,187 Crore compared to ₹ 2,987 Crore for FY 2016-17.

Investment Advisory and Distribution

Our Investment Advisory and Distribution caters to corporates, ultrahigh net-worth and high net worth investors, banks and institutions through our wealth management and independent financial distribution division (IFD). We offer a wide range of products and services to our clients ranging from 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 an open architecture model for distribution and are among the largest distributors of third party products in India.

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, our Asset under advice, distribution and management grew by 34% from ~₹23,664 Crore as on March 31, 2017 to ~₹31,808 Crore as on March 31, 2018. During the year we have observed further improvement in the quality of our asset mix by garnering better yielding Equity & Debt assets which now stands at ~81% of our AUM as compared to ~70% in previous year. Wealth business is currently being offered in 7 major cities in India and other cities are covered through Hub & Spoke model with team of 56 advisors.

With a network of over 8,400 active Independent Financial Distributors (IFDs) our Independent Financial Distribution Group (IFDG) distributes various financial products such as mutual funds, fixed deposits, IPOs, bonds to retail and high net worth customers across the country. We are amongst the top players in terms of distribution of Mutual Funds, IPOs and Fixed Deposits through IFDs. During the FY 2017-18, we have mobilised more than ₹3,500 Crore in various company fixed deposits and bonds and we are amongst top mobilizer of 54EC Bonds for NHAI & REC. We have also mobilised more than ₹ 3,800 Crore in public issues of equity under retail category and mobilised more than ₹2,000 Crore in various mutual fund schemes. During the year we have continued to invest in technology platform to service IFDs in a more efficient manner. The new online platform for investments in Mutual Funds and IPOs launched last year has been well received by IFDs and we are seeing steady increase of business transactions in online platform which is helping us to handle higher business volumes. We will continue to focus on garnering more equity Assets through SIPs and periodic contests, maintain our leadership position in Fixed Deposit and improve our ranking for IPO.

The Average Assets Under Management (AUM) in Mutual Fund Industry have increased by ~22% from ~₹ 18,63,156 Crore as on March 2017 to ~₹ 22,74,923 Crore as on March 2018. Corporate investors AUM have increased by ~14% from ~₹ 882,144 Crore as on March 2017 to ~₹ 10,05,501 Crore as on March 2018, HNI Investors AUM have increased by ~34% from ~₹ 472,872 Crore as on March 2017 to ~₹ 633,031 Crore as on March 2018 and Retail investors AUM have increased by ~40% from ~₹ 384,656 Crore as on March 2017 to ~₹ 537,262 Crore as on March 2018. AUM in direct plan and associate distributors have increased by ~22% from ~₹ 912,231 Crore as on March 2017 to ~₹ 11,08,524 Crore

as on March 2018 and AUM with Non associate distributors has increased by ~23% from ~₹ 950,925 Crore as on March 2017 to ~₹ 11,66,399 Crore as on March 2018.

Our investment advisory and distribution segment is expected to benefit from the growing trend of investments getting channelized into organized financial instruments. Improving demographics and increase in income levels is expected to augur well for our investment advisory and distribution business. We have successfully been able to cross sell other products of the group (such as investment banking products) to our wealth clients. Further, we also provide our funding and broking platforms to our wealth clients thereby providing a holistic solution to the clients.

Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, wholly owned subsidiaries of the Company are partners, focuses on taking advantage of the arbitrage opportunities available in the market targeting 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 average daily market volume has decreased by 5.87% from ~₹25,136 Crore in FY 2016-17 to ~₹23,659 Crore in FY 2017-18. During the year we have maintained our market share in commodity market volumes. National Spot Exchange Limited (NSEL) suspended its trading and settlement operations from July 31, 2013. We had an outstanding amount to be recovered from NSEL of ₹15.03 Crore on account of our own arbitrage book as on March 31, 2018. Our clients had also invested in the products offered by NSEL and had an outstanding recoverable amount of ₹61.07 Crore from NSEL as on March 31, 2018. We are closely in touch with authorities for a final resolution in this regard.

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.

Our Investment Banking and Securities business is subject to threats which include

- macro-economic factors such as abnormal monsoon, geopolitical tensions, global economic threats impacting the business and capital market environment
- business specific threats such as increased intensity of competition from players across the industry creating downward pressure on fees, commissions and brokerages, regulatory challenges, technology innovations, amongst others

Financial Performance of Investment Banking and Securities Business

(₹ in Crore)

Particulars	FY 2017-18	FY 2016-17
Gross Income	828.42	638.75
Profit before tax	204.36	143.69
Profit after tax	142.57	95.37
Segment Capital Employed	728.94	638.84

Fund Based Activities

Our loan book as of March 31, 2018 stood at ₹ 14,772 Crore as compared to ₹ 11,343 Crore as of March 31, 2017. Our gross NPA stood at 0.6% as of March 31, 2018 as compared to 0.1% as of March 31, 2017.

Our lending businesses continue to focus on steady profitable growth with stringent underwriting standards. It is our endeavor to diversify our real estate portfolio both by number of accounts and geography to mitigate concentration risk. We continue to leverage our existing client relationships to grow our corporate and capital market loan books. The distressed assets space is gaining traction on the back of regulatory push and government's resolve to provide better business environment for the domestic financial system. We continue to focus on resolution of our existing portfolio and acquisitions of corporate accounts with underlying businesses that have a potential to revive. We have a unique advantage of using our investment banking expertise for resolutions of the acquired distressed assets. We continue to explore new avenues of financing going forward to further diversify our borrowing profile and strive to improve our credit ratings to achieve the benefit of lower cost of funds. We leverage our fund based activities to build new revenue streams for our other businesses within the group. While the opportunity in the fund based activities is large, there is always a looming threat of the loans turning into NPAs and resolutions getting delayed. We are facing challenges from new entrants with large balance sheets, existing players and yield compression. In light of extant guidelines, Asset Reconstruction Companies may be required to contribute higher cash component which may require further growth capital. Global distressed asset funds are increasingly

Management Discussion and Analysis (Contd.)

seeing an opportunity in this space and competition can be expected to increase from new domestic players as well as global funds.

Progress on New Initiatives:

Housing Finance Business

As part of our strategy to gradually diversify from wholesale lending into retail lending, we commenced our retail housing finance operations during FY 18. We received our HFC license from National Housing Bank (NHB) in November 2017. The focus of this business will primarily be on the affordable housing segment which we believe is likely to drive the housing market in India.

We plan to primarily target home buyers in Tier II & III towns and have initially started operations in the western region e.g. Maharashtra and Gujarat. We have five clusters operational across these two states. We have hired experienced professionals and are currently putting robust systems and processes in place.

With c.20 million housing shortage by 2022 and a mortgage-to-GDP ratio of c.9%, under-penetration of India's housing finance market is well documented. These figures are even lower for affordable segment such as Economically Weaker Segment (EWS) and Low Income Group (LIG). India's housing finance landscape is skewed towards the formal organized segment of the borrowers. 85% of the home borrowers today are salaried with documented income proofs. However, 60-65% of the workers in the urban area are employed in the unorganized space with cash salaries. Besides, the self-employed segment – which constitute c.50% of the addressable urban market – also remain under-served and therefore has limited competition. Our focus will be primarily on these under-served segments. Our intent is to differentiate on the back of technology and data driven approach to assess the credit worthiness of this segment.

Some of the recent initiatives of the government to address the needs of affordable housing segment include increasing the carpet area and re-defining income definitions for Credit Linked Subsidy Scheme (CLSS) eligibility, providing infrastructure status to this segment in the previous budget and reducing the risk weights for housing loans.

Slower rate of job creation in Tier II and III towns could adversely impact housing demand, rising competition could result in shrinking yields and higher NPAs and external shocks such as demonetization could impact informal segment of the economy thus impacting the repayment capability of people employed in this segment.

SME business

The SME vertical broadly covers three sub categories – Credit to SMEs, NBFC lending and Education Institution Loans (EIL).

- **SME Loans:** The Indian economic growth story is fuelled by over 50 million MSMEs (Micro Small and Medium Enterprise) which contribute to about 8% of GDP, 45% of total manufacturing output and 40% of the total exports from India. Its impact can be gauged from the fact that it provides employment to over 80 million citizens with a spread of 36 million units across India. The critical factor for the success of this sector is availability of credit both in terms of quantum and timely support. With an objective to contribute to this dynamic and growing sector, we launched the SME loans business which includes collateral based lending to manufacturing, services and trading entities to help them meet their working capital needs. The SME loans business covers both term loans and line of credit to the sector with a distinct focus on right fit product built around current and projected cash flows of the entity.
- **Education Institution loans:** India offers tremendous growth potential in private education with over 40% of its population falling under education seeking population. This growth in private education is going to be driven by an increase in Gross Enrolment ratios across all levels segments of education and a migration from public to private education owing to a greater demand for quality education. While demand for higher education is going to be centered more towards Metro & Tier-I cities due to students migrating towards cities to seek job opportunities post completion of higher education, a large part of growth in private schools is likely to be focused in Tier II and III cities. It is estimated that private school infrastructure is likely to see an incremental investment of 10 lakh Crore by 2030 and higher education an additional 3 Lakh Crore over this period. This is likely to provide a tremendous opportunity for deployment of capital in Educational Institution over the next 15-20 years. With this compelling backdrop, we have forayed into the Education Institution financing segment in select geographies. Education Institution Loans would be offered to private education institutions for brown-field expansion and for augmentation of working capital.
- **NBFC lending:** India is seeing a cusp of evolution where digital transactions and deeper credit penetration has increased

multi fold, leading towards high growth for formal credible financing. This has created a new opportunity for many NBFCs. We believe NBFCs who have proximity to region are having a potential opportunity for the underserved and last mile delivery to the credit. We are selectively partnering with such NBFCs which have domain expertise by providing them with loans.

New Age Technology Backed Real Estate Consultancy Services

In April 2017, we launched our new business named 'Dwello' which operates within the primary residential real estate space. We are building this business with a team of young, professional and trained real estate consultants. Dwello assists home buyers to make right decisions at every step from initiation to completion of their home buying journey. Dwello helps real estate developers to source home buyers for their projects.

The value proposition of Dwello is backed by technology, data analytics and use of online and social media marketing. Our sophisticated algorithms offer accurate recommendations by sifting through vast knowledge banks comprising real time market data and historical decisions of many home buyers, curated by experts. Dwello is expanding to different areas within Mumbai. We believe that our existing real estate relationships and our expertise in closing transactions will help us further build this business and expand geographically.

With a vision to create a technologically advanced real estate consulting company, we believe Dwello will be able to add significant value to our customers.

Real Estate Lending

The Real Estate Lending business of JM Financial is focused on offering a solution based approach to its clients in the real estate sector by catering to the various financing requirements of its clients and by keeping in mind the typical nature of the industry. We consider our clients as partners and aspire to have significant mind share of our clients when it comes to financing requirements/solutions.

The various product offerings have evolved over a period of time based on our wide based experiences across geographies and our close association with our clients:

- **Project Funding:** Project Funding is the most important aspect of real estate funding and our focus is to ensure that it continues to be the largest proportion of our product offering in this sector. Post Introduction of Real Estate Regulation and Development Act, 2016 (hereinafter referred to as "RERA") the importance of project based funding has increased significantly as pre-launch sales, which used to fund construction in the past, are not possible.
- **Loan against Ready Property:** The last few years have seen significant mis-match in the cash flow positions of clients. By offering loans against their ready assets, we try to bridge the time gap between funding requirement and sales of assets.
- **Project Acquisition Funding:** Post-RERA, there are many larger developers who are looking at opportunistic buying of various ongoing projects of smaller sized developers. Further, developers are also looking at selective land purchases for growth. We have been and would continue to remain relevant to our clients in this product offering as growth in the next decade would be significantly defined by such decisions made by the prominent developers.
- **Structured Finance:** We also provide unique solutions to clients such as providing exits to Private Equity Investments, Corporate Funding, etc. We have the flexibility to cross-collateralize existing securities and provide innovative structuring flexibilities to developers.

As on March 31, 2018, our total loan book stood at ₹ 9,268 Crore as compared to ₹8,106 Crore as of March 31, 2017. This growth has been aided by successfully adding two new geographies this year i.e. Kolkata and National Capital Region along with expansion of the book in the existing geographies like Mumbai and Bengaluru. We will continue to diversify across all our territories to ensure the city-wide concentration remains low.

The Real Estate Industry has been through turbulent times over the past few years, however with the onset of RERA, Goods and Services Tax and Benami Property Act, the sector is stabilizing with growth being driven by higher consumer confidence. This provides us the opportunity to leverage our strengths such as strong and long term client relationships, experienced team, client oriented approach and tap various new opportunities such as increase in project funding, higher requirement of institutional sources of funding, consolidation amongst developers.

We intend to leverage on our long standing relations with our clients and provide financing solutions to meet their requirements, without diluting our underwriting standards. We also intend to increase exposure to existing clients along with addition of high-

Management Discussion and Analysis (Contd.)

quality new clients and continue to diversify the loan book across existing geographies and explore new geographies which may become relevant and attractive post RERA.

Structured Finance Group

The Structured Finance Group (SFG) aims to provide customised financing solutions under the following broad categories:

a. **Structured Lending –** We aim to offer a comprehensive financing package to operating businesses to refinance existing debt, top-up working capital funding and fund growth capex. These solutions are primarily offered to good quality companies in growth sectors, with strong track record of promoters and management with an aim to provide an optimum capital structure suited to the long term prospects of such companies.

b. **Promoter Funding –** We aim to offer financing to Promoter holding companies against listed share securities or mortgage of properties to meet their strategic requirements i.e. equity funding for acquisitions or capex, stake accretion in group companies, investments, buying out of private equity investors and promoter debt refinancing.

c. **Acquisition Financing –** We offer competitive INR funding solutions to companies acquiring domestic assets, where banks restricted by regulation from providing financing for the equity investment.

d. **Bridge Financing to Capital Market Exit –** We can offer efficient financing structures to companies for short tenor structured as a bridge to IPO or private equity infusion; alternatively, structured debt financing can be a medium term solution for such companies to raise capital without equity dilution.

The Corporate loan book for March 31, 2018 stood at 2,705 Crore, compared to ₹ 1,561 Crore as at March 31, 2017. The Group closed several highly structured, medium to long tenor financings to companies across sectors such as consumer, industrials, pharma, engineering, metals and mining, infrastructure and the services sector. The SFG has successfully been able to capitalise on the opportunity created by the waning presence of banks in the credit space and partnered with reputed clients with well established businesses looking for flexible capital structure solutions. Similarly, SFG underwrote a few Promoter financing transactions as Bridge to IPO deals, taking advantage of the booming equity markets and complemented by JM Financial group's expertise. In addition, the Group leveraged its long standing financing relationships with top business houses in India and closed a number of simple corporate / security backed lending transactions.

Our key differentiator in the SFG franchise is therefore our ability to be a valued relationship oriented financing partner, with a strong investment banking franchise, having pioneered innovation in the equity markets over the years and therefore inherently having a deep appreciation of risk-return across sectors and economic cycles. The business imputes risk-return appropriate for balance sheet lending transactions and is hence very competitive in its risk pricing, however the credit rigour is actually akin to that of a sophisticated private equity investment team, with a partnership approach instead of mere transaction orientation.

For FY 2018-19, SFG focus will be to drive business and profitability with stronger client partnerships, intensive credit assessment, better structuring and portfolio monitoring, while still being competitive on pricing terms and maximising yield across the portfolio.

Capital Market Lending

Our MTF / IPO division caters primarily to the capital markets segment. Financing business in the area of loan against shares, margin funding, ESOP financing, loan against bonds/ mutual funds, sponsored financing, loans against property continued to see good traction in last year. Through our MTF / IPO division we cater largely to our wealth and broking clients. With upturn in the capital markets in first three quarters, especially the primary market, we ramped up our IPO funding book with total funding of ₹49,419 Crore across 69 public issues during the FY 2017-18. We have also been financing clients for applications in select primary equity issuances mainly on the BSE-SME platform which enables listing of the SME's.

In the last quarter, with the Budget presented by the government in February 2018, there was an impact on the market sentiment with the introduction of the Long Term Capital Gain Tax on sale of equity shares and equity oriented mutual funds. This was followed with the multi crore scam associated with a few Nationalised Banks which dented the value of PSU Banks. All these factors coupled with the increase in the borrowing rates especially at the shorter end affected the equity market sentiments and investors who were looking to leverage.

As of March 31, 2018 our total capital markets loan book stood at ₹ 2,334 Crore as compared to ₹ 1,516 Crore as of March 31, 2017.

Credit Rating

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

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

India Ratings and Research (IND-Ra) affirmed IND AA with a Stable Outlook rating for Non-Convertible Debentures (NCDs) and bank loans. The agency has also affirmed JM Financial Credit Solutions' Commercial Papers at IND A1+.

During the financial year ended March 31, 2018 CARE had assigned the CARE A1+ (highest grade) rating for our Commercial Paper program which indicates a very strong degree of safety with regards to timely payment of financial obligations and CARE AA/Stable rating for long term NCD issuances, which indicates high degree of safety with regards to timely payment of interest and principal on the instruments. Both these instruments are considered to carry a very low credit risk.

Asset Reconstruction Business

Asset quality concerns have been increasing over the years as the growth in stressed assets has outpaced credit growth in the banking system. The regulators have increased their efforts to push banks to identify and resolve the asset quality problem.

The revised guidelines for expeditious resolution of bad loans dated February 12, 2018 issued by the RBI harmonise the existing guidelines in consonance with Insolvency and Bankruptcy Code (IBC). With the new guidelines in place, there will be no multiple regulatory frameworks as all the existing schemes such as CDR, SDR, S4A, and 5:25 are now defunct. The Joint Lenders Forum (JLF), which had been set up to coordinate resolution of large consortium loans, has also been disbanded.

The new framework puts down strict timelines over which insolvency proceedings must be initiated. These timelines will broaden the scope of resolving the overall quantum of debt on a fast track basis and shall come into effect starting March 1, 2018. For accounts with an exposure of ₹2,000 Crore or more, banks will have to ensure that a resolution plan is implemented within 180 days of default. If the resolution plan is not implemented within 180 days, the account must be referred to NCLT under IBC within 15 days. For large accounts where a resolution plan is being implemented, the account should not be in default at any point during the specified period of one year, failing which the lenders shall refer the account to NCLT under IBC. For accounts with exposure of ₹100 Crore to ₹2,000 Crore, a timeline for resolution will be announced over a two-year period.

The notified disclosure requirements will bring in more transparency, boost the confidence of investors in the financials of banks and change the way banks do business. It shall provide a level playing field for all stressed accounts and shall also lead to early detection of stressed accounts which shall fall in the SMA2/NPA category.

The resolution process is likely to become more efficient in light of the recent IBC amendment which allows Asset Reconstruction Companies (ARCs), among others, to become a resolution applicant and the exemption provided by RBI for ARCs to participate beyond the shareholding limit of 26% in the post converted equity of the borrower company will act as a stronger tool for ARCs to deal with NPA situation.

The gross non-performing assets ratio (GNPAs) of Scheduled Commercial Banks increased from 9.6 percent in March 2017 to 10.2% in September 2017. Stressed advances, defined as GNPAs plus restructured standard advances, increased to 12.2% in September 2017 from 12.1% in March 2017. In September 2017, the stressed advances of public sector banks were at 16.2%, private sector banks at 4.7% and foreign banks at 4.1%.

During the year, we concluded 22 transactions with outstanding dues of around ₹3,639 Crore acquired by issuing Security Receipts worth ₹1,483 Crore. Till March 31, 2018, we have acquired total outstanding dues of ₹ 32,349 Crore at a gross consideration of ₹ 14,761 Crore. Resolution strategies were

Management Discussion and Analysis (Contd.)

initiated for majority of the assets acquired. Accounts worth ₹ 2,048 Crore were restructured and Security Receipts worth ₹ 362 Crore were redeemed during the year. The outstanding Security Receipts stood at ₹ 12,965 Crore as on March 31, 2018.

During the year we restructured the debt of a few large accounts such as Shirdi Industries Ltd (approved under NCLT), Arch Pharmalabs Ltd and Nitco Ltd by re-sizing debt to a sustainable level through conversion of part debt into equity, monetization of assets, infusion of additional funds etc. We also keep a control on the cashflows and operations of the companies through Trust Retention Account (TRA)/ Escrow Account and have also appointed external agencies to closely monitor the developments in these accounts on real time basis.

We work closely with diverse sector-specific experienced professionals and sector-specialised firms for revival of the acquired accounts. JMFARC will continue to focus on cash investments, however, we are also committed to meet the requirements of seller Banks/NBFCs be it in terms of only cash or cash cum security receipts depending upon their respective requirements based on anticipated recoveries, so that they can also participate in the upside. The growing NPA market comprises of assets having good restructuring potential and the available market opportunities will provide space for growth in our current Asset Under Management (AUM)

With RBI's continuous thrust on controlling the high level of stressed assets in the banking industry, it is expected that banks will continue to offload NPAs to ARCs, thereby increasing opportunities for ARCs to participate in the NPA market. The new framework initiated by the regulatory authorities will have a positive impact on the asset-value unlocking process in the long term and will facilitate a much-needed fillip to the overall growth of the industry.

Credit Ratings

ICRA has assigned the rating of ICRA AA- with stable outlook for the NCD program of JMFARC and the rating of ICRA A1+ to the commercial paper programme of JMFARC.

CARE has assigned the rating of CARE AA- Stable for NCD program of JMFARC and rating of CARE A1+ to the commercial paper programme.

CRISIL has assigned rating of CRISIL A1+ to the commercial paper programme of JMFARC.

Debt Trading

During the year, we carried out transactions in Government securities and Non SLR securities.

Financial performance of Fund Based Business

(₹ in Crore)

Particulars	FY 2017-18	FY 2016-17
Gross Income	2,257.18	1,625.02
Profit before tax	997.21	778.75
Profit after tax before minority interest*	647.92	518.41
Profit after tax after minority interest	431.40	360.34
Segment Capital Employed	4,203.29	3,240.76

** Includes Profits from Associate*

Note: JM Financial Asset Reconstruction Company Limited financials in the statement of profit and loss are consolidated on line by line basis from October 1, 2016. It was an "Associate" of JM Financial Limited till September 30, 2016.

Alternative Asset Management (Private Equity and Real Estate Fund Management)

Market Environment

In FY 2016-17, as per our estimate, the Private Equity (PE) investments were ₹ 176,681 Crore (531 deals) as compared to ₹ 86,843 Crore (436 deals) during FY 2016-17.

Year	Private Equity Investment (₹ in Crore)	Number of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2017-18	176,681	531	412	IT/ITES, Financial Services and Power and Power Ancillary
2016-17	86,843	436	256	IT/ITES, Financial Services and Telecom

IT/ITES accounted for 38% of the total PE investments in FY 2017-18. Other sectors which witnessed high activity in terms of deal value were Financial Services and Power & Power Ancillary accounting for 22% and 15% respectively of the total PE investments.

Total PE exits were ₹ 76,270 Crore (135 deals) in FY 2017-18 as compared to ₹ 39,133 Crore (97 deals) in FY 2016-17. Strategic and PE to PE 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 an India focused private equity fund, focused on providing growth capital to dynamic, fast growing companies in India. The Fund raised capital of ₹ 952 Crore through its domestic and offshore schemes and invested the corpus in thirteen companies across various sectors. The Fund has successfully exited from nine of its portfolio companies (including two partial exits) and has returned an aggregate of 98% of the capital contributions. The Fund is presently working to seek exit opportunities for the balance portfolio.

JM Financial India Fund II ("Fund II") is established as a trust under the Indian Trust Act, 1882 and registered with the Securities and Exchange Board of India ("SEBI"), under the SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II AIF. Similar to the first Fund, Fund II is an India focused private equity fund, focused on providing growth capital to dynamic and fast growing small to mid-market companies in India. The Fund II has completed one investment and is actively evaluating other investment opportunities.

We continue to focus on exits from investments in our existing funds and are in advanced stages of launching the new private equity fund (Fund II). The primary objective of the Fund II (sector agnostic with focus on investments in sectors such as Financial Services, Consumer, Infrastructure Services, IT/ITeS and Manufacturing) is to achieve superior risk adjusted returns, by investing growth capital in small to mid-market Indian companies. We believe that the small to mid-market opportunity is relatively less crowded, allowing for attractive investment opportunities in early stage companies that are in their first phase of expansion. We see a clear segmentation of investment strategies among peers. On one side, there are several early stage funds, primarily focused on technology investments in the sub US$ 5 million investment size; and on the other end there are large private equity players that invest over US$50 million, each, in growth to late stage companies who have already built significant size. We believe that this segmentation has left the small to mid-market opportunity (which the Fund II is targeting) relatively less crowded, allowing for attractive investment opportunities in early to growth stage companies that are in their first phase of expansion.

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 ₹ 401 Crore, which is fully invested. Till date the Property Fund has made an aggregate distribution of ₹ 290 Crore which is 72% of the total capital contribution in rupee terms. The Property Fund has Assets under Management (AUM) of ₹ 155 Crore as of March 31, 2018. The Property Fund continues to focus on exploring exit opportunities for its outstanding portfolio investments. During the year, the offshore scheme of the Property Fund has received consent from its investors to extend the tenure by another 2 years till January 24, 2020.

Our Alternative Asset management business may face challenges in terms of our ability to raise funds and being able to exit portfolio companies at desired valuations. Further, our portfolio investments are subject to business specific and macro-economic threats.

Financial performance of Alternative Asset Management Business

(₹ in Crore)

Particulars	FY 2017-18	FY 2016-17
Gross Income	25.70	4.40
Profit before tax	7.73	(8.56)
Profit after tax	10.78	(8.64)
Segment Capital Employed	91.45	80.68

Asset Management (Mutual Fund)

We offer a wide range of investment options that cover the entire risk spectrum, catering to the diverse needs of the Institutional and the Non-institutional Investors. The average assets under management (AAUM) of JM Financial Mutual Fund for FY2017-18 were at ₹ 14,822 Crore with Equity AAUM around ₹ 8,847 Crore and Debt AAUM around ₹ 5,975 Crore.

Our mutual fund business continues to focus on profitable growth. Our PAT/AAUM ratio stood at 0.39% for financial year 2017-18.

The AAUM of the mutual fund industry touched an all-time high of ₹ 23 trillion for the quarter ending March 31, 2018. The robust performance of the industry comes on the back of growing investor awareness and increased inflows in both the equity as well as debt-oriented funds. Indian markets rallied to near recent high led by strong domestic institutional investor flows as economic fundamentals continue to remain strong.

Management Discussion and Analysis (Contd.)

India's benchmark indices S&P BSE Sensex rose 11.3% in FY 2017-18. It also touched an all-time high of 36,000 in January 2018 and NIFTY rose 10.2% during FY 2017-18.

Our Asset Management business is subject to the macro-economic environment both in India and globally which could impact the flow of funds into the mutual fund sector. Further there are certain business challenges such as increased competition affecting market share and fees, higher commissions to distributors, regulatory changes and redemption pressures.

Financial performance of Asset Management Business

(₹ in Crore)

Particulars	FY 2017-18	FY 2016-17
Gross Income	112.31	89.29
Profit before tax	79.42	57.43
Profit after tax before minority interest*	58.38	45.31
Profit after tax after minority interest	34.54	24.71
Segment Capital Employed	193.02	228.51

*Includes Profits from Associate

Analysis of Financial Performance

Consolidated Financial Performance

The consolidated gross income of the Company stood at ₹ 3,234.89 Crore as against ₹ 2,359.26 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹ 2,479.29 Crore as against ₹ 1,777.01 Crore, in the previous year. The Profit before and after tax stood at ₹ 1,308.52 Crore and ₹ 630.92 Crore respectively as against the ₹ 971.73 Crore and ₹ 470.20 Crore in the previous year.

Fees and commission earned during the year were ₹ 421.98 Crore as against ₹ 390.79 Crore during the previous year, constituting 13.04% of the total revenue. Brokerage income earned during the year was ₹ 218.83 Crore as against ₹ 161.42 Crore during the previous year, constituting around 6.77% of the total revenue. Interest and other income in fund based activities continued to be a major contributor to the gross revenue at ₹ 2,318.19 Crore as against ₹ 1,607.03 Crore during the previous year, constituting around 71.66% 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 ₹ 275.89 Crore as against ₹ 200.02 Crore during the previous year, constituting around 8.53% of the total revenue.

The following table describes consolidated expenditure during the year:

(₹ in Crore)

Particulars	For the Year ended	
	March 31, 2018	March 31, 2017
Employee benefits expense	386.65	305.81
Finance cost	1,144.60	781.96
Depreciation and amortisation expense	26.17	23.32
Other expenses	368.95	276.44
Total	**1,926.37**	**1,387.53**

Employee Benefits Expense

The increase in employee costs by about 26.43% is mainly on account of annual compensation increase, increase in headcount 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 ₹ 14,674 Crore as against ₹ 10,802 Crore in the previous year. Group level gearing increased to 2.57x vis- a-vis 2.49x.

Depreciation and Amortisation Expenses

The increase in depreciation and amortisation expenses by about 12.23% is on account of normal increase in capital expenditure including new offices acquisition 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 increased by 12.27% in the current year. Administrative costs mainly comprise establishment expenses. These expenses increased by 44.08% primarily attributable to increase in provisions and write-offs towards loans and investments in the current year.

The break-up on a consolidated basis under key segments is as under:

(₹ in Crore)

Segment Revenue	FY 2017-18		FY 2016-17	
	Amount	% to total	Amount	% to total
Investment banking and securities business	828.42	25.61%	638.75	27.07%
Fund based activities	2,257.18	69.78%	1,625.02	68.88%
Alternative asset management	25.70	0.79%	4.40	0.19%
Asset management	112.31	3.47%	89.29	3.78%
Others	253.98	7.85%	213.01	9.03%
Total Segmental revenue	**3,477.59**	**107.50%**	**2,570.47**	**108.95%**
Less:- Inter segmental revenue	(242.70)	(7.50%)	(211.21)	(8.95%)
Total revenue	**3,234.89**	**100.00%**	**2,359.26**	**100.00%**
Segment Results (Profit Before Tax)				
Investment banking and securities business	204.36	15.62%	143.69	14.79%
Fund based activities	997.21	76.21%	778.75	80.14%
Alternative asset management	7.73	0.59%	(8.56)	(0.88%)
Asset management	79.42	6.07%	57.43	5.91%
Others	19.80	1.51%	0.42	0.04%
Total Results (Profit Before Tax)	**1,308.52**	**100.00%**	**971.73**	**100.00%**

(₹ in Crore)

Segment Capital Employed	March 31, 2018	% to total	March 31, 2017	% to total
Investment banking and securities business	728.94	12.75%	638.84	14.73%
Fund based activities	4,203.29	73.49%	3,240.76	74.74%
Alternative asset management	91.45	1.60%	80.68	1.86%
Asset management	193.02	3.37%	228.51	5.27%
Others	502.84	8.79%	147.53	3.40%
Total Capital Employed	5,719.54	100.00%	4,336.22	100.00%

Note: JM Financial Asset Reconstruction Company Limited financials in the statement of profit and loss are consolidated on line by line basis from October 1, 2016. It was an "Associate" of JM Financial Limited till September 30, 2016.

Investment Banking and Securities Business

The investment banking and securities business registered an increase of 29.69% in its revenue over the previous year. During the year, the percentage of segment results to segment capital employed increased to 28.04% as against 22.49% in the previous year. This segment contributed 22.60% 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 38.90% in the revenue over the previous year. Percentage of segment results to segment capital employed in this segment was 23.72% as against 24.03% in the previous year. This segment contributed 68.38% to our consolidated profit after tax.

Alternative asset management:

This segment registered revenue of ₹ 25.70 Crore during the year as against ₹4.40 Crore in the previous year primarily due to increase in fee income. 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.

Asset management:

The asset management business registered a growth of 25.78% in the revenue over the previous year. During the year, the percentage of segment results to segment capital employed in the segment was 41.15% as against 25.13% in the previous year. This segment contributed 5.47% to our consolidated profit after tax. Our 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 ₹ 244.18 Crore during the year as against ₹ 162.95 Crore in the previous year. The gross income includes ₹ 119.06 Crore on account of dividend received from subsidiaries as against ₹ 114.11 Crore in the previous year. The profit before tax stood at ₹ 149.51 Crore as against ₹ 106.93 Crore in the previous year and the profit after tax stood at ₹ 136.16 Crore as against ₹ 106.72 Crore in the previous year.

Resource Mobilisation

The Consolidated debt outstanding at the financial year ended March 31, 2018 stood at ₹ 14,674 Crore versus ₹10,802 Crore a year earlier (an increase of ₹ 3,872 Crore).

During the year, the company worked judiciously, in achieving a higher mix of long versus short in its liability profile at the group level. The long-term borrowing (including current maturities of long term borrowings) stood at ₹ 9,706 Crore versus ₹ 5,424 Crore a year earlier. This was achieved by availing long-term secured loans from banks and Non-Convertible Debentures from debt capital markets. Company improved the long: short ratio to 66:34 versus 50:50 of last year.

Management Discussion and Analysis (Contd.)

The group's short-term borrowing as on March 31, 2018 stood at ₹ 4,968 Crore compared to ₹ 5,378 Crore as at the previous year end.

The group continues to explore variety of new avenues of financing to further diversify its borrowing profile.

The financial services industry is subject to 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. Risk is an integral part of the business and almost every business decision requires the management to balance risk and reward. The ability to manage risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of every organisation.

The Group provide a wide range of services and products to participants in the Indian capital markets and also offer capital markets financing, broking services, distribution of initial public offerings, mutual funds, distribution of other financial products, and investment banking services. Presence of JM Financial Group in several businesses, asset classes and geographies, exposes it to various risks. The risk also emanates from various businesses of operating entities within the Group.

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. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage the risks that are encountered during conduct of business activities in an effective manner.

A team of experienced and competent professionals, at business level as well as group level, identify and monitor these risks on an on-going basis and evolve processes/systems to monitor and control the same to keep the risks to minimum levels. On-going monitoring by our officials helps in identifying the risks at an early stage. There is a continuous focus on the maker-checker processes. Detailed regulatory as well as regular inspections also help test our processes and compliances.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, market credit risk, operational risk, regulatory and compliance risk, business and continuity risk and legal risk. We have established a system of risk management and internal controls consisting of an organizational risk management framework, policies, risk management system tools and procedures that we consider to be appropriate for our business operations, and we have continued to enhance these systems.

A risk event update report is periodically placed before the Board of Directors of the Company. Report includes, inter alia, the risk identification, risk classification, assessment of impact, risk mitigation/remedial action and risk status. The Directors review these reports along with the course of action taken or to be taken to manage and mitigate the risks. Additionally, independent Internal Audit firms have been appointed to review and report on the business processes and policies for all operating companies of the Group. The report of internal auditors on set processes and risk events, if any, is reviewed and discussed by the Audit Committee of the Company and respective operating companies.

Various risks associated with the businesses of JM Financial Group are discussed in detail below:

Key Risk	Description/Impact of Risk	Risk Mitigation
Credit Risk	The risk associated with the failure of the borrower to meet financial obligations to the lender in accordance with the agreed terms is known as Credit Risk. If any of our borrowers fail to discharge their obligations to us, it would result in financial loss. We are in the business of lending against mortgages and providing securities backed loans. Any material unexpected credit losses or failure of the borrowers to repay debt on time, may have an adverse and negative effect on our business.	A comprehensive review exercise is conducted for credit approvals, ensuring proper documentation, carrying out extensive credit appraisal, conducting periodic reviews etc., is done as a part of credit risk mitigation. Various norms for customer identification and evaluation procedure for prospective credit proposals have been stipulated as a part of risk mitigation. Regular portfolio risk analysis is done on various financial and policy parameters, for making required changes in the credit policy as a proactive approach to risk management.
Market Risk	Market risk is the risk arising from the adverse movements in market price of various securities, which may impact value of portfolio of investment in securities. The risk may pertain to interest bearing securities (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). As a part of it operations, the Group makes investments in securities and other financial instruments from time to time. 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.	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.
Liquidity Risk	Liquidity risk is the risk arising due to unavailability of adequate funds at appropriate prices or tenure. It also refers to the risk that arises from the difficulty of selling an asset without a high impact cost. Our liquidity is mainly dependent upon our timely access to, and costs associated with raising funds. Any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates. Our liquidity shall be affected due to severe liquidity crunch in the market or due to market disruptions where we cannot access public funds. Our clients may, due to certain circumstances not honour their commitments which would indirectly lead to our inability to meet the obligations.	We have a strong financial position and all our businesses are adequately capitalized, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain a part of our capital in liquid assets to manage any sudden liquidity needs.

Management Discussion and Analysis (Contd.)

Key Risk	Description/Impact of Risk	Risk Mitigation
Operational Risk	Operational risks can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. Our businesses are dependent on people and processes. Shortcomings or failure in internal processes or systems may have material adverse impact on the financial position as well as affect its operation.	Well defined policies, operational processes and systems have been devised for our operations. Regular audit are done by internal auditors to monitor the adherence of policies and processes. We also get systems audit carried out periodically by competent external audit firms. 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. 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.
Reputation Risk	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. Reputation risk is a very high risk and can cause long term and sometime irreparable loss of business/ revenue.	We conduct our business with diligence keeping in mind the stakeholders and their needs. 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.
Regulatory and Compliance Risk	Most of our businesses as well as the Company itself operate in strongly regulated business segments. 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. In recent times, these risks have spread to tax laws and unexpected demands being raised by various tax authorities. New laws or regulations or changes in the enforcement of existing laws and regulations may adversely affect the business/revenue/profits. Non-compliance with regulations may invite strictures, penalties and even punitive action from the Regulators.	We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which takes care of compliance with applicable laws, rules, regulations and guidelines affecting our businesses. We also take external advice and appoint 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. Internal audit is carried out by external professional firms to monitor compliance with best practices, approved policies and applicable regulations. Our business team is strongly supported by our Corporate Functions team to quickly calibrate our actions in event of change in regulatory environment.

Key Risk	Description/Impact of Risk	Risk Mitigation
Competition Risk	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. We operate in a highly competitive market and face significant competition from other players in the financial services industry and from companies seeking to attract our customers' financial assets. Entry of new players has increased the competition faced by us. It may also lead to attrition of our key personnel.	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. Fair and transparent practices help the entity gain competitive advantage over other entities. Our human resource policies and a healthy positive work environment help us attract and retain best talent on a continuous basis.
Business Continuity Risk	In the event of disruption in the conduct of business due to incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.	We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same. The records with respect to confidential data are preserved and are secured.

Internal Control Systems and their Adequacy

We have adequate internal control systems to commensurate with the nature of business and size of operations for ensuring:

- orderly and efficient conduct of business,
- adherence to company's policies and procedures;
- safeguarding of all our assets against loss from unauthorised use or disposal;
- prevention and detection of frauds and errors,
- accuracy and completeness of accounting records,
- timely preparation of reliable financial information; 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 audit 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 the effectiveness of risk management, control and operations and processes. To ensure independence, the internal audit function has a reporting line to the Audit Committee of the Board.

Internal audit team is empowered to examine the adequacy of and compliance with policies, plans and statutory requirements.

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 the Board of respective companies reviews the performance of the audit and the adequacy of internal control systems and compliance with regulatory guidelines. 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 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.

Management Discussion and Analysis (Contd.)

Corporate Social Responsibility (CSR) and Other Giving Activities

JM Financial is committed to responsible community development through an integrated and inclusive growth approach. Against this backdrop, we continue to intensively engage with few of the most under-developed geographies and communities, to recognize and build upon their capacities for a better quality of life.

Our engagement is effectuated and executed at the grassroots by JM Financial Foundation and Kampani Charitable Trust – our two philanthropic arms, devoted to compassionate community giving for several decades. Our CSR initiatives, budget allocations and expenditures are planned, implemented and monitored, in line with the CSR Policy as framed and adopted by JM Financial Limited and all JM Financial Group entities.

In conformity with our CSR Policy and in light of the provisions of the Companies Act, 2013, the CSR Committees of the JM Financial Group entities have approved and contributed a total budget of ₹ 15.65 Crore in the Financial Year 2017-18 (₹ 11.41 Crore in FY 2016-17) to JM Financial Foundation, to be allocated to CSR initiatives approved by the respective CSR Committees.

JM Financial Limited is an operating cum holding company, operating in the financial services industry through several subsidiary and associate companies, managing their operations and presence through 70 branches across 34 locations across the country.

During the course of the year, as planned, JM Financial initiated its focused long-term interventions towards Integrated Rural Transformation Programme in identified areas of the states of Maharashtra, Madhya Pradesh, Bihar, Jharkhand and Gujarat. These areas have been an elective choice, considering their high degree of deprivation, vulnerabilities, and weaker socio-economic conditions and pressin g developmental needs, as compared to many other regions in the country. While our purpose in CSR is to build the capacities of the communities, our implementation methodology adopted is to catalyze the collective efforts of communities, local Government institutions and civil society organizations for higher and sustained impact. Adopting such methodology within the said states, JM Financial has initiated long-term support to the CSR projects as described below. The details on the funds committed and utilized towards each of these projects are outlined in Annexure V to the Director's Report for this year.

LONG-TERM CSR PROJECTS

- **MAHARASHTRA**



In the state of Maharashtra, JM Financial plans to undertake long-term rural development interventions in **Mokhada block** – a socio-economically under developed region in **Palghar district**. In its preparatory phase, a detailed, scientific assessment was undertaken in 10 of the most far-flung villages, adjacent to each other in Jawhar and Mokhada blocks in the said district. The primary objective was to assess vital indicators in the areas of health, education, water & sanitation, livelihoods and women empowerment, to form a robust premise for a comprehensive village development plan. The assessment was planned in consensus with the district-level Government authorities. The findings from the assessment highlight that water and livelihoods are central to the furtherance of socio-economic well-being of the households and a critical need requiring intervention in Mokhada block.

The main sources of water being protected & unprotected wells, public taps and hand-pumps, 69% households depend on protected wells as the only source. The assessment findings has helped JM Financial determine a structured action plan driving comprehensive development in the aforementioned region.



Baseline Assessment in progress





We aspire for
a better crop, a second yield

- **MADHYA PRADESH**



In **Ujjain district** of Madhya Pradesh, JM Financial has extended one-time support to the construction of hostel facilities to provide accommodation to 96 lesser-privileged male students (grades 6 to 9). These students are part of a formal, educational set up in Abhyudaypuram Gurukul, and hail from rural Rajasthan and Gujarat.

- **BIHAR**



In the state of Bihar, in **Sikandra block** of **Jamui district**, JM Financial has initiated Project Bachpan through four pre-school learning centers in response to a pressing need, felt by the community for healthy physiological development and child-centric learning of children in the age-group of 3 to 6 years. With desired and consistent attendance, happy classrooms, daily nutritious meals cooked by mothers and activity-based teaching, 100 children in the said age group have stepped into a world of age-appropriate health, intrinsic participation in the classroom and cheerful learning.

Management Discussion and Analysis (Contd.)


बांका

सहारा

वार केन्द्रों पर हो रही 3 से 6 वर्ष के बच्चों की पढ़ाई

Project Bachpan inauguration coverage (August 27, 2017 – Rashtriya Sahaara Newspaper, Jamui)



JM Financial Foundation Bachpan center at play



Relishing balanced and delicious one-time meals

At the core of rural transformation lies the most prominent need for sustainable livelihoods generation. Addressing this need, we have initiated two self-sustainable projects – Shri Vardhmann Mahila Griha Udyog and Integrated Livelihoods Development Centers (ILDCs) in rural Jamui district.

- Through the Griha Udyog, JM Financial has made a beginning by instituting a small-scale, kitchen-based, production unit, whereby 16 rural women from three villages in Sikandra block were mobilized and underwent an intensive 20-days' technical training in Bhavnagar, Gujarat, to make and sell khakhras (a healthy Indian snack made of whole-wheat). The training has enabled and prepared the women to earn their livelihoods through the production unit, currently operational with a monthly production capacity of over 600 kg khakhra.



Sikandra block rural women trained in khakhra-making



Daily Khakhra-production at Shri Vardhmann Mahila Griha Udyog at Sikandra, Bihar

- As our flagship extensive intervention, in the form of ILDCs, with a long-term plan, we have launched and operationalized 21 Livelihoods Development Centers, essentially providing round the clock primary veterinarian healthcare, cattle management services, and Artificial Insemination facilities to the community residing in 193 villages across Chakai, Jhajha and Sikandra blocks. Considering the regional traditional proficiency, these ILDCs are technically designed to enhance the milk yield of the cattle, thereby augmenting the income of the community.



JM Financial Foundation CSR project inauguration program, Sikandra, Bihar



Cattle management and healthcare services CSR project

In an attempt at inclusive and integrated development, JM Financial has planned and initiated an intensive Model Village Development intervention, in 13 identified villages of Sikandra block, through five, time-bound deliverables in five priority areas, namely - (a) Rights and entitlements, (b) Livelihoods & alternate agriculture, (c) Age-appropriate education, (d) Improving water & sanitation, and (e) Holistic healthcare. These priority areas would be collectively achieved by bridging the gaps experienced by the community and converging with government authorities.



Farmers' awareness generation program at Lachhuar village, Jamui



Soil preparation for fertile model farm development

Management Discussion and Analysis (Contd.)

- **JHARKHAND**



For the tribal and rural communities residing in the villages of **Dumri** and **Pirtand blocks** of **Giridih district, Jharkhand**, readily available and affordable community healthcare services are difficult to access, owing to some of the harshest hilly terrains and inadequate connectivity. Therefore, in an attempt to connect the villages to good quality healthcare services, JM Financial has undertaken the following two projects:

- The Government provides for Comprehensive Emergency Obstetric and New born Care (CEmONC) services at their First Referral Unit (FRU) located in Dumri block of Giridih district. By way of these services, it reaches out to over 1,00,000 population in and around Dumri. In order to help intensify and amplify maternal and child healthcare facilities and services provided at the FRU, we entered into a Public Private Partnership (PPP) with the Jharkhand Rural Health Mission Society (JRHMS) – Government of Jharkhand in March 2017. Over the months, our assistance and intervention has helped strengthen the gynecology and pediatric infrastructure and services, leading to an increase in the number of OPDs.



Helpdesk initiative exclusively for patients' awareness



Maternal and child health care at First Referral Unit, Dumri, Jharkhand

- As an extension of the FRU intervention, it was imperative to initiate comprehensive, door-step, preventive and curative OPD services by way of a Mobile Health Unit (MHU) to reach out to far-flung village communities. Based on this need, JM Financial started an MHU equipped with a medical officer, nurse, counsellor and support staff, reaching out to 24 villages, scattered across the hilly terrain of Dumri and Pirtand blocks. The MHU is operational six days a week. From the month of September 2017, the MHU has conducted 9,527 OPDs, treating respiratory, dermatological and gastrointestinal ailments in a timely manner which would have otherwise remained unnoticed or unattended.



Mobile Health Unit ready to serve 24 villages in Giridih, Jharkhand



OPD in progress

GUJARAT



In the state of Gujarat, in Bhavnagar district, JM Financial has initiated Comprehensive Village Development, which is at its initial phase of identifying and planning deliverables in the focus areas of water and sanitation, alternate livelihoods generation, mother and child healthcare and girl child education. Premised on this planning, we intend to partake in a collective effort through a focused CSR intervention under one of the Integrated Rural Transformation Programme thematic areas.



Interaction with village communities in rural Bhavnagar



Community needs assessment

Management Discussion and Analysis (Contd.)

PHILANTHROPIC CAUSES SUPPORTED BY JM FINANCIAL FOUNDATION AND KAMPANI CHARITABLE TRUST

Under the aegis of our ongoing philanthropic commitment to some of the unnoticed but deserving social causes, JM Financial Foundation and Kampani Charitable Trust continue their seamless support to the areas of quality education, healthcare, art and culture, animal welfare and conservation and promotion of sports.

1. Philanthropic Giving

- **Supporting quality education**
  Educational facilities being fundamental to learning, we provide material aid such as school uniforms, stationery, bags, fees and school infrastructure support, encouraging students for continued schooling.



School uniform distribution at a tribal school



Our children feeling happy playing with kites

- **Special care for children with special needs**
  We also support causes that face difficulties in getting social acceptance, in that we facilitate development therapy and training for special-needs children and parents, building their intellectual and cognitive abilities, thereby enabling them to lead their lives with dignity in mainstream society.

- **Healthcare**
  We stay committed to ongoing healthcare support by way of providing medical aid to patients in need and individuals suffering from critical, life threatening illnesses. Our support also includes helping in the rehabilitation of specially-abled individuals by providing equipment such as artificial limbs, calipers and wheelchairs, facilitating their independent mobility. In addition to the above, we extend our support in conducting health camps for the cause of eye treatment, diagnoses and primary healthcare services.



Jaipur foot camp

- **Art and culture**
  Art and culture being the roots of our Indian tradition, in a small way, we extend our helping hand to the furtherance of rich Indian classical music and cultural programs.
- **Animal welfare and conservation**
  In partnership with an esteemed organization, we contribute towards the protection and conservation of the endangered and enigmatic snow leopard in its natural habitat in the state of Jammu and Kashmir. This support has helped reduce human conflict, enabled the villagers to co-exist peacefully with wildlife and also sensitized them towards the pressing need to contribute towards preserving our ecological balance.



Conserving the snow leopard & its habitat in Ladakh (Photo Credit - Mr. Rishi Sharma)

Management Discussion and Analysis (Contd.)

- **Promotion of sports**
  Recognizing the high potential in India's upcoming athletes and indoor sportspersons, and the need to provide them with technical training at par with global standards, we have partnered with a niche organization to support the cause of handholding such aspirants, and helping them realize their full potential to make our nation proud.



Young sportspersons bringing pride to the nation

Our Reach

Causes supported	Outreach
Quality Education	Over 4,000 students
Healthcare	About 5,500 beneficiaries
Animal welfare and conservation	10 villages
Promotion of sports	41 athletes and indoor sportspersons

2. Employees Volunteering *(Sparsh)*

Employees volunteering being our culture in the organization entails some modest initiatives being continued by our employees and organization with their value-added expertise.

- *Daan Utsav (a festival of giving)* - JM Financial Foundation celebrates the virtue of sharing and giving every year by organizing blood donation camps in its premises. Employees wholeheartedly continue their participation year after year and contribute by way of blood donation – the highest form of donation. We also provide a platform for the sale of products made by paraplegic adults and autistic children at our offices, thereby encouraging them and generating livelihoods support. Alongside, our employees never fail in extending their support by way of donating clothes, stationery and other utility items on the occasion of *Daan Utsav* every year.
- *Project Drishti* – Through this project, JM Financial Foundation facilitates the preparation of reading and learning material for visually impaired students through the collection, integration and handing over of glossy magazine pages from across the office departments.

  In an attempt to contribute towards looking after individuals in the twilight years of their lives, our employees contribute on a monthly basis towards the provision aid such as blankets, grains and medicines.

  Our employees also volunteer as mentors, guiding students who attend municipal schools and are part of the formal education system.

At the beginning of this academic year, our employees expressed their keen interest in fulfilling the wishes of students attending rural public schools in Sikandra block of Jamui district, Bihar. A humble effort managed the procurement and distribution of 10,000 notebooks among students studying in over six schools.



Happiness with notebooks

3. Walkathon

The annual JM Financial Foundation Walkathon took place on February 11, 2018. The Walkathon – a cause that is synonymous to JM Financial Foundation's employees' volunteering initiatives, has once again, been successful in bringing together individuals, employees and their families in joining hands to raise funds to support the causes of education, health, sports, art and culture amongst other socio-economic requirements of our society.

The walk along 6km of South Mumbai's seaside promenade was aimed at raising funds for the aforementioned causes and supporting the betterment of various segments of under-served communities.



Flagging off
our Walkathon



Causes supported through the Walkathon
with our partner organizations

Management Discussion and Analysis (Contd.)

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, talent management, data analysis, employee relations & guidance, performance management, compensation & benefits and learning & development effort.

Our employees are partners and key stakeholders who keep us competitive in the market.

HR Promise

This year we launched the Human Resources Tagline



Beliefs: It articulates the core beliefs of our Human Resources function. We believe that the credibility and reputation of the firm is shaped by the collective conduct of individual employees and the tagline affirms these three beliefs at its foundation to supplement the group values.

Pragmatic

- The approach of HR is to make decisions and take actions based on the best interests of all stakeholders, guided by practical experience and observation.

Professional

- We are committed to a work environment that promotes a professional atmosphere in which all individuals are treated with respect and dignity.

Progressive

- We keep up-to-date with emerging trends and work practices to ensure our HR practices remain relevant and exclusive and are able to meet the current and future needs of the organization and employees.

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) 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 have 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.

B) 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, Diwali, Christmas, Navratri, Friendship 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.

C) Sports Club

We have set up JM Financial Sports Club 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 and Women's soccer teams participated in inter-corporate events like – Saran Corporate Soccer 5s 2017 and Inbox Football League 2017. JM Financial Cricket Championship 2017–18 was a huge success and witnessed participation from 23 teams from within our businesses.

JM Financial Football Championship 2018 witnessed participation from 12 teams from within our businesses.

D) **Vendor Helpdesk Activities:**
We also have vendors setting up kiosks / helpdesks offering special packages / plans to JM Financial employees.

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 identify the capabilities of employees and leverage the same. It also helps us to suggest and plan development in the identified areas through training.

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 behavioural and technical trainings. Training is necessary for the employees' development and progress, this motivates them to work not only at an individual level but also at an organisational level. A training feature has been initiated on the intranet where all the training programmes are posted, for easy access.

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 and 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. 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. Through this we aspire to develop a flexible, agile and high performing workforce.

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 2017-18 comprised of Chartered Accountants, management graduates from premier schools of Business and Economics professionals.

JM Financial has also initiated a Management Internship Program which aspires to establish not only its brand at campuses but also build a relationship with potential candidates that it can recruit as full time resources from the campuses. Through the program, we get an opportunity to evaluate interns for a possible Pre-Placement Offer.

Engagement Surveys

- **Great Place to Work**
  As part of our endeavour to rank as an employer of choice and also identify our developmental areas, we internally conducted a dipstick study to understand our employees - what motivates them to go the extra mile, what drives loyalty and what genuinely makes and keeps them happy.

Management Discussion and Analysis (Contd.)

The findings of the survey reiterated our belief that our strongest attributes are our value systems: our open door culture, innovative practices, transparency, a sense of belonging, spirit of teamwork and the respect and credibility we hold in the industry.

JM Financial Group has been Great Place to Work-Certified™ by the Great Place to Work Institute in 2018.

- **People Matters Award**
  We participated in People Matters League Awards – Total Rewards 2018, and were shortlisted to be amongst the top 3 companies in the category - Best in Building Careers.

The total employee strength of JM Financial Group stood at 1,583 as on March 31, 2018.

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

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.

Our actions are governed by our values and principles, viz., Integrity, Teamwork, Client Focus, Innovation, Implementation, Performance and Partnership, which are reinforced at all levels across the group. Demonstrating high level of accountability, maintaining high standards of transparency, adequate and timely disclosure and dissemination of price sensitive information, ensuring meticulous compliance with applicable laws, rules and regulations and conducting business in the best ethical manner is part of our core value system.

We conduct our business in accordance with prevailing statutes and regulations, with due focus on transparent and fair practices, efficiency, customer-orientation and corporate governance principles. We also constantly strive to adopt emerging best practices. It is our constant endeavour to provide the stakeholders' oversight for strategy implementation, risk management and fulfilment of stated goals and objectives and provide them relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in corporate governance process.

We are committed to follow the prescribed corporate governance practices embodied in various legislations viz., Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as "the Listing Regulations"), the Companies Act, 2013 (hereinafter referred to as "the Act") and all other applicable rules and regulations.

In accordance with the corporate governance provisions prescribed under the Listing Regulations, we are providing the following disclosures:

3. Board of Directors

The Board of Directors of the Company consists of eminent persons from diverse fields possessing wide range of expertise, skills and experience. The Directors provide strategic guidance, effective leadership and independent views to the management, thereby assisting them to adhere to high standards of ethics, transparency and disclosures even as they pursue high targets of business performance and culture of good decision making. The Chairman of the Board is Mr. Nimesh Kampani, having an illustrious career spanning more than four decades.

A. Composition of the Board

As at March 31, 2018, the Company had eight Board members comprising six independent directors and two non-independent directors. One of the two non-independent directors is the Managing Director and other a Non-executive Director and the Chairman. Ms. Jagi Mangat Panda is the independent woman director on the Board. The composition of the Board of the Company is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act.

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 Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. They have further confirmed to the Board that they meet the required criteria for being the independent directors as outlined under Regulation 16(1)(b) of the Listing Regulations.

Mr. Vishal Kampani, the Managing Director is a relative (son) of Mr. Nimesh Kampani, who is the Non-Executive Chairman of the Company. Save and except this, none

Report on Corporate Governance (Contd.)

of the Directors of the Company is related to any other Director.

None of the Directors of the Company hold directorships in more than twenty companies including in more than ten public companies. In accordance with the Listing Regulations, all the Directors of the Company meet the requirement of not holding independent directorships in more than seven listed companies. The Managing Director of the Company does not hold directorships of more than three listed companies. Also, none of our Directors is serving as a member of more than ten committees or as the chairman of more than five committees as per the Listing Regulations. Necessary disclosures regarding committee positions in other public companies as at the end of financial year have been made by the Directors.

As confirmed by the independent directors, they did not have any material pecuniary relationship with the Company during the financial year 2017-18. The sitting fees paid to them for attending the meetings of the Board and its Committee(s), if any, the commission paid/payable to them and the professional fees, if any, paid during the year are not considered as material pecuniary relationship in accordance with the relevant provisions of the Act/Listing Regulations.

B. Memberships of other Boards

The information relating to the number of other directorships and committee chairmanships/ memberships held by the directors in other public companies as on March 31, 2018 is given below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. The information pertaining to the chairmanships/memberships of committees of the board held by our directors include audit committee and stakeholders' relationship committee only, as is required under the Listing Regulations.

Name of the Director	Category in the Company	Number of directorships in other public companies		Number of committee positions held in other public companies		No. of equity shares held in JM Financial Limited as on March 31, 2018
		Listed	Unlisted	Chairman	Member	
Mr. Nimesh Kampani	Non-Executive Chairman	4	3	1	6	13,53,57,500*
Mr. E A Kshirsagar	Independent Director	3	1	3	4	Nil
Mr. Darius E Udwadia	Independent Director	4	2	1	7	Nil
Mr. Paul Zuckerman	Independent Director	-	-	-	-	Nil
Dr. Vijay Kelkar	Independent Director	2	2	1	3	Nil
Mr. Keki Dadiseth	Independent Director	4	1	1	5	Nil
Ms. Jagi Mangat Panda	Independent Director	1	4	1	2	Nil
Mr. Vishal Kampani	Managing Director	-	6	-	-	1,05,00,000

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

C. Board Meetings

The Board meetings are held at regular intervals to consider, discuss and approve inter alia, the unaudited and audited standalone and consolidated financial results of the Company, strategy and policy, risk management, competitive scenario, etc. The tentative dates of board/committee meetings are usually finalised at the beginning of the calendar year and the schedule thereof is made known to the Directors simultaneously to enable them to plan in advance and attend the meetings. Those Board members, who wish to attend the meetings through video conference, are provided with the appropriate facility to do so.

The Board meetings are generally held at the registered office of the Company. Six Board meetings were held during the financial year 2017-18; on May 2, 2017, July 24, 2017, September 13, 2017, October 16, 2017, December 18, 2017 and January 19, 2018. The meetings were held at least once in a quarter and the time period between the two meetings did not exceed 120 days. The required quorum was present at all the above meetings. The details of attendance of the Directors at the Board meetings held during the financial year 2017-18 and at the last annual general meeting are given below:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the previous Annual General Meeting
Mr. Nimesh Kampani	6	6	Yes
Mr. E A Kshirsagar	6	6	Yes
Mr. Darius E Udwadia	6	4	Yes
Mr. Paul Zuckerman	6	6	Yes
Dr. Vijay Kelkar	6	6	Yes
Mr. Keki Dadiseth	6	6	Yes
Ms. Jagi Mangat Panda	6	6	Yes
Mr. Vishal Kampani	6	6	Yes

D. Board Procedure

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

The agenda items for Board/Committee meetings are finalised by the Company Secretary in consultation with the Chairman. The detailed agenda, setting out the business to be transacted at the Board/Committee meetings supported with relevant presentations, explanatory notes and executive summaries is sent to each Director at least seven days before the date of the meetings. In addition to the items which are required to be placed before the Board for its noting and/or consideration/approval, information is provided on various significant items.

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/ Committee meetings. Where it is not practicable to circulate any document or if the agenda item is of a confidential nature, the same is sent separately or tabled at the meeting, as the case may be. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the permission of the Chairman and with the consent of majority of the Directors present at the meeting. The senior officials of the Group are invited to the Board meetings in respect of the items concerning them to provide additional inputs as and when necessary.

At the Board meetings, presentations are made by the Senior Management and CEOs/Business Heads of the Company and its subsidiaries/associate, inter alia, covering the plans, performance, operations, financial performance, risk management, regulatory environment and for other issues and matters which the Board wants to be apprised of on a periodic basis. The Board members interact with the CEOs of respective subsidiary companies for clarifications/ information, as and when required.

The Board periodically reviews and takes note of, inter alia, the compliance confirmations in respect of laws and regulations applicable to the Company. The compliance confirmations pertaining to respective subsidiary companies including the summary thereof are also placed before the Board of the Company for its information and noting. Additionally, the annual operating and capital expenditure plans and budgets, unaudited/audited financial results, minutes of the board meetings of 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.

The draft minutes of the Board and Committee meetings are circulated amongst the Directors/Members for their perusal and comments. Suggestions, if any, received from the Directors/Members are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board/Committee. Minutes are generally signed by the Chairman of the Board/ Committee at the next meeting.

Report on Corporate Governance (Contd.)

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

The Board periodically reviews the risk assessment and risk management processes. The framework comprises an in-house exercise on risk management review, carried out periodically by the Company, to identify and mitigate various risks faced by the Group including the Company on a day to day basis. A detailed note on risk management process is given in the risk management section of Management Discussion and Analysis report.

E. Meeting of Independent Directors

The Independent Directors met on December 18, 2017 without the presence of the Non-Executive Chairman, the Managing Director and the management team of the Company. The meeting was attended by all the Independent Directors. The matters considered and discussed thereat, inter alia, included those prescribed under Schedule IV to the Act and Regulation 25 of the Listing Regulations.

F. Familiarisation Program for Independent Directors

The Company has in place the familiarisation program for the independent directors appointed from time to time. The Program aims to provide insights into the Company to enable them 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 make presentations at the Board meetings on periodical basis on the businesses carried on by the subsidiary companies to familiarise the independent directors about the same. During the financial year 2017-18, there has been no change in the independent director of the Company.

The Company's Policy of conducting the Familiarisation Program and details of such familiarisation program during the year, is placed on its website viz., 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 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 2017-18.

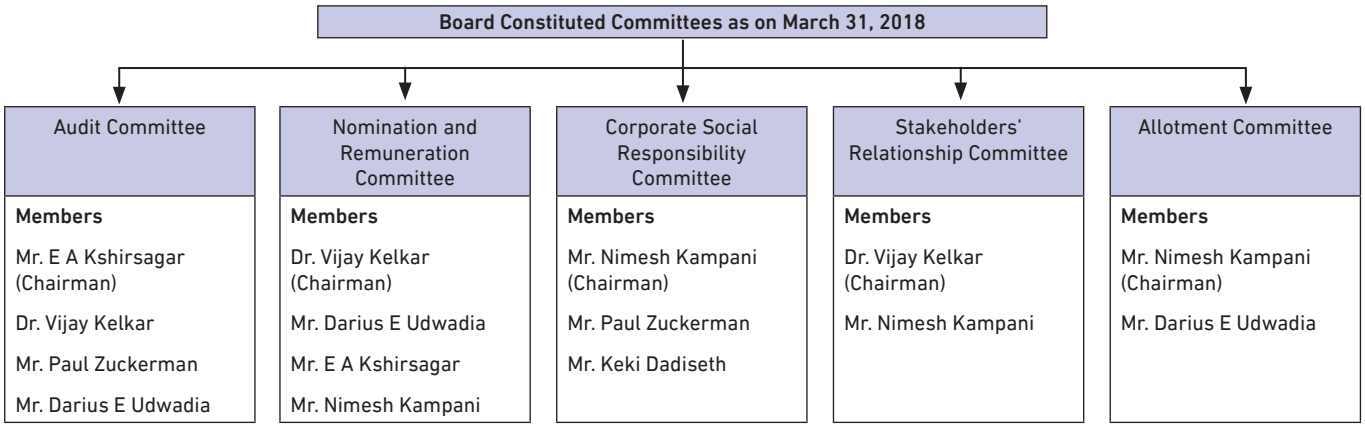
Place: Mumbai
Date: May 2, 2018

Vishal Kampani
Managing Director

4. Committees of the Board

The Board has constituted various Committees of Directors to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference.

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



A. Audit Committee

Composition

As can be seen from the above table, the Audit Committee consists of Non-executive Directors, all of whom are Independent Directors. Mr. E A Kshirsagar, a qualified Chartered Accountant, acts as the Chairman of the Committee. All members are financially literate and very learned, experienced and well known in their respective fields. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, 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 generally signed by the Chairman of the Committee at its next meeting.

Mr. E A Kshirsagar, the Chairman of the Committee, was present at the last Annual General Meeting held on July 24, 2017.

Scope and Functions

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

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;

c. Review and monitor the auditor's independence and performance and effectiveness of audit process;

d. Approval for all payments to the statutory auditors for any other services rendered by them;

e. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

   i. Matters required to be included in the Directors' Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on the exercise of judgment by management;

   iv. Significant adjustments, if any, made in the financial statements arising out of audit findings;

   v. Compliance with listing and other legal requirements relating to financial statements;

   vi. Disclosure of all related party transactions;

Report on Corporate Governance (Contd.)

vii. Qualifications, if any, in the draft audit report.

f. Reviewing, with the management, the quarterly financial statements before submission to the Board for its approval;

g. Approval or any subsequent modification of transactions of the Company with its related parties;

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, 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. 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;

o. 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;

p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors as is applicable;

q. To review the functioning of the Whistle Blower mechanism;

r. Approval for appointment of the Chief Financial Officer;

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 2017-18 on May 2, 2017, July 24, 2017, October 16, 2017 and January 19, 2018. The required quorum was present for all the Audit Committee meetings. The time period between two meetings did not exceed 120 days. The details of attendance of the members of the Committee at the said meetings are as stated below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. E A Kshirsagar	Chairman	4	4
Dr. Vijay Kelkar	Member	4	4
Mr. Paul Zuckerman	Member	4	4
Mr. Darius E Udwadia	Member	4	2

B. Nomination And Remuneration Committee

Composition

The Nomination and Remuneration Committee (NRC) consists of four Non-executive Directors of which three 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 Udwadia and Mr. Nimesh Kampani.

Scope and Function

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

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 and removal of persons considered capable and fit for the role of a Director based on the criteria so formulated;

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;

e. Recommending the appointment of Key Managerial Personnel (KMPs) and approving their remuneration;

f. Such other functions as may be entrusted to it by the Board of Directors from time to time.

The NRC also considers and approves the grant of Stock Options to the employees/directors of the Company and/or its subsidiaries in accordance with the Employee Stock Option Scheme formulated by the Company pursuant to the applicable provisions of the Act and Regulations issued by Securities and Exchange Board of India.

Meetings and Attendance

During FY 2017-18, the NRC met on April 20, 2017, during which all the Committee members were present to, inter alia, determine performance linked discretionary bonus and revision in the fixed salary of the Key Managerial Personnel and other employees of the Company and grant of stock options to eligible employees, performance evaluation of individual directors, Board as a whole and the Board Committees.

Criteria for Performance Evaluation of Directors

The key 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 potential Conflict of Interests.

C. Corporate Social Responsibility Committee

Composition

The Corporate Social Responsibility (CSR) Committee consists of three Non-executive 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 Functions

The broad 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;

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;

d. Such other functions as may be entrusted to it by the Board of Directors from time to time.

Report on Corporate Governance (Contd.)

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

Meetings and Attendance

The CSR Committee met two times during the FY 2017-18 on October 16, 2017 and March 15, 2018. The Committee, inter alia, reviewed the CSR projects so far undertaken and also considered, approved and recommended to the Board, the amount of the CSR activities for FY 2017-18 and the projects on which the CSR contribution of FY 2017-18 has been spent. All the Committee members were present at the above meetings.

D. Stakeholders' Relationship Committee

Composition

The Stakeholders' Relationship Committee comprises Dr. Vijay Kelkar, an Independent Director and Mr. Nimesh Kampani, a Non-executive Director of the Company. Dr. Kelkar is the Chairman of the Committee. Mr. P K Choksi, Company Secretary of the Company acts as the Compliance Officer.

Scope and Functions

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 redressal of grievances of the holders of securities of the Company and such other allied matters.

Summary of the grievances received from 5 (five) shareholders and steps taken to resolve/redress the grievances was placed before the Committee meetings. In case of request for transfer/transmission of shares in physical form, Mr. Vishal Kampani, Managing Director and Mr. P K Choksi, Company Secretary, have been severally authorised by the Board to consider such requests to expedite the transfer process.

Meetings and Attendance

The Stakeholders' Relationship Committee met four times during FY 2017-18 on May 2, 2017, July 24, 2017, October 16, 2017 and January 19, 2018. The details of attendance of the Members at the said meetings are as follows:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Chairman	4	4
Mr. Nimesh Kampani	Member	4	4

Nature and number of Grievances

During FY 2017-18, number and nature of grievances received from shareholders/investors by the Company/its Registrar & Transfer Agents, are stated below:

Nature of Grievances	No. of Grievances received	No. of Grievances resolved	Pending Grievances
Non-receipt of Dividend	2	2	-
Non-receipt of shares post-corporate action	1	1	-
Non-receipt of physical copy of Annual Report	2	2	-
Total	**5**	**5**	**-**

The grievances, so received, were general in nature and majorly relating to non-receipt of dividends on account of change in address or change in bank mandates. All the grievances received were duly resolved/redressed in a timely manner.

E. Allotment Committee

Composition

The Allotment Committee of the Board comprises Mr. Nimesh Kampani, a Non-executive Director and Mr. Darius E Udwadia, an Independent Director of the Company and Mr. Nimesh Kampani is the Chairman of the Committee.

Scope and Functions

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

Meetings and Attendance

The Allotment Committee met 7 times during FY 2017-18 on May 2, 2017, June 29, 2017, July 24, 2017, September 27, 2017, December 18, 2017, January 19, 2018 and March 15, 2018. The details of attendance of the Members at the said meetings are as below:

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

5. Disclosure in Relation To Remuneration of Directors

A. Remuneration of Executive Director

The compensation structure for Executive Director(s) consists of two parts – Fixed and Variable determined on the basis of:

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

The compensation structure of the Executive Director(s) is being reviewed and approved by the Nomination and Remuneration Committee.

Remuneration of the Managing Director, Mr. Vishal Kampani

In accordance with the terms of the Agreement entered into by the Company with Mr. Vishal Kampani, the Company has paid the following remuneration to Mr. Vishal Kampani during FY 2017-18:

	(Amount in ₹)
Salary	1,20,00,000
Perquisites	21,89,684
Total	**1,41,89,684**

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 were paid to Mr. Vishal Kampani for attending meetings of the Board during the financial year 2017-18.

Mr. Vishal Kampani is also the Managing Director of JM Financial Products Limited ('JM Financial Products'), a material subsidiary of the Company. Mr. Kampani was re-appointed as the Managing Director of JM Financial Products for a period of five years effective from September 15, 2016. His initial appointment as the Managing Director was in the financial year 2007-08. Mr. Kampani also draws remuneration from this subsidiary. As per the terms of his appointment, so long as Mr. Kampani serves as a Managing Director of the Company and of JM Financial Products, the total amount of remuneration that may be paid to Mr. Kampani by the Company and/or JM Financial Products, shall not exceed the higher maximum limit admissible from the Company or JM Financial Products, as the case may be, in accordance with the applicable provisions of the Act and Schedule V thereto. The details of remuneration drawn by Mr. Vishal Kampani from JM Financial Products are as below:

	(Amount in ₹)
Salary	1,32,00,000
Perquisites	19,52,431
Performance Bonus	11,50,00,000
Total	**13,01,52,431**

Additionally, Mr. Kampani was also entitled to receive contribution to provident fund from JM Financial Products.

The total amount of remuneration paid/payable by both the companies, viz., JM Financial Limited and JM Financial Products Limited are within the limits prescribed under the Act and as approved by the members and NRCs of the respective companies.

B. Remuneration Policy for Non-executive Directors

The Company follows transparent process for determining the remuneration of Non-executive Directors including the independent directors. Their remuneration is governed by the role assumed,

Report on Corporate Governance (Contd.)

number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board and their overall contribution as Board members. Besides this, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of the Non-executive Directors.

Considering the above, an aggregate amount of ₹ 1,40,00,000 is proposed to be paid as commission to the Non-executive Chairman and the Independent Directors of the Company for FY 2017-18. The details of sitting fees/commission paid/payable to the said Directors are given below:

Name of the Director	Sitting fees paid during the financial year 2017-18						Commission
	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Allotment Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	For FY 2017-18
Mr. Nimesh Kampani	6,00,000	-	20,000	35,000	40,000	40,000	16,00,000
Mr. E A Kshirsagar	6,00,000	2,00,000	20,000	-	-	-	22,00,000
Mr. Darius E Udwadia	4,00,000	1,00,000	20,000	35,000	-	-	20,00,000
Mr. Paul Zuckerman	6,00,000	2,00,000	-	-	-	40,000	20,00,000
Dr. Vijay Kelkar	6,00,000	2,00,000	20,000	-	40,000	-	22,00,000
Mr. Keki Dadiseth	6,00,000	-	-	-	-	40,000	20,00,000
Ms. Jagi Mangat Panda	6,00,000	-	-	-	-	-	20,00,000

Note: The above does not include the following:

1. Fees paid to the independent directors for attending the Independent Directors' Meeting held on December 18, 2017.
2. Fees paid to Mr. Nimesh Kampani, Mr. Darius E Udwadia and Mr. E A Kshirsagar for attending the meetings of Committee of Directors constituted for the purpose of Qualified Institutions Placement of the Company.
3. As per the practice followed by the Company the commission will be paid to Non-executive Directors after the financial statements are adopted by the members at the Thirty Third Annual General Meeting of the Company.

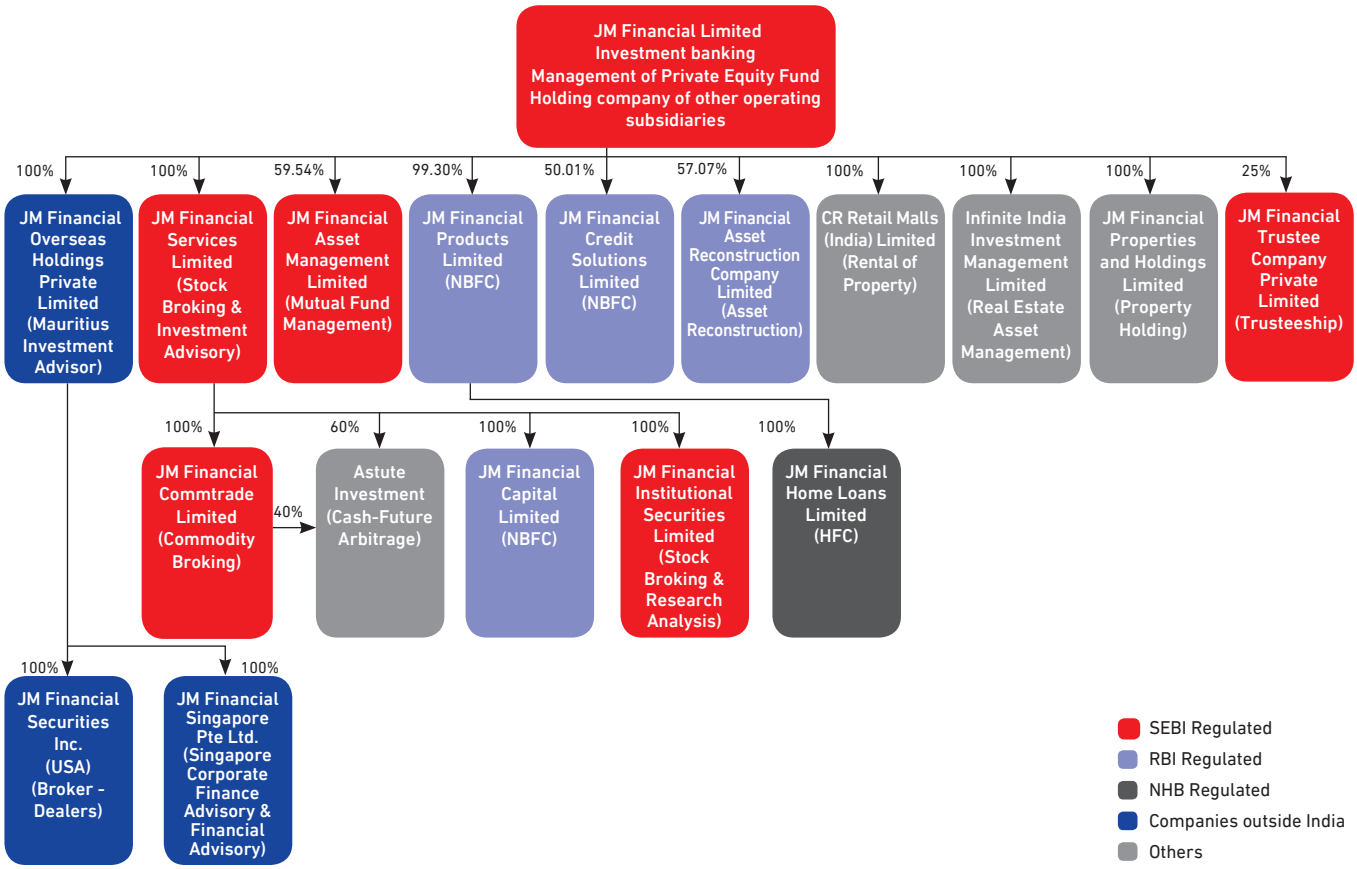
During the FY 2017-18, the Company paid ₹ 51,435 as professional fees to M/s. Udwadia & Co., a legal firm, for professional services provided on matters referred to it from time to time. The Company also paid ₹ 1,00,000 each to Dr. Vijay Kelkar and Mr. Keki Dadiseth as professional fees for rendering advisory services for the new private equity fund sponsored by the Company.

The payment of the said professional fees to the Independent Directors do not affect their independence of judgement, as the services provided by them are in their professional capacity.

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

6. Subsidiary and Associate Companies

The Company had the following subsidiary and associate companies as on March 31, 2018.



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 at the end of the immediately preceding accounting year.

Based on the above criteria, the details of material subsidiaries of the Company as on March 31, 2018 are given below. In accordance with Regulation 24 of the Listing Regulations, the following Independent Directors of the Company are also Independent Directors on the Boards of the unlisted material subsidiaries as on March 31, 2018:

Name of the material non-listed subsidiaries	Name of the Independent Directors
JM Financial Products Limited	Mr. E A Kshirsagar
JM Financial Credit Solutions Limited	Mr. Darius E Udwadia

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 subsidiaries of the Company.

Report on Corporate Governance (Contd.)

7. General Body Meetings

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

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
July 30, 2015	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	4.00 p.m.	Yes	• Issue of Non-Convertible Debentures for an amount not exceeding ₹ 1,000 crore. • Adoption of new set of Articles of Association. • To approve transactions/contracts/arrangements with a related party viz., JM Financial Products Limited, a subsidiary of the Company for an amount 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 for an amount 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 for an amount 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 for an amount 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 for an amount not exceeding ₹ 500 Crore during any one financial year. • To approve transactions/contracts/arrangements with a related party viz., M/s Astute Investments, a partnership firm of which JM Financial Services Limited and JM Financial Commtrade Limited, subsidiaries of the Company are partners for an amount not exceeding ₹ 500 Crore during any one financial year.
August 2, 2016	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	4.00 p.m.	Yes	• Payment of commission to Non-executive Directors including Independent Directors. • Issue of Redeemable Non-Convertible Debentures for an amount aggregating up to ₹ 1,000 Crore.
July 24, 2017	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai 400 020	4.00 p.m.	Yes	• Issue of Redeemable Non-Convertible Debentures for an amount aggregating up to ₹ 5,000 Crore.

Further, pursuant to the order of Hon'ble National Company Law Tribunal, Mumbai Bench, a court convened General Meeting of the Members of the Company was held on September 25, 2017 to approve the Scheme of Amalgamation of JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited with JM Financial Limited and their respective shareholders and related matters thereto.

b. Special resolutions passed through postal ballot

During the year, the Members of the Company approved the following Special Resolutions through postal ballot. In accordance with the applicable provisions of the Act and the Listing Regulations, the Company did provide to its members the facility to cast their votes electronically through the e-voting platform of Karvy Computershare Private Limited, as an alternate to casting votes by physical ballot. The Company had appointed Ms. Jayshree S Joshi, Company Secretary, Proprietress of M/s. Jayshree Dagli & Associates, Company Secretaries, Mumbai, as Scrutiniser to conduct the Postal Ballot process in a fair and transparent manner.

Sr. No.	Resolution	Date of passing the resolution	No. of votes in favour (% of total votes casted)	No. of votes against (% of total votes casted)	Result
1.	To authorise the Board of Directors to borrow, from time to time, any sum or sums of money, not exceeding ₹ 5,000 Crore (Rupees Five Thousand Crore Only).	September 23, 2017	62,61,42,779 (99.949%)	3,20,876 (0.051%)	The Special Resolution was passed by requisite majority.
2.	To authorise the Board of Directors to issue Securities, for an aggregate amount of up to ₹ 650 Crore (Rupees Six Hundred Fifty Crore Only).	January 29, 2018	63,68,67,299 (99.999%)	6,146 (0.001%)	The Special Resolution was passed by requisite majority.

8. Management Discussion and Analysis

The Management Discussion and Analysis Report for FY 2017-18, prepared in accordance with the Listing Regulations, is given in a separate section forming part of this Annual Report.

9. Disclosures

A. Policies Determining Material Subsidiaries and Related Party Transactions

Pursuant to requirements of Regulation 16 and Regulation 23 of Listing Regulations, the Company has adopted the policies for determining material subsidiaries and on related party transactions and the said policies are available on the Company's website at www.jmfl.com.

B. Disclosure on Material Related Party Transactions

Details of materially significant related party transactions entered into during FY 2017-18 are stated in Notes to Financial Statements forming part of this Annual Report.

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 other 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, and employees likely to have access to unpublished price sensitive information.

Report on Corporate Governance (Contd.)

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 2017-18. The Policy provides that no adverse action shall be taken or recommended against an employee in retaliation to his/her disclosure 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 does not deal with any commodity and hence not exposed to any commodity price risk. As on March 31, 2018, the Company has foreign exchange receivable of ₹ 1,98,70,443 and the same is hedged to avoid any foreign exchange risk. The foreign exchange payable as on March 31, 2018 is ₹ 83,19,861.

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

As required under Regulation 17(8) of the Listing Regulations, the MD and the CFO of the Company have certified the accuracy of financial statements for FY 2017-18 and adequacy of internal control systems for financial reporting for the said year.

10. Means of Communication

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

A. Quarterly Results

The unaudited quarterly/half yearly financial results are generally announced within forty-five days of the end of the respective 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 aforesaid 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. and were also available on the Stock exchange websites. The Company also emails the quarterly results to those shareholders who have registered their email ids with their DPs or the Company.

B. Website

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

C. Annual Report

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members of the Company prior to the AGM. The Report on Management Discussion and Analysis forms part of the Annual Report. The Annual Report of the Company is also available on its website in a user friendly and downloadable format and also on the websites of 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 thereof to the Investor Education & Protection Fund (IEPF). The information on unclaimed dividend is also uploaded on the website of the Company. A separate reminder, in accordance with IEPF Rules, is also sent to those members who have not claimed/encashed their dividends for more than seven consecutive years and whose shares are liable to be transferred to IEPF Authority.

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 filings required to be made to the Stock Exchanges are electronically filed through NSE Electronic Application Processing System (NEAPS) portal i.e., www.connect2nse.com/listing and BSE portal i.e., http://listing.bseindia.com.

F. Designated Exclusive Email-Id

The Company has created an exclusive email id, viz., shareholdergrievance@jmfl.com as a designated email 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 are 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 is in due compliance with all the mandatory requirements of corporate governance specified in Listing Regulations. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations and are being reviewed as and when necessary.

General Shareholders' Information

This section provides information pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and such other information as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as "the Listing Regulations").

A. Thirty Third Annual General Meeting (AGM)

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Wednesday, July 18, 2018	3.00 p.m.	J. K. Banquets Hall, Industry Manor, 1/B - 1&2, Ground Floor, Appasaheb Marathe Marg, Near Century Bhavan, Prabhadevi, Mumbai – 400 025.

B. Financial Calendar (FY 2018-19)

Particulars	Period
Financial Year	April 1 to March 31
For consideration of Unaudited/Audited Financial Results	
First quarter ending June 30, 2018 (Unaudited)	On or before August 14, 2018*
Second quarter and half year ending September 30, 2018 (Unaudited)	On or before November 14, 2018*
Third quarter and nine months ending December 31, 2018 (Unaudited)	On or before February 14, 2019
Fourth quarter and financial year ending March 31, 2019 (Audited)	On or before May 30, 2019

** Or such other extended date as is permitted by Securities and Exchange Board of India vide its circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016.*

C. Closure of Register of Members

The Register of Members of the Company shall remain closed from Monday, May 14, 2018 to Friday, May 18, 2018 (both the days inclusive) for the purpose of dividend and AGM.

D. Dividend Payment Date

The final dividend, if declared by the Members at the Thirty Third AGM scheduled on Wednesday, July 18, 2018, will be paid on and from Friday, July 20, 2018.

E. Dividend History Commencing from the Financial Year 2013-14

Financial Year	Date of declaration	Date of payment	Number of shares	Dividend per share (₹)		Total amount of dividend (₹ in Crore)	
2013-14 (Interim Dividend)	January 29, 2014	February 14, 2014	75,53,43,497	0.45	1.00	33.99	75.60
2013-14 (Final Dividend)	July 3, 2014	July 5, 2014	75,83,74,910	0.55		41.61	
2014-15 (Interim Dividend)	January 28, 2015	February 11, 2015	78,33,81,440	0.55	1.35	43.09	106.15
2014-15 (Final Dividend)	July 30, 2015	August 4, 2015	78,82,64,374	0.80		63.06	
2015-16 (Interim Dividend)	February 3, 2016	February 16, 2016	78,88,19,970	0.60	1.45	47.33	114.45
2015-16 (Final Dividend)	August 2, 2016	August 4, 2016	78,95,89,017	0.85		67.12	
2016-17 (Interim Dividend)	January 23, 2017	February 6, 2017	79,37,49,788	0.65	1.50	51.59	119.28
2016-17 (Final Dividend)	July 24, 2017	July 27, 2017	79,63,67,733	0.85		67.69	
2017-18 (Interim Dividend)	January 19, 2018	February 5, 2018	79,76,74,467	0.70	0.70	55.84	55.84

Unclaimed dividend

Pursuant to the provisions of Section 124 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "the IEPF Rules"), the amount of dividend which remains unclaimed or unpaid for a period of seven consecutive years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) thereof is required to be transferred to the Investor Education and Protection Fund (IEPF) established under Section 125(1) of the Act. Accordingly, the unclaimed dividend in respect of the financial year 2010-11 is due for transfer to the IEPF in August 2018. Members, who have not yet claimed their dividend for the financial year 2010-11 and/or for any subsequent financial years, are requested to immediately claim the same from the Company or its Registrar & Share Transfer Agents.

Additionally, pursuant to Section 124(6) of the Act read with the IEPF Rules, all shares in respect of which the dividend has not been claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF Authority by way of credit to the Demat Account established by the IEPF Authority for the said purpose. Accordingly, the Company has transferred an aggregate of 11,65,283 equity shares in favour of IEPF authority in November 2017. Pursuant to this requirement, all equity shares in respect of which the dividend has not been claimed for seven consecutive years from the financial year 2010-11, (barring the equity shares that have already been transferred in November 2017) are due to be transferred by the Company in favour of IEPF Authority in August 2018. Any member whose shares are thus transferred to IEPF Authority may claim his/her/its shares under proviso to Section 124(6) of the Act by following the process given under Rule 7 of the IEPF Rules.

In terms of the relevant IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the financial years from 2010-11 to 2015-16 and Interim Dividend for the financial year 2016-17 as on the date of the Thirty Second Annual General Meeting (AGM) held on July 24, 2017, on the website of the IEPF viz., www.iepf.gov.in and also under "Investor Relations" section on the website of the Company viz., www.jmfl.com.

Pursuant to the provisions of Sections 124 and 125 of the Act, the Company has transferred an amount of ₹ 11,46,434, being the unclaimed dividend for the financial year 2009-10 to IEPF on September 21, 2017. The details in respect of the unclaimed dividends for last seven years are as follows:

Sr. No.	Unclaimed Dividends (Financial year wise)	Dividend per share (₹)	Date of declaration	Due date for transfer of unclaimed dividend to IEPF
1.	Dividend 2010-11	0.60	July 28, 2011	August 26, 2018
2.	Dividend 2011-12	0.60	August 13, 2012	September 12, 2019
3.	Interim Dividend 2012-13	0.40	February 7, 2013	March 13, 2020
4.	Final Dividend 2012-13	0.50	July 31, 2013	September 3, 2020
5.	Interim Dividend 2013-14	0.45	January 29, 2014	March 4, 2021
6.	Final Dividend 2013-14	0.55	July 3, 2014	August 6, 2021
7.	Interim Dividend 2014-15	0.55	January 28, 2015	March 4, 2022
8.	Final Dividend 2014-15	0.80	July 30, 2015	August 31, 2022
9.	Interim Dividend 2015-16	0.60	February 3, 2016	March 10, 2023
10.	Final Dividend 2015-16	0.85	August 2, 2016	September 6, 2023
11.	Interim Dividend 2016-17	0.65	January 23, 2017	February 27, 2024
12.	Final Dividend 2016-17	0.85	July 24, 2017	August 27, 2024

The members who have not claimed their past dividends are requested to immediately contact the Company or its Registrar & Share Transfer Agents for claiming the same.

General Shareholders' Information (Contd.)

F. Listing on Stock Exchanges along with the Security Code/Symbol and Payment of Listing Fee

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

Name and Address of the Stock Exchanges	Security Code/ Symbol	Payment of annual listing fee (FY 2018-19)
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, C-I, Block G Bandra Kurla Complex Bandra East, Mumbai - 400 051 Tel : 91 22 26598100 /14 Fax: 91 22 26598120 www.nseindia.com	JMFINANCIL	Paid

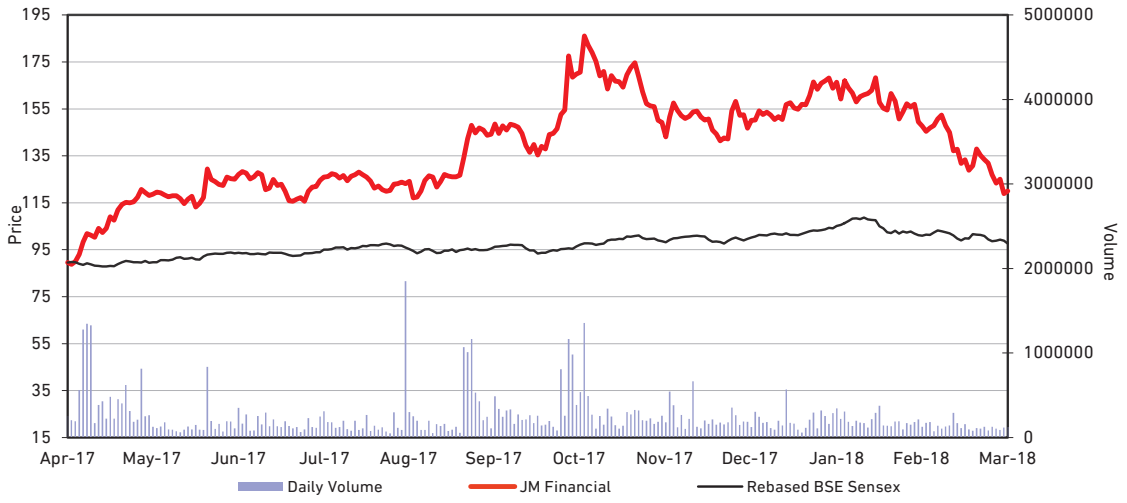
G. Market Price Data

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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-17	89.00	120.50	87.60	115.45	90,57,261
May-17	116.00	131.20	112.30	122.80	43,69,821
Jun-17	122.50	131.00	114.00	117.20	34,52,993
Jul-17	117.50	130.35	115.10	120.55	32,04,659
Aug-17	121.60	138.90	112.40	134.10	55,35,620
Sep-17	135.90	153.20	126.05	137.90	72,68,123
Oct-17	139.20	190.95	139.20	164.20	81,60,693
Nov-17	164.75	179.90	142.20	150.70	55,47,566
Dec-17	151.50	163.70	139.00	156.85	41,74,326
Jan-18	157.70	171.60	153.30	162.90	43,22,472
Feb-18	163.80	169.75	144.00	147.75	32,23,428
Mar-18	148.00	148.45	114.80	128.75	24,79,222

Source: www.bseindia.com

The performance of the equity share price of the Company in comparison with S & P BSE Sensex is given below:



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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-17	89.35	120.40	87.75	115.55	5,93,37,778
May-17	116.60	131.80	112.05	122.90	2,43,10,126
Jun-17	122.25	131.00	114.05	117.50	1,96,31,845
Jul-17	117.50	130.30	115.10	120.15	1,41,46,035
Aug-17	119.75	138.80	112.50	134.20	2,42,63,306
Sep-17	136.00	153.60	126.30	138.15	4,53,78,421
Oct-17	141.20	191.60	139.50	164.55	4,47,04,618
Nov-17	165.00	180.00	142.10	150.80	3,01,14,092
Dec-17	151.75	163.70	139.05	157.20	2,08,74,557
Jan-18	157.45	171.75	153.30	163.15	2,86,40,029
Feb-18	162.90	170.00	144.45	147.55	2,41,75,657
Mar-18	147.00	148.65	115.10	128.80	2,19,54,046

Source: www.nseindia.com

The performance of the equity share price of the Company in comparison with Nifty is given below:



H. Registrar and Share Transfer Agents

The Company's share transfer services are handled by Karvy Computershare Private Limited (Karvy). Karvy is a SEBI registered Category I – Registrar to an Issue and Share Transfer Agents. For any queries relating to the equity shares of the Company, the Members/Investors may contact them at their following addresses:

Registered Office
Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Phone: 040-67161500
Fax: 040-23001153
Toll Free no.: 1800-345-4001
Email ID: einward.ris@karvy.com
Website: www.karvycomputershare.com

Investor Relations Office
Karvy Computershare Private Limited
24-B, Raja Bahadur Mansion,
Ground Floor,
Ambalal Doshi Marg,
Behind BSE, Fort,
Mumbai - 400 023
Phone: 022 - 6623 5454/412/427
Email ID: einward.ris@karvy.com
Website: www.karvycomputershare.com

General Shareholders' Information (Contd.)

I. Share Transfer Process

Out of the total of 83,78,80,258 equity shares outstanding as on March 31, 2018, 83,44,09,991 equity shares representing 99.59% 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 form. The remaining 34,70,267 equity shares representing 0.41% are held by the members in physical form.

Transfer of shares in physical form is generally processed by the Company's Registrar & Share Transfer Agents (RTA) within fifteen days from the date of lodgement, provided the documents thereof 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 approval. The Managing Director and the Company Secretary are severally authorised by the Board to consider and approve such transfer/transmission requests.

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 confirming 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, viz., BSE and NSE.

K. Quarterly Audit of Share Capital

The quarterly audit of the Company's share capital is 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 certificates received from the Practicing Company Secretary are submitted to BSE and NSE and are also placed before the Board of Directors on a quarterly basis.

L. Distribution of Shareholding

Distribution of Shareholding as on March 31, 2018 is given below:

Category	Shareholders		Equity Shares	
	Number	Percentage	Number	Percentage
0001 - 5,000	54,016	96.55	2,66,56,425	3.18
5,001 - 10,000	839	1.50	65,62,359	0.78
10,001 - 20,000	433	0.77	64,01,331	0.76
20,001 - 30,000	172	0.31	43,47,020	0.52
30,001 - 40,000	84	0.15	30,24,055	0.36
40,001 - 50,000	56	0.10	25,84,714	0.31
50,001 - 100,000	112	0.20	84,22,417	1.01
100,001 and above	233	0.42	77,98,81,937	93.08
Total	**55,945**	**100.00**	**83,78,80,258**	**100.00**

M. Categories of Shareholders as on March 31, 2018

Category	No. of equity shares	Percentage of the total paid–up equity share capital
Shareholding of Promoters & Promoter Group:		
Promoters	33,87,64,100	40.43
Promoter Group and Persons acting in concert including relatives	18,17,24,158	21.69
Total (A)	**52,04,88,258**	**62.12**
Public Shareholding		
Individuals	9,33,76,690	11.15
Banks and Financial Institutions	7,45,484	0.09
Bodies Corporate	2,15,06,225	2.56
Mutual Funds	3,36,20,152	4.01
Alternate Investment Fund	12,312	0.00
NBFC	6,53,969	0.08
Trusts	1,68,31,673	2.01
IEPF	11,65,283	0.14
Foreign Shareholding		
Non-resident Indians	1,44,98,569	1.73
Foreign Portfolio Investors	13,49,81,643	16.11
Total (B)	**31,73,92,000**	**37.88**
Total (A) + (B)	**83,78,80,258**	**100.00**

N. List of Top Ten Public Shareholders as on March 31, 2018

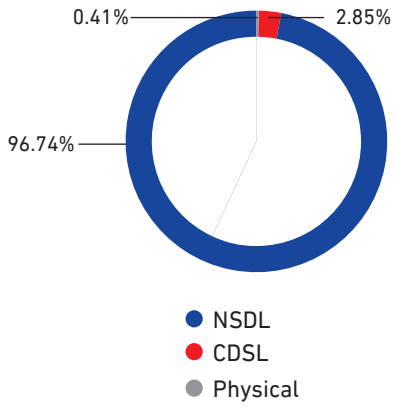
Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	Baron Emerging Markets Fund	2,03,02,025	2.42
2.	TIMF Holdings	1,56,02,096	1.86
3.	Azim Premji Trust	1,53,35,974	1.83
4.	Valiant Mauritius Partners Offshore Limited	1,40,73,813	1.68
5.	IDFC Premier Equity Fund	1,23,91,138	1.48
6.	Vikram Shankar Pandit	1,16,46,939	1.39
7.	Valiant Mauritius Partners Limited	94,80,359	1.13
8.	The Wellington Trust Company National Association	73,16,417	0.87
9.	BNP Paribas Arbitrage	66,66,515	0.80
10.	Aparna Murthy Aiyar	58,23,470	0.70

O. Dematerialisation of Shares, International Securities Identification Number (ISIN) and Liquidity

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

No. of Equity Shares held in dematerialised and physical form as on March 31, 2018 are as under:

Particulars	No. of Shareholders	No. of Equity Shares	Percentage of the total paid up share capital
Held in dematerialised form with NSDL	28,853	81,05,81,065	96.74
Held in dematerialised form with CDSL	26,345	2,38,28,926	2.85
Held in physical form	747	34,70,267	0.41
Total	**55,945**	**83,78,80,258**	**100.00**



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

General Shareholders' Information (Contd.)

The requests received for dematerialisation of shares are generally confirmed by the RTA within the stipulated time period. Rejections, if any, are promptly returned to the Depositories 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 of the above instruments.

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 engaged in financial services business and does not have any plant.

Independent Auditors' Certificate on Corporate Governance

TO THE MEMBERS OF JM FINANCIAL LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter reference no. AAD/VLP/3464/01 dated September 26, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of JM Financial Limited (hereinafter referred to as "the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditors' Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (hereinafter referred to as the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the financial year ended March 31, 2018.

9. We 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Date: May 2, 2018
Place: Mumbai

Abhijit A. Damle
Partner
Membership No. 102912

Certificate

TO THE BOARD OF DIRECTORS OF JM FINANCIAL LIMITED

Certified that for the financial year 2017-18;

A. We have reviewed financial statements and the cash flow statement for the financial year 2017-18 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 violative 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.

Vishal Kampani
Managing Director

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: May 2, 2018

Business Responsibility Report

The Directors of JM Financial Limited (hereinafter referred to as "the Company") are presenting the Business Responsibility Report for the financial year ended March 31, 2018, in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

JM Financial Limited and its Group's policy framework comprising the Employee Code of Conduct, CSR Policy, Whistle Blower Policy, Fair Practice Code, etc. are designed to enable the Group to comply with the statutory and regulatory requirements and ensure that its operations are conducted in an ethical, transparent and accountable manner. The disclosures presented in this Report cover the operations of the Company and the JM Financial Group.

Section A: General Information about the Company

1	Corporate Identity Number of the Company	L67120MH1986PLC038784
2	Name of the Company	JM Financial Limited
3	Registered Office address	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025
4	Website	www.jmfl.com
5	E-mail id	shareholdergrievance@jmfl.com
6	Financial Year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Investment Banking Services* – 66190 Management of other investment funds* – 66309 Activities of holding companies – 64200 * January 1, 2018 onwards
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	JM Financial Limited has operated as a Core Investment Company since last many years. During the FY 2017-18, on amalgamation of two of its wholly owned subsidiary companies with itself, the Company, with effect from January 19, 2018 has become a SEBI Registered Category I Merchant Banker and Manager to the Private Equity Fund. Since then, Company is engaged in the activities of funds raising advisory in equity and debt capital markets, mergers and acquisitions advisory, private equity syndication, corporate finance advisory business and private equity fund management. The Company continues to own substantial / controlling equity interest in many operating businesses that its subsidiary companies are engaged in. Such companies are engaged in: ● fund based activities comprising lending to real estate developers, corporate/ structured finance lending, lending to SME businesses, affordable housing finance, capital markets lending as well as asset reconstruction business; ● securities business comprising equity, fixed income and commodities broking, investment advisory and distribution, wealth management and institutional equities; and ● asset management business managing the mutual funds.
9	Total number of locations where business activity is undertaken by the Company	**Number of National Locations:** As on March 31, 2018, the Company and its subsidiaries viz., JM Financial Services Limited, JM Financial Capital Limited, JM Financial Products Limited, JM Financial Credit Solutions Limited, JM Financial Asset Reconstruction Company Limited, JM Financial Asset Management Limited, JM Financial Home Loans Limited and JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) has a network of 70 branches and presence in 34 locations across India. **International Locations:** The overseas subsidiaries of the Company have presence in Mauritius, Singapore and United States of America.
10	Markets served by the Company (Local/State/ National/International)	The Company and its subsidiaries serve the customers in India and international locations.

Business Responsibility Report (Contd.)

Section B: Financial Details of the Company

1	Paid up Capital (INR)	₹ 83.79 Crore (As on March 31, 2018)
2	Total Turnover (INR)	Standalone: ₹ 244.18 Crore Consolidated: ₹ 3,234.89 Crore
3	Total profit after taxes (INR)	Standalone: ₹ 136.16 Crore Consolidated: ₹ 630.92 Crore
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	On the basis of Standalone financial performance, the Company has spent ₹ 0.12 Crore towards CSR activities, being 2% of its average net profits for the preceding three financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. An aggregate amount of ₹ 15.65 Crore (including ₹ 0.12 Crore as mentioned above) has been spent by way of contribution to JM Financial Foundation by various companies in JM Financial Group. JM Financial Foundation will release the funds towards various projects on the instructions of respective contributor companies overtime.
5	List of activities in which expenditure in 4 above has been incurred.	List of activities/projects undertaken by the Company and its relevant subsidiaries are given below: Integrated Rural Transformation Programme in the states of Maharashtra, Madhya Pradesh, Bihar, Jharkhand and Gujarat- a) Integrated village development project in Mokhada block, Palghar district, Maharashtra b) School Infrastructure (Hostel) development support in Ujjain district in the state of Madhya Pradesh c) Pre-school education and nutrition for 100 children (3-6 years) through Project Bachpan learning centers in Dhawatar, Korasi, Lachhuar and Sabalbigha villages, Sikandra block, Jamui district, Bihar d) Integrated livelihoods through livestock development centres (ILDCs) in Chakai, Jhajha and Sikandra blocks in Jamui district, Bihar e) Small-scale, kitchen-based, livelihoods generation project for 16 rural women through Shri Vardhmann Mahila Griha Udyog in Sikandra block, Jamui district, Bihar f) Model village development project (Adarsh Gram) in 13 villages of Sikandra block, Jamui district, Bihar g) Strengthening maternal and child healthcare OPD services by upgrading infrastructure and medical services at government-run First Referral Unit (FRU) at Dumri block in Giridih district, Jharkhand h) Doorstep healthcare services through Mobile Health Unit (MHU) to 24 villages in Dumri & Pirtand blocks, Giridih district, Jharkhand i) Comprehensive village development in rural Bhavnagar district in Gujarat

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes; the Company has subsidiaries.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes; the subsidiary companies do participate in the Business Responsibility initiatives undertaken by the Company. No. of subsidiaries: 15
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

Section D: Business Responsibility Information

1. Details of Director / Directors responsible for Business Responsibility

a.	Details of the Director responsible for implementation of the business responsibility policy	DIN: 00009079 Name: Mr. Vishal Kampani Designation: Managing Director

b.	Details of the Business Responsibility head	Name: Ms. Dipti Neelakantan DIN: Not Applicable since she is not a Director of the Company. Designation: Group Chief Operating Officer Telephone Number: 022 6630 3030 e-mail id: dipti.neelakantan@jmfl.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility. These are briefly described as under:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3 - Businesses should promote the well-being of all employees.
P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5 - Businesses should respect and promote human rights.
P6 - Businesses should respect, protect and make efforts to restore the environment.
P7 - Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner.
P8 - Businesses should support inclusive growth and equitable development.
P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The principle wise responses are given below:

Sr. No.	Questions	Business Ethics	Product/ Service Responsibility	Well-being of Employees	Responsibility towards Stakeholders	Human Rights	Environmental Responsibility	Policy Advocacy	Inclusive Growth	Customer Engagement
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for:	Y	N (Refer Note 1)	Y	Y	Y	N (Refer Note 2)	N (Refer Note 3)	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y*	-	Y*	Y*	Y*	-	-	Y*	Y*
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	(Refer table 1 below)	-	#	(Refer table 1 below)	#	-	-	(Refer table 1 below)	#

Business Responsibility Report (Contd.)

Sr. No.	Questions	Business Ethics	Product/ Service Responsibility	Well-being of Employees	Responsibility towards Stakeholders	Human Rights	Environmental Responsibility	Policy Advocacy	Inclusive Growth	Customer Engagement
		P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y#	-	Y#	Y#	Y#	-	-	Y#	Y#
8.	Does the company have in-house structure to implement the policy/ policies	Y	-	Y	Y	Y	-	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? (Refer Note 4)	Y	-	Y	Y	Y	-	-	Y	Y

Y = Yes N = No

** All policies have been formulated in accordance with the applicable laws and regulations and after considering the best practices adopted by the industry.*

 # These policies of the Group are internal documents and are not accessible to the public. These policies have been uploaded on intranet portal of the Company which is accessible to all the employees.

Notes:

1. The core business area of JM Financial Group is to provide financial services and hence this principle has limited applicability. JM Financial Group, however, complies with all applicable regulations in respect of its operations.

2. The questions relating to Principle 6 are not substantially relevant to JM Financial Group given that the Group operates in financial services sector. JM Financial Group complies with applicable environmental regulations in respect of its office premises. JM Financial Group has also taken initiatives to reduce consumption of energy and other resources such as paper in their offices and contribute towards environment conservation.

3. JM Financial Group entities are the members of various industry associations, through which they provide various suggestions with respect to the development of financial services industry.

4. All policies and processes are subject to internal audits and internal reviews from time to time.

Table 1

Name of the Policy	Web link
Code of Conduct for Board Members & Senior Management	https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Conduct_Directors_Senior_Management_Personnel.pdf
Whistle Blower Policy	https://www.nseprimeir.com/z_JMFINANCIL/files/Whistle_Blower_Policy.pdf
Corporate Social Responsibility Policy	https://www.nseprimeir.com/z_JMFINANCIL/files/CSR_Policy.pdf
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Practices_and_Procedures_for_Fair_Disclosure_of_Upsi.pdf

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months. Annually, More than 1 year

On annual basis.

(b) Does the Company publish a BR or sustainability Report? What is hyperlink for viewing this report? How frequently it is published?

The Company published its maiden report on Business Responsibility for financial year 2016-17. The Company would publish this Report on an annual basis. It forms part of the Annual Report and is available on the website of the Company viz., www.jmfl.com.

Section E: Principle-Wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

JM Financial Groups' policies relating to ethics, bribery and corruption forms part of its corporate governance framework. The Group considers ethical practices an integral part of good management and is committed to act professionally, fairly and with integrity in all its dealings.

The Company has a Code of Conduct that is specifically designed for all the Board Members and Senior Management. The said Code is approved by the Board of Directors of the Company and is available on the Company's website viz., www.jmfl.com.

Additionally, JM Financial has formulated the Code of Conduct, which is applicable to all the entities in the Group including their employees and working directors.

JM Financial Group, as a part of this Code, has also framed policies which deal with:

(i) Ethics at work place; and

(ii) Rules about giving and receiving of gifts and other benefits in the course of business relationship to/from clients, suppliers and others.

Though JM Financial Group's policies currently do not apply to external stakeholders such as suppliers, contractors, NGOs, etc., the Group insists on adherence to ethical business practices by such agencies during their dealings with the Group.

2. How many stakeholders' complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company had received a total of 5 (five) complaints from the shareholders/investors during the FY 2017-18. All these complaints have been satisfactorily resolved.

With respect to the employees, the Group has provided Whistle Blower mechanism whereby the employees can raise their concerns. During the FY 2017-18, the Group did not receive any complaints from the employees.

The complaints/grievances, if any, received by various businesses of the Group from their customers are also satisfactorily dealt by the respective business teams.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities

Since JM Financial is an integrated financial services Group, it does not have any goods and raw material utilisation as part of its products and services. However, the Group through its products such as affordable housing loans, small and medium enterprise lending, etc., is contributing positively to the socio-economic development.

Business Responsibility Report (Contd.)

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Since JM Financial is an integrated financial services group, the questions mentioned below in relation to the above principles are not applicable to it.

   (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   Not Applicable

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   Not Applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   Not Applicable

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Not Applicable

5. **Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Not applicable.

Principle 3: Businesses should promote the well-being of all employees

1. **Please indicate the total number of employees.**

   As on March 31, 2018, the Group has 1,583 employees on payroll.

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis.**

   Apart from the total number of employees as stated above in point no.1, the Group has 559 employees on temporary/ contractual/casual basis as on March 31, 2018.

3. **Please indicate the number of permanent women employees.**

   The Group has 339 women employees as on March 31, 2018.

4. **Please indicate the number of permanent employees with disabilities**

   As on March 31, 2018, the Group has one employee having disability.

5. **Do you have an employee association that is recognized by management?**

   No; the Group does not have any employee association.

6. **What percentage of your permanent employees is member of this recognized employee association?**

   Not applicable.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   JM Financial Group does not engage child labour/forced labour/involuntary labour and does not adopt or allow discriminatory employment practices.

Sr. No.	Category	No. of complaints filed during the financial year 2017-18	No. of complaints pending as on March 31, 2018
1	Child labour / forced labour / involuntary labour	None	
2	Sexual Harassment		
3	Discriminatory employment		

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

(a) Permanent Employees
(b) Permanent Women Employees
(c) Casual/Temporary/ Contractual Employees
(d) Employees with Disabilities

At JM Financial, employee health and safety is of prime importance. Regular trainings are conducted on fire safety for the employees. Evacuation trainings are conducted for all the employees and floor marshals across offices and branches at regular intervals. Periodic fire evacuation drills are conducted at various office locations as well as branches to sensitise employees about fire safety norms and regulations.

Safety trainings are conducted for women employees where they are trained on situation reaction and self-defence and are also briefed on legal provisions relevant to their safety.

Various programmes, focussed on providing requisite knowledge and skills to employees, are designed to meet the changing skill requirements of the employees. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional and/or leadership programmes and other management development programmes for mid-level and senior executives. Various sessions including teach-ins and knowledge sharing sessions are organised in-house on a regular basis and employees are encouraged to attend the seminars, conferences and round tables organised by external professional bodies to facilitate skill upgradation of employees handling relevant functions.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?

Yes, the Group has mapped its internal and external stakeholders.

The Group engages with investors, employees, clients, business partners and other social organisations, etc., on a regular basis. The process of mapping of stakeholders is an ongoing exercise and is conducted on regular basis.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

The Group has identified the disadvantaged, vulnerable and marginalised stakeholders through need assessment and engagement with such marginalised communities under its Corporate Social Responsibility initiative/activities.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, marginalised stakeholders?

JM Financial Group endeavours to make a difference in the life of vulnerable, disadvantaged and marginalised communities through its Corporate Social Responsibility initiatives, thus contributing to social well-being.

Further, JM Financial Foundation and Kampani Charitable Trust, the two philanthropic arms of JM Financial Group, on their own and in partnership with several NGOs work in addressing various challenges in the area of education, health and disaster relief. The initiatives undertaken for disadvantaged, vulnerable and marginalised stakeholders are elaborated in Principle 8. Details of the activities of JM Financial Foundation and Kampani Charitable Trust are given under the Corporate Social Responsibility section of Management Discussion and Analysis Report.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Group does not have any specific policy on human rights. The Group adheres to all statutes which embody the principles of human rights such as non-discrimination, prevention of child labour, prevention of sexual harassment, equal employment opportunities, etc. The Group is committed to a work environment in which all individuals are treated with fairness, respect and dignity. Persons not directly connected to the Company viz., an outside vendor, consultant, supplier or client also are expected to comply with principles of human rights in all respects.

Business Responsibility Report (Contd.)

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

   The Company has not received any stakeholders' complaints on human rights issues during the financial year 2017-18.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   The Company does not have a Policy relating to Principle 6. However, the activities mentioned in Principle 6 are laid down in the Corporate Social Responsibility Policy document and various other practices of the JM Financial Group.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes. JM Financial Group strives towards imbibing green sustainable products, processes, policies and practices. We promote cost efficient environment-friendly measures and build awareness and consciousness of our environment among employees. Our offices have been designed such that they are equipped with energy efficient air conditioners, LED lights and other energy conservation measures. We have taken measures to install energy efficient equipment in our offices to reduce the consumption of electricity. To reduce paper consumption, we emphasis the use of alternate communication channels such as email and usage of digital applications. When the prints on paper need to be made, we encourage use of two sided printing. We send any permissible plastics used by the Group for recycling when discarded.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Since JM Financial Group is engaged in offering financial services, the above mentioned question is not applicable to it.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Since JM Financial Group is engaged in offering financial services, the above mentioned question is not applicable to it.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.**

   The Group promotes ecological sustainability and green initiatives by use of energy efficient resources. The Group also promotes reducing dependence on paper communication and encourages use of electronic means of communication which serves towards environmental protection and sustainable growth. For this purpose, the Company:

   - sends its various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e-mail addresses. The Company's Annual Report for FY 2016-17 was sent via email to more than 27,000 shareholders.
   - has requested shareholders to register their e-mail IDs to get Annual Reports and other communications through email instead of opting in paper mode.
   - conducts the Board meetings and Committee meetings through e-Board meeting solution, wherein the agenda papers are circulated through electronic means instead of physical files with agenda printed on paper.
   - has provided video conference facilities at most of its offices, thereby facilitating participation in meetings via video conference and avoid commuting and travel. This helps save the fuel on transport as well as time on travel.

   The above actions of the Group will contribute towards saving environment by reduction in usage of resources.

   The Group continues the practice of installing energy efficient servers, thereby causing reduction in carbon footprint.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   JM Financial Group complies with applicable environmental regulations in respect of its office premises.

7. **Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   No show cause or legal notices from CPCB/SPCB were received by the Company during the financial year 2017-18.

Principle 7: Businesses, when engaged in influencing people and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   JM Financial Group is a member of various industry bodies and trade associations such as:

   - Confederation of Indian Industry;
   - Federation of Indian Chambers of Commerce and Industry;
   - Indian Merchant Chambers;
   - Bombay Chambers of Commerce and Industry;
   - Association of Investment Bankers of India;
   - Association of Mutual Funds of India;
   - Association of ARCs in India;
   - Indian Banks Association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Our participation with various associations helps us understand the industry wide issues and thus help contribute in developing policies that are beneficial to the stakeholders. Various employees including senior management of the Group are members of various committees constituted by regulators and industry bodies.

   We support and participate in various discussions and initiatives taken by the government, regulators and the above associations in light of changing business environment for economic development and advancement of financial services industry.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   JM Financial, along with all its relevant subsidiaries has designed and adopted a CSR Policy that provides guidelines on the activities to be undertaken, embodies the Group's CSR philosophy and underlines our objectives for the same. All such activities undertaken by the Group, are in the form of geographically focussed, structured, long-term CSR projects under the Group's CSR approach of 'Integrated Rural Transformation Programme'. As part of the said programme, the Group has undertaken and initiated its focused long-term projects in select areas in the states of Maharashtra, Madhya Pradesh, Bihar, Jharkhand and Gujarat.

   In the state of Maharashtra, the Group plans to undertake a long-term, Integrated Village Development intervention in one of the most under-developed blocks of Palghar district, namely Mokhada. The Group plans to determine and implement a structured action plan driving comprehensive development in the aforementioned region.

   In the state of Madhya Pradesh, the Group has extended one-time support to the construction of a hostel infrastructure to accommodate 96 students (grades 6 to 9) attending Shri Abhyudaypuram Gurukul school in Ujjain district.

   In the state of Bihar, in four far-flung villages of Sikandra block, Jamui district, the Group has set up and functionalized four child-centric pre-school learning

Business Responsibility Report (Contd.)

centers for 100 children (age 3 to 6 years) under Project Bachpan, with the primary objective of addressing children's physiological development and learning needs. We have attempted to address the requirement of sustainable livelihoods generation by way of two CSR projects – Integrated Livelihoods Development Centers (ILDC) and Shri Vardhmann Mahila Griha Udyog. As a flagship extensive intervention, the Group has launched 21 livestock development centers across Chakai, Jhajha and Sikandra blocks of the aforementioned district, to provide 24*7 veterinarian healthcare, cattle management and artificial insemination services to the community in 193 villages. Through these services, the ILDCs are expected to enhance the milk yield of the cattle, thereby leading to augmentation of the income of the cattle owners. By way of the Griha Udyog, we have instituted and operationalized a small-scale, kitchen-based, production unit, whereby 16 women have been mobilized and trained to make and sell khakhras (a healthy Indian snack made of whole-wheat flour). The Group has also planned and initiated an intensive Model Village Development intervention in 13 identified villages of Sikandra block, to bring about inclusive growth and equitable development, by facilitating rights and entitlements, strengthening livelihoods and alternate agriculture, enhancing education, improving water and sanitation and providing holistic healthcare services as five priority intervention areas.

In the arduous terrains of Giridih district of Jharkhand, the Group has taken up initiatives to address community healthcare needs. Within the district, in Dumri block, we work towards enhancing the maternal and child healthcare services provided by the First Referral Unit (FRU) in the region. As an extension of the FRU intervention, we have started a Mobile Health Unit (MHU) that provides door-step preventive and curative OPD services to the community residing in 24 tribal villages of Dumri and Pirtand blocks.

In the state of Gujarat, the Group has initiated Comprehensive Village Development project with identification and planning of structured deliverables in the focus areas of water and sanitation, alternate livelihoods generation, mother and child healthcare and girl child education. This planning forms the premise for the Group to partake in a collective effort through a focused CSR intervention under the Integrated Rural Transformation Programme.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   The aforementioned projects under the Integrated Rural Transformation Programme are undertaken by JM Financial Foundation and Kampani Charitable Trust – the two philanthropic arms of the JM Financial Group, listed by the CSR Policy and committed to community giving for several decades. Through the two Trusts, the Group partners with civil society organisations and government bodies at the local, district and state levels to work collaboratively on the identified projects. Our employees also participate in the Group's CSR initiatives from time to time and contribute through their value-added skills and expertise.

3. **Have you done any impact assessment of your initiative?**

   Systematic and regular monitoring and evaluation is fundamental to all our CSR projects undertaken in the aforementioned geographies. Each of our interventions are planned and designed on the premise of a Baseline Assessment conducted prior to their initiation. The Group tracks periodic milestones and timely achievement of deliverables by way of reports on project progression, resource utilization and monthly field visits. The aforementioned projects are long-term in nature, designed to bring about tangible, sustainable impact over longer periods of time. Commensurate with this design, the Group envisions external and internal impact assessments being undertaken at a pre-decided stage of project progression/maturity, to enable objective deliberations on the project outcomes and requisite refinements.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   JM Financial Group through its various entities has spent by way of contribution an amount of ₹ 15.65 Crore for the financial year 2017-18 towards corporate social responsibility related activities.

The Company on standalone basis has spent by way of contribution an amount of ₹ 0.12 Crore for the financial year 2017-18 towards corporate social responsibility related activities.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   All our projects are designed basis pressing needs felt by the community, taking into account, their resources, capabilities and capacities. Central to the implementation of our interventions is an ongoing effort at building upon the community's existing and foreseeable potential, in line with an exit strategy and sustainability plan.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   There is no customer complaint pending against the Company as on March 31, 2018.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

   Since JM Financial Group is engaged in offering financial services, the above question is not applicable to it. However, all necessary disclosure requirements relating to the services offered by the Group are complied with.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   No cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year 2017-18.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company has not carried out any formal consumer survey to map consumer satisfaction. However, the Group always puts the interest of clients before its own interest. The Group understands its client needs, seek new opportunities for them, address them and deliver unique solutions as per their expectations. The Group promotes its products in ways that do not mislead the clients.

Independent Auditors' Report

To The Members of JM FINANCIAL LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of JM Financial Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting 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 and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer note 2.26 to the financial statements).

ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2018 for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

(Abhijit A Damle)
(Partner)
(Membership No. 102912)

Mumbai,
Dated: 2nd May, 2018

Independent Auditors' Report (Contd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of JM Financial Limited (the "Company") as of 31st March, 2018 in conjunction with our audit of the 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing 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 was 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 auditors' judgement, 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's 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 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. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2018, 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

(Abhijit A Damle)
(Partner)
(Membership No. 102912)

Mumbai,
Dated: 2nd May, 2018

Independent Auditors' Report (Contd.)

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that the title deeds of buildings, which are freehold, are held in the name of the Company. The Company does not have any immovable properties taken on lease and disclosed as fixed assets in the financial statements.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under Section 189 of the Act, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits, and hence reporting under clause (v) of paragraph 3 of the Order is not applicable to the Company.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) According to the information and explanations given to us and the books and records examined by us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There are no cases of non-deposit with the appropriate authorities of disputed dues of Sales Tax, Goods and Service Tax, Customs Duty and Value Added Tax. Details of dues of Income Tax and Service Tax which have not been deposited as on 31st March, 2018 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (₹ In lakh)
The Income Tax Act, 1961	Income Tax/ Penalty	Commissioner of Income Tax (Appeal)	F.Y. 2009-10 to 2014-15	256.37
		Income Tax Appellate Tribunal	F.Y. 2011-12	3.02
		Assessing Officer	F. Y. 2009-10	15.48
Finance Act, 1994	Service Tax	Commissioner (Appeals-I)	F.Y. 2013-14	16.46
		Customs, Excise and Service Tax Appellate Tribunal	F.Y. 2008-09 to 2014-15	78.51

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted

in the repayment of loans or borrowings to financial institutions. Further, the Company has not taken loan from banks and Governments or has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us, the Company has made private placement of equity shares during the year under audit, in compliance with the requirement of Section 42 of the Act. The amounts raised have been used for the purpose for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

(Abhijit A Damle)
(Partner)
(Membership No. 102912)

Mumbai,
Dated: 2nd May, 2018

Standalone Balance Sheet

as at March 31, 2018

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	8,378.80	7,945.25
Reserves and surplus	2.2	2,29,423.92	1,64,606.79
		2,37,802.72	**1,72,552.04**
Share application money pending allotment		0.34	0.08
Non-current liabilities			
Long-term borrowings	2.3	53.77	-
Deferred tax liabilities (net)	2.4	10,891.43	10,992.97
Other long-term liabilities	2.5	100.00	100.00
Long-term provisions	2.6	828.11	27.87
		11,873.31	**11,120.84**
Current liabilities			
Short term borrowings	2.7	-	20,656.30
Trade payables:	2.8		
- Micro enterprises and small enterprises		-	-
- Other than Micro enterprises and small enterprises		893.63	92.69
Other current liabilities	2.9	4,379.72	856.15
Short term provisions	2.10	236.47	61.09
		5,509.82	**21,666.23**
Total		**2,55,186.19**	**2,05,339.19**
ASSETS			
Non-current assets			
Fixed assets	2.11		
Property, plant and equipment		501.00	215.37
Intangible assets		55.65	9.66
Non-current investments	2.12	1,84,759.13	1,76,914.80
Long-term loans and advances	2.13	17,985.05	14,901.32
Other non-current assets	2.14	471.83	201.06
		2,03,772.66	**1,92,242.21**
Current assets			
Current investments	2.15	43,543.91	-
Trade receivables	2.16	2,402.55	-
Cash and bank balances	2.17	4,273.60	1,172.90
Short-term loans and advances	2.18	419.53	10,474.14
Other current assets	2.19	773.94	1,449.94
		51,413.53	**13,096.98**
Total		**2,55,186.19**	**2,05,339.19**
Significant accounting policies and notes to the financial statements	1 & 2		

In terms of our report attached

For and on behalf of

Deloitte Haskins & Sells LLP

Chartered Accountants

Registration No. 117366W/W-100018

Abhijit A Damle

Partner

Membership No. 102912

Place: Mumbai

Date: May 2, 2018

For and on behalf of the Board of Directors

Nimesh Kampani

Chairman

DIN – 00009071

Vishal Kampani

Managing Director

DIN – 00009079

E A Kshirsagar

Director

DIN – 00121824

Prashant Choksi

Company Secretary

Manish Sheth

Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Income:			
Revenue from operations	2.20	11,403.18	4,727.56
Other income	2.21	13,015.22	11,567.90
Total Revenue		**24,418.40**	**16,295.46**
Expenses:			
Sub brokerage and other direct expenses		383.64	-
Employee benefits expense	2.22	3,292.79	825.22
Finance costs	2.23	3,454.28	3,960.40
Depreciation and amortisation expense	2.11	101.89	66.65
Other expenses	2.24	2,234.51	750.03
Total Expenses		**9,467.11**	**5,602.30**
Profit before tax		**14,951.29**	**10,693.16**
Tax Expense:			
Current tax		1,060.00	-
Deferred tax		348.06	13.81
Tax adjustment of earlier years (net)		(73.17)	6.80
		1,334.89	**20.61**
Profit for the year		**13,616.40**	**10,672.55**
Earnings per equity share (EPS)	2.30		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.70	1.35
Diluted EPS (in ₹)		1.69	1.34
Significant accounting policies and notes to the financial statements	1 & 2		

In terms of our report attached
For and on behalf of
Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

Abhijit A Damle
Partner
Membership No. 102912

Place: Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Significant Accounting Policies

and notes to the 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 prescribed under Section 133 of the Companies Act, 2013 (the "Act") and the relevant provisions of the Act.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP, which requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of revenues and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.3 Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Revenues from Investment Banking Services mainly includes lead manager's fee, selling commission, underwriting commission, fees for mergers, acquisitions and advisory assignments and arranger's fees for mobilising debt funds. Income is recognised net of taxes. Revenues are considered as earned and recorded 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 the engagement.

Interest income on fixed deposit is recognised on time proportion basis.

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

1.4 Fixed assets

Tangible assets

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

Depreciation on Property, plant and equipment is provided on the straight-line method as per the useful life prescribed in Schedule II to the Act.

Intangible assets

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

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

Leased assets

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

1.5 Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised as an expense for such excess amount in the statement of profit and loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

1.6 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of

investments include acquisition charges such as brokerage, fees and duties.

1.7 Employee benefits

Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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 in the period in which they occur.

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.

1.8 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.

1.9 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.

1.10 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.

1.11 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of costs 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 revenue.

1.12 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

1.13 Taxation

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Significant Accounting Policies (Contd.)

and notes to the Financial Statements

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

1.14 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in Cash Flow Statement consist of cash on hand and unencumbered bank balances.

1.15 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.16 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Notes

to the Financial Statements

2. Notes to the financial statements

2.1 Share Capital

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Authorised:		
152,02,00,000 (Previous year 100,00,00,000) equity shares of ₹ 1/- each (refer note 2.25[c])	15,202.00	10,000.00
4,38,00,000 (Previous year Nil) preference shares of ₹ 10/- each (refer note 2.25[c])	4,380.00	-
	19,582.00	**10,000.00**
Issued, Subscribed and Paid up Capital:		
83,78,80,258 (Previous year 79,45,25,114) equity shares of ₹ 1/- each fully paid-up.	8,378.80	7,945.25
Total	**8,378.80**	**7,945.25**

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	79,45,25,114	7,945.25	78,89,85,636	7,889.86
Shares allotted upon exercise of stock options	32,32,438	32.32	55,39,478	55.39
Shares issued and allotted pursuant to the qualified institutional placement (refer note d below)	4,01,22,706	401.23	-	-
Shares outstanding at the end of the year	**83,78,80,258**	**8,378.80**	**79,45,25,114**	**7,945.25**

Note b: Terms and rights attached to equity shares:

The Company has only one class of equity shares. The shareholders are entitled to one vote per share, dividend, as and when declared by the Board of directors and shareholders and residual assets, if any, after payment of all liabilities, in the event of liquidation of the Company.

Note c: Details of shareholders holding more than 5 percent shares:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	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	24.28%	20,34,06,600	25.60%
Nimesh Kampani*	13,53,57,500	16.15%	13,53,57,500	17.04%
J. M. Assets Management Private Limited	10,30,42,908	12.30%	10,30,42,908	12.97%

** includes 12,50,000 equity shares (Previous year 12,50,000 equity shares) held by Nimesh Kampani HUF.*

Note d: Issue of equity shares to Qualified Institutional Buyers:

During the year, the Company issued and allotted 4,01,22,706 equity shares of the face value of ₹ 1/- each to the eligible qualified institutional buyers at the issue price of ₹ 162/- per equity share aggregating ₹ 64,998.79 Lakh through Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended and Section 42 of the Companies Act, 2013 and the rules made thereunder from time to time.

Notes (Contd.)

to the Financial Statements

2.2 Reserves and Surplus

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Capital reserve		
Opening balance	0.44	0.44
Add: Pursuant to the scheme of amalgamation (refer note 2.25)	415.50	-
Closing balance	**415.94**	**0.44**
Securities premium reserve		
Opening balance	36,229.58	34,366.61
Add: On shares allotted pursuant to the qualified institutional placement	64,597.56	-
Add: Pursuant to the scheme of amalgamation (refer note 2.25)	21,793.61	-
Add: On shares allotted upon exercise of stock options by the Employees	1,171.37	1,862.97
Less: Share issue expenses (net of deferred tax of ₹ 241.96 Lakhs [previous year Nil])	(588.93)	-
Closing balance	**1,23,203.19**	**36,229.58**
General reserve		
Opening balance	18,250.00	18,250.00
Add: Pursuant to the scheme of amalgamation (refer note 2.25)	1,932.50	-
Closing balance	**20,182.50**	**18,250.00**
Statutory reserve		
(under section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	5,944.00	3,809.00
Add: Transferred from surplus in statement of profit and loss	-	2,135.00
Closing balance	**5,944.00**	**5,944.00**
Capital redemption reserve		
Opening balance	-	-
Add: Pursuant to the scheme of amalgamation (refer note 2.25)	1,288.92	-
Closing balance	**1,288.92**	**-**
Stock options outstanding		
Opening balance	1,696.36	2,025.26
Add: Additions on account of options granted during the year	2,390.38	517.27
Less: Transferred to securities premium reserve upon exercise of stock options	(743.66)	(811.18)
Less: Reduction on account of options lapsed during the year	(122.71)	(34.99)
	3,220.37	1,696.36
Less: Deferred employee compensation	(774.92)	-
Closing balance	**2,445.45**	**1,696.36**
Surplus in statement of profit and loss:		
Opening balance	1,02,486.41	99,160.93
Add: Profit for the year	13,616.40	10,672.55
Less: Pursuant to the scheme of amalgamation (refer note 2.25)	(27,715.00)	-
Amount available for appropriation	**88,387.81**	**1,09,833.48**
Less: Appropriations:		
Interim dividend	5,583.72	5,159.37
Final dividend (F.Y. 2016-17)	6,769.13	-
Tax on dividend	91.04	52.70
Transferred to statutory reserve	-	2,135.00
	12,443.89	**7,347.07**
Closing balance	**75,943.92**	**1,02,486.41**
Total	**2,29,423.92**	**1,64,606.79**

2.3 Long Term Borrowings

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Secured Loans		
Long term maturities of finance lease obligations (secured by way of hypothecation of leased vehicles) (refer note 2.31[a])	53.77	-
Total	**53.77**	**-**

2.4 Deferred Tax Liabilities (net)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
(A) Deferred tax liabilities:		
On investments	11,543.30	11,018.61
	11,543.30	**11,018.61**
(B) Deferred tax assets:		
On expenditure	565.90	24.87
On depreciation	85.97	0.77
	651.87	**25.64**
Total (A - B)	**10,891.43**	**10,992.97**

2.5 Other Long Term Liabilities

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Property deposits	100.00	100.00
Total	**100.00**	**100.00**

2.6 Long Term Provisions

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
For employee benefits – gratuity (refer note 2.33 A)	366.94	27.87
For Clawback Obligation	461.17	-
Total	**828.11**	**27.87**

2.7 Short Term Borrowings

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Unsecured Loans		
Commercial papers	-	20,890.00
Less: Unamortised discount on commercial papers	-	(233.70)
Total	**-**	**20,656.30**

Maximum amount of Commercial papers outstanding at any time during the year was ₹ 98,900 Lakh (Previous year ₹ 94,890 Lakh)

Notes (Contd.)

to the Financial Statements

2.8 Trade Payables

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Micro enterprises and small enterprises (refer note 2.29)	-	-
Other than Micro enterprises and small enterprises	893.63	92.69
Total	**893.63**	**92.69**

2.9 Other Current Liabilities

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Short term maturities of finance lease obligations (secured by way of hypothecation of leased vehicles) (refer note 2.31[a])	32.13	1.71
Unclaimed dividend	236.83	209.40
Employee benefits payable	2,897.19	447.23
Statutory dues	1,073.57	25.81
Property deposit	-	60.00
Directors commission payable	140.00	112.00
Total	**4,379.72**	**856.15**

2.10 Short Term Provisions

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
For employee benefits:		
Gratuity (refer note 2.33 A)	68.00	14.56
Compensated absences	168.47	10.29
For standard assets	-	36.24
Total	**236.47**	**61.09**

2.11 Fixed Assets

(₹ in Lakh)

Particulars	Gross block (at cost)					Depreciation/Amortisation					Net block
	As at March 31, 2017	Additions for the year	Deductions for the year	Acquired on amalgamation*	As at March 31, 2018	As at March 31, 2017	Additions for the year	Deductions for the year	Acquired on amalgamation*	As at March 31, 2018	As at March 31, 2018
(A) PROPERTY, PLANT AND EQUIPMENT											
Owned assets:											
Office premises	108.50	-	-	-	108.50	44.00	1.83	-	-	45.83	62.67
Furniture and fixtures	50.01	-	-	140.01	190.02	41.45	6.11	-	140.01	187.57	2.45
Office equipments	5.85	0.33	-	110.95	117.13	5.42	0.99	-	104.75	111.16	5.97
Computers	11.65	0.87	8.90	565.95	569.57	7.92	14.24	7.32	436.26	451.10	118.47
Leasehold improvements	89.32	-	-	164.46	253.78	67.76	11.14	-	146.88	225.78	28.00
Motor vehicles	144.37	133.21	-	-	277.58	29.19	46.75	-	-	75.94	201.64
Leased assets:											
Motor vehicles #	29.92	24.59	23.09	185.88	217.30	28.51	12.90	1.93	96.02	135.50	81.80
Total (A)	**439.62**	**159.00**	**31.99**	**1,167.25**	**1,733.88**	**224.25**	**93.96**	**9.25**	**923.92**	**1,232.88**	**501.00**
(B) INTANGIBLE ASSETS **											
Software	17.82	17.21	-	186.41	221.44	**8.16**	**7.93**	-	**149.70**	165.79	55.65
Total (B)	**17.82**	**17.21**	**-**	**186.41**	**221.44**	**8.16**	**7.93**	**-**	**149.70**	**165.79**	**55.65**
Total (A+B)	**457.44**	**176.21**	**31.99**	**1,353.66**	**1,955.32**	**232.41**	**101.89**	**9.25**	**1,073.62**	**1,398.67**	**556.65**

(₹ in Lakh)

Particulars	Gross block (at cost)				Depreciation/Amortisation				Net block
	As at March 31, 2016	Additions for the year	Deductions for the year	As at March 31, 2017	As at March 31, 2016	Additions for the year	Deductions for the year	As at March 31, 2017	As at March 31, 2017
(A) PROPERTY, PLANT AND EQUIPMENT									
Owned assets:									
Office premises	108.50	-	-	108.50	42.17	1.83	-	44.00	64.50
Furniture and fixtures	50.01	-	-	50.01	31.38	10.07	-	41.45	8.56
Office equipments	8.95	-	3.10	5.85	6.11	1.76	2.45	5.42	0.43
Computers	6.69	4.96	-	11.65	6.20	1.72	-	7.92	3.73
Leasehold improvements	88.59	0.73	-	89.32	51.81	15.95	-	67.76	21.56
Motor vehicle	190.80	-	46.43	144.37	46.75	28.87	46.43	29.19	115.18
Leased assets:									
Motor vehicles#	29.92	-	-	29.92	25.62	2.89	-	28.51	1.41
Total (A)	**483.46**	**5.69**	**49.53**	**439.62**	**210.04**	**63.09**	**48.88**	**224.25**	**215.37**
(B) INTANGIBLE ASSETS**									
Software	17.15	0.67	-	17.82	**4.60**	**3.56**	-	**8.16**	**9.66**
Total (B)	**17.15**	**0.67**	**-**	**17.82**	**4.60**	**3.56**	**-**	**8.16**	**9.66**
Total (A+B)	**500.61**	**6.36**	**49.53**	**457.44**	**214.64**	**66.65**	**48.88**	**232.41**	**225.03**

Notes:

 # Vendor has a lien over the assets taken on lease.
** Also refer note 2.25*
*** Other than internally generated*

Notes (Contd.)

to the Financial Statements

2.12 Non-Current Investments

(₹ in Lakh)

		As at March 31, 2018		As at March 31, 2017	
		Quantity	Amount	Quantity	Amount
I	**TRADE INVESTMENTS**				
	Unquoted				
	Investment in equity shares of ₹10/- each				
	In subsidiaries:				
	JM Financial Institutional Securities Limited (refer note 2.25)	-	-	2,80,00,000	36,608.24
	JM Financial Investment Managers Limited (refer note 2.25)	-	-	18,00,000	9,316.17
	JM Financial Services Limited	5,00,00,000	10,750.00	5,00,00,000	10,750.00
	JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
	Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
	JM Financial Products Limited **	54,06,64,050	55,302.35	49,00,50,000	50,941.33
	JM Financial Credit Solutions Limited	12,50,000	35,440.00	12,50,000	35,440.00
	JM Financial Asset Management Limited	3,17,52,500	13,406.74	3,14,62,500	13,138.49
	JM Financial Asset Reconstruction Company Limited	19,66,97,279	33,711.34	12,06,50,000	13,178.58
	CR Retail Malls (India) Limited *	2,00,00,000	4,374.36	-	-
	JM Financial Overseas Holdings Private Limited, Mauritius of US$ 1 each *	1,20,00,000	6,027.29	-	-
	In associate company:				
	JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
	Investment in preference shares of ₹10/- each				
	In subsidiaries:				
	JM Financial Properties and Holdings Limited	9,50,50,000	9,505.00	-	-
	(10% Participating Non-Cumulative Redeemable Preference Shares)				
	JM Financial Institutional Securities Limited	70,00,000	700.00	-	-
	(0.01% Non-Convertible Non-Cumulative Redeemable Preference Shares)#				
	Quoted				
	Investment in Debentures				
	In subsidiary company:				
	JM Financial Asset Reconstruction Company Limited	-	-	700	7,000.00
	(13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each)				
			1,69,757.58		**1,76,913.31**
II	**OTHER INVESTMENTS**				
	Investment in equity shares*				
	Quoted				
	HCL Technologies Limited of ₹ 2/- each	1,28,596	1,174.28	-	-
	Nitesh Estates Limited of ₹10/- each	49,33,600	404.02	-	-
	Tata Motors Limited of ₹ 2/- each	2,17,500	967.99	-	-
			2,546.29		-
	Unquoted				
	National Stock Exchange of India Ltd of ₹ 1/- each	21,26,674	6,225.64	-	-
	Uttranchal Biodiesel Limited of ₹ 10/- each	1,000	4.51	-	-
	Bran Engineering Private Limited of ₹ 10/- each	1,80,000	1.80	-	-
	Teracom Limited of ₹ 10/- each	2,60,000	2.60	-	-
			6,234.55		-

(₹ in Lakh)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	Amount	Quantity	Amount
Investments in preference shares*				
VCK Forex Services Private Limited of ₹ 100/- each	5,00,000	500.00	-	-
(6% Redeemable Non-Cumulative Preference Shares)				
Uttranchal Biodiesel Limited of ₹ 40/- each	1,99,000	897.74	-	-
		1,397.74		**-**
Investment in venture capital fund/alternative investment fund units*				
Unquoted:				
Urban Infrastructure Opportunity Fund of face value of ₹ 49,430/- each	983	908.70	-	-
Paragon Partners Growth Fund I of face value of ₹ 100/- each	1,58,685	158.69	-	-
VEC Strategic Growth Fund of face value of ₹ 1,000/- each	10,000	100.00	-	-
JM Financial India Fund - Scheme A - Class D units of ₹ 100/- each	5,28,692	528.69	-	-
JM Financial India Fund III - Scheme C - Class D units of ₹ 100/- each	5,34,979	534.98	-	-
JM Financial India Fund - Scheme A - Class C units of ₹ 1/- each	3,07,434	3.07	-	-
JM Financial India Fund - Scheme B - Class C units of ₹ 1/- each	2,64,806	2.65	-	-
JM Financial India Fund III - Scheme C - Class C units of ₹ 1/- each	41,590	0.42	-	-
JM Financial India Fund III - Scheme D - Class C units of ₹ 1/- each	33,107	0.33	-	-
JM Financial India Fund (Settlor's contribution) of ₹ 1/- each	NA	0.10	-	-
JM Financial India Fund III (Settlor's contribution) of ₹ 1/- each	NA	0.10	-	-
JM Financial Property Fund I- Class C units of ₹ 10,000/- each (Partly paid up)	75,000	2,662.35	-	-
JM Financial Property Fund I - Class B units of ₹ 10,000/- each (Partly paid up)	50	4.92	-	-
JM Financial Property Fund II - Class B units of ₹ 10,000/- each (Fully paid up)	50	4.63	-	-
JM Financial Property Fund (Settlor's contribution) of ₹ 10,000/- each (Fully paid up)	NA	0.10	-	-
JM Financial India Fund II - Class D units of ₹ 1,00,000/- each (Fully paid up)	1,500	1,500.00	-	-
		6,409.73		**-**
Investments in Mutual Funds				
JM Equity Fund##	16,072	1.49	16,072	1.49
		1,86,347.38		**1,76,914.80**
Less: Provision for diminution in value of investments*		(1,588.25)		-
Total		**1,84,759.13**		**1,76,914.80**
Aggregate amount of unquoted investments		1,83,801.09		1,69,914.80
Aggregate amount of quoted investments		2,546.29		7,000.00
Aggregate market value of quoted investments		2,526.80		7,000.00

 # During the year 70,00,000 preference shares of JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) were allotted pursuant to the Scheme of Arrangement under the provisions of Section 230 read with Section 232 of the Companies Act, 2013, as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, vide its Order dated December 14, 2017 in connection with the demerger of Institutional Equity Division from the erstwhile JM Financial Institutional Securities Limited into JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited).

Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund.

** Acquired on amalgamation.*

*** 5,04,61,850 equity shares acquired on amalgamation.*

Notes (Contd.)

to the Financial Statements

2.13 Long Term Loans and Advances
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Capital advances	51.27	52.96
Security Deposits*	277.72	253.02
Staff loans	0.77	-
MAT Credit entitlement	162.42	-
Advance tax (net of provisions)	17,492.28	14,595.34
Prepaid expenses	0.59	-
Total	**17,985.05**	**14,901.32**

** Includes ₹ 113.69 Lakh (Previous year ₹123.38 Lakh) receivable from related parties.*

2.14 Other Non-Current Assets
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Receivable from subsidiaries	471.83	201.06
Total	**471.83**	**201.06**

2.15 Current Investments

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Investment in Mutual fund		
JM High Liquidity Fund-Growth Option	43,543.91	-
Total	**43,543.91**	**-**

2.16 Trade Receivables
(Unsecured)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	4.16	-
Considered doubtful	631.75	-
	635.91	**-**
Less: Provision	(631.75)	-
	4.16	-
Other trade receivables		
Considered good	2,398.39	-
Total	**2,402.55**	**-**

2.17 Cash and Bank Balances

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Cash and cash equivalents:		
Cash on hand	0.32	0.28
Balances with banks:		
In current accounts	677.53	63.61
In deposit accounts	2,689.67	675.00
	3,367.52	**738.89**
(b) Other bank balances	906.08	434.01
Total (a+b)	**4,273.60**	**1,172.90**
Earmarked balances with banks	906.08	209.40

2.18 Short Term Loans and Advances (Unsecured)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Considered good:		
Staff loans	7.34	0.17
Inter corporate deposits to related parties (refer note 2.39)	-	10,355.00
Property deposit	-	60.00
Prepaid expenses	36.38	13.64
Others*	375.81	45.33
	419.53	**10,474.14**
Considered doubtful:		
Inter corporate deposits**	500.00	-
Less: Provision	(500.00)	-
	-	-
Total	**419.53**	**10,474.14**

** Others include input tax credit receivable, expenses recoverable etc.*

*** Acquired on amalgamation*

2.19 Other Current Assets

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due	180.22	1,051.94
Receivable from subsidiaries	505.02	398.00
Other receivables	88.70	-
Total	**773.94**	**1,449.94**

Notes (Contd.)

to the Financial Statements

2.20 Revenue From Operations

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Management and other fees	7,284.54	-
Interest income	3,871.14	4,367.56
Group support service fees	247.50	360.00
Total	**11,403.18**	**4,727.56**

2.21 Other Income

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend from subsidiaries on non-current investments	11,905.65	11,411.00
Dividend on other investments	6.78	34.66
Profit on sale of investments	732.10	-
Lease rent	27.26	27.26
Interest income – Others	293.94	18.56
Miscellaneous income	49.49	76.42
Total	**13,015.22**	**11,567.90**

2.22 Employee Benefits Expense

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, bonus and allowances	3,065.17	787.87
Contribution to provident and other funds	79.27	26.31
Gratuity (refer note 2.33 A)	135.38	8.25
Staff welfare	12.97	2.79
Total	**3,292.79**	**825.22**

2.23 Finance Costs

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowings	3,444.84	3,959.89
Finance charges on leased assets	9.44	0.51
Total	**3,454.28**	**3,960.40**

2.24 Other Expenses

(₹ in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Space and other related costs (refer note 2.31 [b])	464.72	221.91
Legal and professional fees	150.05	80.45
Membership and subscription	40.93	8.87
Rates and taxes	134.27	66.46
Communication expenses	32.38	21.17
Repairs and maintenance	10.97	1.00
Travelling and conveyance expenses	107.76	23.47
Electricity expenses	28.82	12.03
Printing and stationery expenses	29.78	22.23
Advertisement and other related expenses	41.29	11.16
Information technology expenses	19.39	8.53
Donation	157.00	82.00
Insurance expenses	26.23	17.36
Auditors' remuneration (refer note 2.34)	19.77	20.70
Motor car expenses	33.33	11.57
Provision for standard assets	(36.24)	(57.36)
Provision for doubtful debts	631.75	-
Directors' sitting fees	63.25	51.79
Directors' commission	140.00	112.00
Support service fees	62.50	-
Miscellaneous expenses	76.56	34.69
Total	**2,234.51**	**750.03**

2.25 Note on Amalgamation of JM Financial Institutional Securites Limited (Investment Banking Division) and JM Financial Investment Managers Limited (Alternative Asset Management)

(a) Pursuant to the Scheme of Amalgamation (the "Scheme") under the provisions of Section 230 read with Section 232 of the Companies Act, 2013 as sanctioned by the Hon'ble National Company Law Tribunal vide its Order dated December 14, 2017, post demerger of Institutional Equity Division, the entire business and whole of the undertaking (Investment Banking Division) of JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited have been amalgamated with JM Financial Limited. The certified copy of the order has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. The accounting treatment for the amalgamation has been given with effect from the appointed date of January 1, 2018 under the Pooling of Interest method as per Accounting Standard 14 "Accounting for Amalgamation". Accordingly, the assets, liabilities and reserves of both the companies as at the appointed date have been taken at their book value, as per list enumerated below:

Notes (Contd.)

to the Financial Statements

Statement of assets, liabilities and reserves transferred pursuant to the Scheme (₹ in Lakh)

	Investment Banking Division	Alternative Asset Management	Total
ASSETS			
Fixed assets	261.22	18.82	280.04
Non-current investments	19,869.25	10,730.68	30,599.93
Deferred tax assets (net)	174.25	33.39	207.64
Long-term loans and advances	2,746.20	561.09	3,307.29
Current investments	7,647.55	779.95	8,427.50
Trade receivables	1,545.80	46.06	1,591.86
Cash and bank balances			
Balances with banks	397.73	222.49	620.22
Earmarked balances with banks	250.00	403.90	653.90
Short-term loans and advances	190.95	79.25	270.20
Other current assets	1.30	274.54	275.84
	33,084.25	**13,150.17**	**46,234.42**
LIABILITIES			
Long-term borrowings	56.23	3.50	59.73
Long-term provisions	231.36	477.88	709.24
Trade payables	591.90	4.90	596.80
Other current liabilities	1,348.09	133.73	1,481.82
Short-term provisions	427.81	19.08	446.89
	2,655.39	**639.09**	**3,294.48**
RESERVES AND SURPLUS (Other than Surplus in statement of profit and loss)			
Capital reserve	415.50	-	415.50
Securities premium reserve	12,727.61	9,066.00	21,793.61
General reserve	1,804.95	127.55	1,932.50
Capital redemption reserve	1,288.90	0.02	1,288.92
	16,236.96	**9,193.57**	**25,430.53**

The details of addition/deletion to Surplus in statement of profit and loss pursuant to the Scheme is enumerated below:

Statement of addition/deletion to Surplus in statement of profit and loss pursuant to the Scheme (₹ in Lakh)

Particulars	Investment Banking Division	Alternative Asset Management	Total
a) Addition to Surplus in statement of profit and loss:			
Surplus in statement of profit and loss as on January 1, 2018	11,391.90	3,137.51	14,529.41
b) Deletion to Surplus in statement of profit and loss:			
Cancellation of investment in subsidiary			
Investment in equity shares	36,608.24	9,316.17	45,924.41
Less: Paid up share capital	(2,800.00)	(180.00)	(2,980.00)
Total of (b)	**33,808.24**	**9,136.17**	**42,944.41**
c) Investment in preference shares (refer note below)	-	-	700.00
Total of (a-b+c)	**(22,416.34)**	**(5,998.66)**	**(27,715.00)**

Note:- Receipt of preference shares pursuant to the Scheme of Arrangement under the provisions of Section 230 read with Section 232 of the Companies Act, 2013, as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, vide its Order dated December 14, 2017 in connection with the demerger of Institutional Equity Division from the erstwhile JM Financial Institutional Securities Limited into JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited).

(b) As per the Scheme of Amalgamation, 2,80,00,000 Equity Shares of ₹ 10/- each of JM Financial Institutional Securities Limited and 18,00,000 Equity Shares of ₹ 10/- each of JM Financial Investment Managers Limited held by the Company stands cancelled.

(c) Further, Authorised share capital of the Company has increased from ₹ 10,000.00 lakh comprising 100,00,00,000 equity shares of the face value of ₹ 1/- each to ₹ 19,582.00 lakh comprising 152,02,00,000 equity shares of the face value of ₹ 1/- each and 4,38,00,000 preference shares of the face value of ₹ 10/- each.

(d) Consequent upon the Scheme becoming effective, the Company has ceased to be a Core Investment Company and has become a SEBI registered Category I merchant banker and the investment manager for private equity funds.

2.26 Contingent Liabilities In Respect of*

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Income Tax Matters under dispute: Primarily relates to demands received from income tax authorities for various assessment years, on account of disallowances of expenses u/s 14A of the Income Tax Act, 1961 etc.	3,156.58	1,890.89
(ii) Service Tax Matters under dispute: Primarily relates to demands received from central excise and service tax authorities in respect of various years on account of disallowance of CENVAT credit on various expenses.	81.60	16.46

*Future cash outflows in respect of above matters is determinable only on receipt of judgments / decisions pending at various authorities.

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 ₹ 109.01 Lakh).

Uncalled liability on account of commitment to subscribe to investment is ₹ 285.00 lakh (previous year Nil).

2.27 Employee Stock Option Scheme (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

During the financial year 2017-18, the Nomination and Remuneration Committee has granted 23,19,636 options under Series 10 (previous year 12,55,515 options-Series 9) at an exercise price of ₹ 1/- per option to the Employees, that will vest in a graded manner and which can be exercised within a specified period.

The details of options are as under:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Outstanding at the beginning of the year	60,67,294	1,04,61,226
Add: Granted during the year	23,19,636	12,55,515
Less: Exercised and shares allotted during the year	32,24,438	55,39,478
Less: Exercised but pending allotment	33,757	8,000
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,29,081	1,01,969
Outstanding at end of year	**49,99,654**	**60,67,294**
Exercisable at end of year	15,18,763	25,99,203

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

Notes (Contd.)

to the Financial Statements

The estimated fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹1/-, volatility of 49.19% (previous year 51.38%), dividend yield of 1.49% (previous year 3.55%), Life of options 4.5 years (previous year 7 years), and a risk-free interest rate of 6.96% (previous year 7.80%).

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%	7,73,212	4,18,505	April 20, 2018	May 12, 2017	96.57	32.33
33.33%	7,73,212	4,18,505	April 20, 2019	May 12, 2018	96.57	32.33
33.33%	7,73,212	4,18,505	April 20, 2020	May 12, 2019	96.57	32.33
	23,19,636	12,55,515				

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 ₹ 143.16 lakh (previous year Nil). Had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been reduced by ₹ 46.85 lakh (previous year Nil) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amount as under:

	As reported		As adjusted	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Net profit (₹ in lakh)	13,616.40	10,672.55	13,569.55	10,672.55
Basic earnings per share (in ₹)	1.70	1.35	1.69	1.35
Diluted earnings per share (in ₹)	1.69	1.34	1.68	1.34

Details of options granted under various series are as under:

	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Grant date	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016	20/04/2017
Options granted	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515	23,19,636
Options exercised till March 31, 2018	66,29,492	62,85,630	30,15,908	34,59,937	7,53,951	3,83,013	N.A.
Options forfeited/ cancelled till March 31, 2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2018	7,61,653	7,21,857	3,76,054	3,57,193	96,294	Nil	1,12,665
Outstanding at end of year	1,08,855	2,95,182	2,53,812	6,68,137	5,94,195	8,72,502	22,06,971
Exercisable at end of year	1,08,855	2,95,182	2,53,812	6,68,137	1,57,285	35,492	N.A.

	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Vesting of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	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)	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016	As was determined by the Nomination and Remuneration Committee at its meeting held on April 20, 2017

Notes: [i] Additionally, an aggregate amount of ₹ 1,018.65 Lakh being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the Employees are/were employed/associated.

[ii] As no options were outstanding as on March 31, 2018, in respect of Series 1, 2 and 3 the details of options granted has not been included above.

2.28 Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
JM Financial Institutional Securities Limited (upto December 31, 2017)	417.78	375.42
JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited)	30.55	-
JM Financial Services Limited	238.69	130.79
JM Financial Products Limited	193.67	91.51
JM Financial Credit Solutions Limited	-	40.47
JM Financial Asset Management Limited	57.89	23.88
JM Financial Investment Managers Limited (upto December 31, 2017)	50.01	44.62
Infinite India Investment Management Limited	13.25	4.48
JM Financial Asset Reconstruction Company Limited	16.82	-
Total	**1,018.65**	**711.17**

2.29 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.

Notes (Contd.)

to the Financial Statements

2.30 Earnings Per Equity Share (EPS)

Earnings per equity share is calculated as under:

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax (₹ in Lakh)	A	13,616.40	10,672.55
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	80,28,94,654	79,30,45,604
Basic earnings per share (in ₹)	A/B	1.70	1.35
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	80,28,94,654	79,30,45,604
Add: Weighted average number of potential equity shares on account of employee stock options	C	45,30,058	58,02,255
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	80,74,24,712	79,88,47,859
Diluted earnings per share (in ₹)	A/D	1.69	1.34

2.31 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 60 months with an option for prepayments/foreclosure.

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

(₹ in Lakh)

Particulars	Total minimum lease payment outstanding as at March 31, 2018	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2018	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017
Not later than 1 year	43.53	11.40	32.13	1.79	0.08	1.71
Later than 1 year but not later than 5 years	63.05	9.28	53.77	-	-	-
Total	106.58	20.68	85.90	1.79	0.08	1.71

b) Operating lease

The Company had taken four premises under operating lease, the tenure of the lease agreements ranges between 36 months and 60 months. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

Particulars	Total Minimum Lease Payments outstanding as at March 31, 2018	Total Minimum Lease Payments outstanding as at March 31, 2017
Not later than 1 year	960.31	278.05
Later than 1 year but not later than 5 years	3,555.74	740.22
Later than 5 years	-	-
Total	**4,516.05**	**1,018.27**
Expenditure debited to the Statement of Profit and Loss	337.54	101.91

The Company has taken certain premises on cancellable operating leases. Lease rentals debited to the Statement of Profit and Loss ₹ 127.18 lakh (Previous year ₹ 120.00 lakh)

2.32 Derivative Instruments

The Company uses derivative instruments (Forward Contracts) to hedge its risks associated with foreign currency fluctuations. The use of derivative instruments is governed by the Company's strategy, which provide principles on the use of such derivative instruments consistent with the Company's Risk Management Policy. The Company does not use derivative instruments for speculative purposes.

Outstanding short term derivative contracts entered into by the Company on account of receivables

Particulars	As at March 31, 2018 (₹ in Lakh)	As at March 31, 2018 Amount in Foreign Currency	As at March 31, 2017 (₹ in Lakh)	As at March 31, 2017 Amount in Foreign Currency
Receivable	198.70	GBP 215,317	-	-

Foreign currency exposures not hedged by a derivative instrument or otherwise are given below:

Particulars	As at March 31, 2018 (₹ in Lakh)	As at March 31, 2018 Amount in Foreign Currency	As at March 31, 2017 (₹ in Lakh)	As at March 31, 2017 Amount in Foreign Currency
Payable	83.20	USD 1,27,911	-	-

2.33 Employee Benefits

A. Defined benefit plans

Gratuity (Unfunded)

(₹ in Lakh)

Amount recognised in the balance sheet	As at March 31, 2018	As at March 31, 2017
Present value of the defined benefit obligation at the year end	434.94	42.43
Fair value of plan assets	-	-
Net liability	**434.94**	**42.43**
Net liability is bifurcated as follows:		
Current	68.00	14.56
Non-Current	366.94	27.87

(₹ in Lakh)

Expenses recognised in Statement of Profit and Loss (refer note 2.22)	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	1.09	1.06
Interest cost	2.61	2.63
Net actuarial loss	14.95	4.56
Past service cost	116.73	-
Net gratuity cost	**135.38**	**8.25**

Notes (Contd.)

to the Financial Statements

(₹ in Lakh)

Reconciliation of changes in defined benefit obligation	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	42.43	44.18
Current service cost	1.09	1.06
Interest cost	2.61	2.63
Actuarial loss	14.95	4.56
Past service cost	116.73	-
Liability assumed on merger	271.98	-
Benefits paid	(14.85)	(10.00)
Closing defined benefit obligation	**434.94**	**42.43**

(₹ in Lakh)

Experience adjustment	Year Ended				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligation	434.94	42.43	44.18	41.70	35.71
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(434.94)	(42.43)	(44.18)	(41.70)	(35.71)
Exp. Adj. on Plan Liabilities	38.21	2.72	(2.02)	(0.54)	(0.63)
Exp. Adj. on Plan Assets	-	-	-	-	-

Actuarial assumptions	As at March 31, 2018	As at March 31, 2017
Discount rate	7.85%	7.20%
Rate of salary escalation	7.00% per annum	7.00% per annum
Mortality table	IALM (2006-08)	IALM (2006-08)

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. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 79.27 Lakh (previous year ₹ 26.31 Lakh).

2.34 Payment to Auditors*#

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fees	13.00	13.94
Certification and other matters	6.59	6.49
Reimbursement of Expenses	0.18	0.27
	19.77	**20.70**
Fees paid to in connection with QIP debited to Securities premium reserve as Share issue expenses	21.80	-
Total	**41.57**	**20.70**

 # Include ₹ 3.34 Lakh (previous year ₹ 20.70 Lakh) paid to erstwhile auditors M/s Khimji Kunverji & Co.

2.35 Earnings in Foreign Exchange

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income from investment banking services	194.09	-

2.36 Expenditure in Foreign Currency

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Directors Commission and fees	18.93	16.72
Travelling Expenses	40.39	19.81
Legal and Professional fees	16.52	-
Others	6.30	-
Total	**82.14**	**36.53**

2.37 Details of expenses towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Lakh)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Gross amount required to be spent by the Company during the year.	11.08	21.71
b)	Amount spent during the year:		
	In cash	12.00	22.00
	Yet to be paid in cash	-	-
	Total	**12.00**	**22.00**
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	12.00	22.00

2.38 As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

2.39 Disclosure in respect of related parties is attached as Annexure 'I'.

2.40 Statement of cash flow is attached as Annexure 'II'.

2.41 The Board of Directors of the Company has recommended a final dividend of ₹ 1.10 per equity share of the face value of ₹ 1/- each for the year ended March 31, 2018 (Previous Year ₹ 0.85 per equity share). The said dividend will be paid,if approved by the shareholders at the Thirty Third Annual General Meeting.

Notes (Contd.)

to the Financial Statements

2.42 Dividend payable to non-resident shareholders:

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Institutional Investors) are as under:

		2017-18 (Interim Dividend)	2017-18 (Final Dividend)	2016-17 (Interim Dividend)	2016-17 (Final Dividend)
a)	Number of non-resident shareholders	1,024	562	518	525
b)	Number equity shares held by them	11,67,60,510	12,48,91,449	13,19,08,807	12,41,45,772
c)	(i) Amount of dividend paid (Gross) (₹ in lakh)	817.32	1,061.58	857.41	1,055.24
	(ii) Tax deducted at source (₹ in lakh)	-	-	-	-
	(iii) Year to which dividend relates	2017-18	2016-17	2016-17	2015-16

2.43 Disclosure required in terms of Regulation 34(3) and 53(f) Of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Loans and advances in the nature of loans given to subsidiaries and associates:

(₹ in Lakh)

Name of the company	Relationship	Maximum Balance	Closing Balance
JM Financial Asset Reconstruction Company Limited	Subsidiary	10,300.00 (21,388.00)	- (10,035.00)
JM Financial Services Limited	Subsidiary	5,000.00 (-)	- (-)
JM Financial Products Limited	Subsidiary	20,000.00 (-)	- (-)
JM Financial Properties and Holdings Limited	Subsidiary	10,125.00 (31,050.00)	- (320.00)
JM Financial Investment Managers Limited (Upto December 31, 2017)	Subsidiary	58,300.00 (-)	- (-)
JM Financial Credit Solutions Limited	Subsidiary	- (14,500.00)	- (-)
Astute Investments	Partnership Firm	54,068.40 (46,730.25)	- (-)

All the above loans and advances have been given for business purposes.
Figures in brackets are for the previous year.

2.44 Figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to correspond with those of the current year's classification/disclosure.

Annexure 'I' to note 2.39 of notes to the financial statements

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

List of related parties

I) Parties where control exists:

a) Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities) (Upto December 31, 2017)
JM Financial Investment Managers Limited (Investment Managers) (Upto December 31, 2017)
JM Financial Institutional Securities Limited (IED) (from January 01, 2018)
(formerly known as JM Financial Securities Limited)
JM Financial Services Limited (Financial Services)
JM Financial Properties and Holdings Limited (Properties)
Infinite India Investment Management Limited (Infinite)
JM Financial Commtrade Limited (Commtrade)
CR Retail Malls (India) Limited (CRRM)
JM Financial Capital Limited (Capital)
JM Financial Products Limited (Products)
JM Financial Credit Solutions Limited (Credit Solutions)
JM Financial Home Loans Limited (Home Loans)
JM Financial Asset Management Limited (AMC)
JM Financial Asset Reconstruction Company Limited (ARC)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Singapore Pte Ltd (Singapore)
JM Financial Securities, Inc. (USA)

b) Partnership Firm

Astute Investments (Astute)

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

a) Associates

JM Financial Trustee Company Private Limited (Trustee)
JM Financial Asset Reconstruction Company Limited (ARC) (Upto September 30, 2016)

b) Key management personnel

Mr. Vishal Kampani (VNK)

c) Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Mr. Nimesh Kampani (NNK)
Relatives:
Ms. Aruna N Kampani (ARNK)
Mr. Vishal Kampani (VNK)
Ms. Amishi Kampani (AMNK)

d) Relative of key management personnel

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

e) Enterprise over which relative(s) of key management personnel is/are able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J.M. Assets Management Private Limited (J.M.Assets)
JM Financial Trustee Company Private Limited (Trustee)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Capital Market Publishers India Private Limited (Capital Markets)

Annexure 'I' to note 2.39 of notes to the financial statements
Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person / Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total (₹ in Lakh)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Investments made in												
ARC	19,981.52	-	-	-	-	-	-	-	-	-	19,981.52	-
Investments Purchased/ Transferred from												
Products	9,505.00	-	-	-	-	-	-	-	-	-	9,505.00	-
Institutional Securities	-	1,250.00	-	-	-	-	-	-	-	-	-	1,250.00
Investments redeemed												
ARC	7,000.00	-	-	-	-	-	-	-	-	-	7,000.00	-
Sale of Fixed assets to												
IED	1.59	-	-	-	-	-	-	-	-	-	1.59	-
Employee related liablities transfers to												
Properties	1.79	-	-	-	-	-	-	-	-	-	1.79	-
ICDs placed												
ARC	27,673.00	9,963.00	-	14,371	-	-	-	-	-	-	27,673.00	24,334.00
Products	34,500.00	-	-	-	-	-	-	-	-	-	34,500.00	-
Properties	12,925.00	32,820.00	-	-	-	-	-	-	-	-	12,925.00	32,820.00
Investment Managers	58,300.00	-	-	-	-	-	-	-	-	-	58,300.00	-
Financial Services	5,000.00	-	-	-	-	-	-	-	-	-	5,000.00	-
ICDs repaid by												
Credit Solutions	-	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00
ARC	37,708.00	11,353.00	-	19,146	-	-	-	-	-	-	37,708.00	30,499.00
Properties	13,245.00	33,000.00	-	-	-	-	-	-	-	-	13,245.00	33,000.00
Products	34,500.00	-	-	-	-	-	-	-	-	-	34,500.00	-
Investment Managers	58,300.00	-	-	-	-	-	-	-	-	-	58,300.00	-
Financial Services	5,000.00	-	-	-	-	-	-	-	-	-	5,000.00	-
Loan given												
Astute	54,068.40	51,730.25	-	-	-	-	-	-	-	-	54,068.40	51,730.25
Loan repaid												
Astute	54,068.40	51,730.25	-	-	-	-	-	-	-	-	54,068.40	51,730.25
Dividend received from												
Institutional Securities	3,500.00	700.00	-	-	-	-	-	-	-	-	3,500.00	700.00
Products	4,900.50	9,801.00	-	-	-	-	-	-	-	-	4,900.50	9,801.00
AMC	1,905.15	-	-	-	-	-	-	-	-	-	1,905.15	-
CRRM	600.00	-	-	-	-	-	-	-	-	-	600.00	-
Financial Services	1,000.00	910.00	-	-	-	-	-	-	-	-	1,000.00	910.00

	Subsidiaries*		Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person / Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total (₹ in Lakh)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Sub brokerage Paid to												
Financial Services	376.45	-	-	-	-	-	-	-	-	-	376.45	-
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	3,152.80	3,051.10	3,152.80	3,051.10
J.M.Assets	-	-	-	-	-	-	-	-	1,597.17	1,536.63	1,597.17	1,536.63
JSB	-	-	-	-	-	-	-	-	100.83	97.58	100.83	97.58
KCL	-	-	-	-	-	-	-	-	10.62	10.28	10.62	10.28
SNK	-	-	-	-	-	-	-	-	180.73	174.90	180.73	174.90
NNK	-	-	-	-	-	-	2,098.04	2,030.36	-	-	2,098.04	2,030.36
ARNK	-	-	-	-	-	-	595.99	576.77	-	-	595.99	576.77
VNK	-	-	-	-	160.64	152.45	-	-	-	-	160.64	152.45
AMNK	-	-	-	-	-	-	124.00	120.00	-	-	124.00	120.00
PICPL	-	-	-	-	-	-	-	-	25.58	24.75	25.58	24.75
Group support fees received from												
Credit Solutions	198.00	180.00	-	-	-	-	-	-	-	-	198.00	180.00
Properties	-	180.00	-	-	-	-	-	-	-	-	-	180.00
ARC	49.50	-	-	-	-	-	-	-	-	-	49.50	-
Support Service Charges Paid to												
JMFICS	-	-	-	-	-	-	-	-	62.50	-	62.50	-
Rating support fees received from												
Credit Solutions	678.75	-	-	-	-	-	-	-	-	-	678.75	-
ARC	147.93	-	-	-	-	-	-	-	-	-	147.93	-
Rent received from												
Financial Services	27.26	27.26	-	-	-	-	-	-	-	-	27.26	27.26
Interest received from												
Credit Solutions	-	307.48	-	-	-	-	-	-	-	-	-	307.48
ARC	755.83	1,019.90	-	1,071.50	-	-	-	-	-	-	755.83	2,091.40
Astute	2,572.26	1,686.30	-	-	-	-	-	-	-	-	2,572.26	1,686.30
Properties	48.31	282.38	-	-	-	-	-	-	-	-	48.31	282.38
Products	18.78	-	-	-	-	-	-	-	-	-	18.78	-
Investment Managers	475.00	-	-	-	-	-	-	-	-	-	475.00	-
Financial Services	0.96	-	-	-	-	-	-	-	-	-	0.96	-
Rent paid to												
Properties	296.75	95.05	-	-	-	-	-	-	-	-	296.75	95.05
JMFICS	-	-	-	-	-	-	-	-	23.83	-	23.83	-
JSB	-	-	-	-	-	-	-	-	120.00	60.00	120.00	60.00

Notes (Contd.)

to the Financial Statements

	Subsidiaries*		Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person / Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total (₹ in Lakh)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Software Program charges paid to												
Capital Market	-	-	-	-	-	-	-	-	0.19	-	0.19	-
Demat Charges Paid to												
Financial Services	-	0.01	-	-	-	-	-	-	-	-	-	0.01
Remuneration paid to (refer note iii)												
NNK	-	-	-	-	-	-	-	310.07	-	-	-	310.07
VNK	-	-	-	-	141.90	70.00	-	-	-	-	141.90	70.00
Directors Sitting fees												
NNK	-	-	-	-	-	-	7.95	3.50	-	-	7.95	3.50
VNK	-	-	-	-	-	3.00	-	-	-	-	-	3.00
Directors Commission												
NNK	-	-	-	-	-	-	16.00	-	-	-	16.00	-
Expenses reimbursed to												
Properties	52.39	46.91	-	-	-	-	-	-	-	-	52.39	46.91
JMFICS	-	-	-	-	-	-	-	-	2.34	2.41	2.34	2.41
Expenses recovered from												
IED	0.62	-	-	-	-	-	-	-	-	-	0.62	-
Infinite	0.05	-	-	-	-	-	-	-	-	-	0.05	-
Credit Solutions	0.61	-	-	-	-	-	-	-	-	-	0.61	-
Home Loans	0.38	-	-	-	-	-	-	-	-	-	0.38	-
ARC	2.75	-	-	-	-	-	-	-	-	-	2.75	-
Properties	0.08	-	-	-	-	-	-	-	-	-	0.08	-
JMFICS	-	-	-	-	-	-	-	-	0.06	-	0.06	-
Security deposit returned by												
Properties	721.14	-	-	-	-	-	-	-	-	-	721.14	-
JMFICS	-	-	-	-	-	-	-	-	20.58	-	20.58	-
Security deposits received from												
NNK	-	-	-	-	-	-	-	60.00	-	-	-	60.00
Security deposits repaid to												
NNK	-	-	-	-	-	-	60.00	-	-	-	60.00	-
Security deposits paid to												
JSB	-	-	-	-	-	-	-	-	-	60.00	-	60.00

	Subsidiaries*		Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person / Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total (₹ in Lakh)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Outstanding Balances:												
Investments in	1,69,755.08	1,76,910.81	2.50	2.50	-	-	-	-	-	-	1,69,757.58	1,76,913.31
Security deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
NNK	-	-	-	-	-	-	-	60.00	-	-	-	60.00
Security deposits paid to												
Properties	-	63.38	-	-	-	-	-	-	-	-	-	63.38
JSB	-	-	-	-	-	-	-	-	60.00	60.00	60.00	60.00
JMFICS	-	-	-	-	-	-	-	-	53.69	-	53.69	-
ICDs receivable												
Properties	-	320.00	-	-	-	-	-	-	-	-	-	320.00
ARC	-	10,035.00	-	-	-	-	-	-	-	-	-	10,035.00
Interest receivable from												
ARC	-	1,049.49	-	-	-	-	-	-	-	-	-	1,049.49
Receivable from												
Credit Solutions	232.60	-	-	-	-	-	-	-	-	-	232.60	-
Home Loans	0.41	-	-	-	-	-	-	-	-	-	0.41	-
JMFICS	-	-	-	-	-	-	-	-	0.07	-	0.07	-
ARC	34.41	-	-	-	-	-	-	-	-	-	34.41	-
Amount payable to												
Financial Services	115.96	-	-	-	-	-	-	-	-	-	115.96	-
Properties	8.76	-	-	-	-	-	-	-	-	-	8.76	-
NNK	-	-	-	-	-	-	16.00	175.00	-	-	16.00	175.00

Notes: *(i) * Subsidiaries include a partnership firm namely Astute Investments.*
(ii) There are no provisions for doubtful debts or amount written off or written back during the year/period in respect of debts due from/ due to related parties.
(iii) The remuneration excludes provision for gratuity as the incremental liability has been accounted for the Company as a whole.

Annexure 'II' to Note 2.40
Statement of Cash Flow

for the year ended March 31, 2018

(₹ in Lakh)

		For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Net Profit before tax	**14,951.29**	**10,693.16**
	Adjustment for :		
	Depreciation and amortisation expense	101.89	66.65
	Provision for gratuity	135.38	8.25
	Provision for standard assets	(36.24)	(57.36)
	Provision for compensated absences	17.05	(6.50)
	Provision for doubtful debts	631.75	-
	Employee stock options expenses	96.31	-
	Profit on sale of assets	(0.89)	-
	Profit on sale of investments	(732.10)	-
	Interest income	(293.94)	(18.56)
	Dividend income	(11,912.43)	(11,445.66)
	Finance costs	3,454.28	3,960.40
	Operating profit /(loss) before working capital changes	**6,412.35**	**3,200.38**
	Adjustment for :		
	Decrease in loans and advances	11,066.84	20,777.28
	Decrease in trade receivables and other assets	635.07	275.21
	Increase/(decrease) in trade payables and other liabilities	2,221.49	(123.10)
	Increase/(decrease) in provisions	(20.19)	(10.00)
	Cash generated from operations	**20,315.56**	**24,119.77**
	Direct taxes (paid) / Refund (net)	(1,785.29)	1,578.75
	Net cash generated from operating activities	**18,530.27**	**25,698.52**
B	**Cash flow from investing activities**		
	Purchase of non-current investments	(30,347.11)	(1,254.50)
	Sale of non current investments	8,116.88	-
	Purchase of current investments (net)	(34,622.90)	-
	Capital expenditure of fixed assets (including capital advances)	(185.14)	(6.36)
	Proceeds from sale of fixed assets	2.47	0.65
	Interest income	293.94	18.56
	Movement in bank balances other than cash and cash equivalents	181.83	(54.81)
	Dividend received from subsidiaries	11,905.65	11,411.00
	Dividend received from others	6.78	34.66
	Net cash (used in)/ generated from investing activities	**(44,647.60)**	**10,149.20**

(₹ in Lakh)

		For the year ended March 31, 2018	For the year ended March 31, 2017
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (net of share issue expenses)	64,628.19	1,918.44
	Long term borrowings taken	24.59	-
	Borrowing through Commercial Papers (net)	(20,656.30)	(21,977.50)
	Interest paid	(3,454.28)	(3,960.40)
	Dividend paid (including tax on dividend)	(12,416.46)	(11,964.50)
	Net cash generated from/(used in) financing activities	**28,125.74**	**(35,983.96)**
	Net increase/(decrease) in cash and cash equivalents	**2,008.41**	**(136.24)**
	Cash & cash equivalents at the beginning of the year	738.89	875.13
	Add: On account of merger (refer note 2.25)	620.22	-
	Cash & cash equivalents at the end of the year (refer note 2.17 [a])	3,367.52	738.89

In terms of our report attached
For and on behalf of
Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

For and on behalf of the Board of Directors

Abhijit A Damle
Partner
Membership No. 102912

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Place: Mumbai
Date: May 2, 2018

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Form AOC - 1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2018

Part "A": Subsidiaries

(₹ / US$ / SGD in Lakh)

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities[a]	Investments[b]	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend[c]	% of shareholding
JM Financial Institutional Securities Limited (upto December 31, 2017) [Refer Note (d)]	₹	2,800.00	30,098.13	40,449.40	7,551.27	18,222.03	17,608.12	5,878.83	1,506.99	4,371.84	-	100.00%
JM Financial Investment Managers Limited (upto December 31, 2017) [Refer Note (d)]	₹	180.00	12,331.08	13,150.17	639.09	7,136.27	1,921.93	796.55	(189.56)	986.11	-	100.00%
Infinite India Investment Management Limited	₹	160.00	989.09	1,284.36	135.27	1,230.29	369.85	311.03	78.75	232.28	-	100.00%
JM Financial Properties and Holdings Limited	₹	9,805.00	912.89	26,809.10	16,091.21	500.00	5,143.42	736.39	309.73	426.66	-	100.00%
CR Retail Malls (India) Limited	₹	2,000.00	1,001.51	13,906.53	10,905.02	1,800.00	2,673.47	882.35	195.03	687.32	-	100.00%
JM Financial Products Limited	₹	54,450.00	95,174.78	7,25,272.51	5,75,647.73	6,660.31	90,792.14	32,764.60	11,471.57	21,293.03	6,564.24	99.30%
JM Financial Services Limited	₹	5,000.00	28,544.69	1,72,169.46	1,38,624.77	2,000.00	39,428.61	6,277.82	1,962.71	4,315.11	-	100.00%
JM Financial Commtrade Limited	₹	2,350.00	(106.73)	3,120.88	877.61	-	784.85	611.51	32.89	578.62	-	100.00%
JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) [Refer Note (e)]	₹	1,000.00	1,879.11	6,338.44	3,459.33	-	2,140.29	163.82	53.98	109.84	-	100.00%
JM Financial Asset Management Limited	₹	5,332.75	13,147.82	19,931.80	1,451.23	15,554.03	11,231.03	7,942.75	2,217.04	5,725.71	2,250.12	59.54%
JM Financial Credit Solutions Limited	₹	249.95	1,73,906.21	7,48,117.44	5,73,961.28	-	95,993.88	50,404.66	17,575.11	32,829.55	-	50.01%
JM Financial Capital Limited	₹	22,500.00	1,813.20	1,06,819.93	82,506.73	2,534.91	7,611.60	2,521.25	744.46	1,776.79	-	100.00%
JM Financial Asset Reconstruction Company Limited	₹	34,464.29	62,221.99	2,42,880.82	1,46,194.54	2,07,880.52	38,759.03	16,693.70	5,885.40	10,808.30	-	57.07%
JM Financial Home Loans Limited	₹	3,200.00	(138.24)	3,256.10	194.34	-	174.33	(141.83)	(3.33)	(138.50)	-	99.30%
JM Financial Overseas Holdings Private Limited	₹*	7,805.29	7,684.31	15,514.97	25.37	9,426.19	2,757.87	81.96	20.16	61.80	-	100.00%
	US$	120.00	118.14	238.53	0.39	144.92	42.40	1.26	0.31	0.95	-	
JM Financial Singapore Pte. Ltd.	₹*	3,527.07	(1,778.44)	1,883.75	135.12	-	470.44	(676.11)	38.75	(714.86)	-	100.00%
	SGD	71.00	(35.80)	37.92	2.72	-	9.47	(13.61)	0.78	(14.39)	-	
JM Financial Securities, INC	₹*	0.11	798.65	1,111.62	312.86	-	1,176.65	88.46	78.70	9.76	-	100.00%
	US$	0.00	12.28	17.09	4.81	-	18.09	1.36	1.21	0.15	-	

** Exchange rate as on March 31, 2018 (or last working day prior to March 31, 2018) : 1 US Dollar US$ = ₹65.04 and 1 SGD = ₹49.68*

Notes:

a. Total liabilities exclude share capital and reserves.

b. Investments exclude investment in subsidiaries under consolidation.

c. Proposed dividend includes dividend distribution tax.

d. The Mumbai Bench of the Hon'ble National Company Law Tribunal vide its Order dated December 14, 2017, sanctioned the Scheme of Amalgamation between JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited and JM Financial Limited. The certified copy of the order has been filed with the Registrar of Companies, Mumbai, Maharashtra and the same has become effective from January 18, 2018. The accounting treatment for the amalgamation has been given with effect from the appointed date of January 1, 2018 under the Pooling of Interest method as per Accounting Standard 14 "Accounting for Amalgamation".

e. JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) has been incorporated as a wholly owned subsidiary of JM Financial Services Limited, one of the Company's subsidiaries.

Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2018

Part "B": Associate

(₹ in Lakh)

Particulars	JM Financial Trustee Company Private Limited
Latest audited Balance Sheet Date	March 31, 2018
Shares of Associate held by the Company at the year end	
Nos.	25,000
Amount Invested in Associates	2.50
Extent of Holding%	25.00%
Description of ownership to determine significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board
Net worth attributable to shareholding as per latest audited Balance Sheet	820.71
Profit for the year	449.89
(i) Considered in Consolidation	112.47
(ii) Not Considered in Consolidation	337.42

Note:

1. Significant influence has been determined as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Independent Auditors' Report

TO THE MEMBERS OF JM FINANCIAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JM Financial Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") which includes the Group's share of profit in its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 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 consolidated 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 consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associate referred to in the Other Matters paragraph below, the aforesaid consolidated 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 Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of ten subsidiaries whose financial statements reflect total assets of Rs. 2,559.35 crore as at 31st March, 2018, total revenues of Rs. 844.19 crore and net cash (outflows) amounting to Rs. (43.42) crore for the

year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, referred in the Other Matter paragraph above 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 aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate (Refer note 2.28 to the financial statements).

ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts as at 31st March, 2018.

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 its subsidiary companies and associate company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

(Abhijit A Damle)
(Partner)
(Membership No. 102912)

Mumbai,
Dated: 2nd May, 2018

Independent Auditors' Report (Contd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of JM Financial Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies which includes internal financial controls over financial reporting of its associate, which are companies incorporated in India, as of that date, as applicable.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, 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 was 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 auditors' judgement, 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 and the audit evidence obtained by the other auditors of the subsidiary companies and associate, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's 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 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. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, 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 31st March, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other Matter

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 insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

(Abhijit A Damle)
(Partner)
(Membership No. 102912)

Mumbai,
Dated: 2nd May, 2018

Consolidated Balance Sheet

as at March 31, 2018

(₹ in Crore)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	83.79	79.45
Reserves and surplus	2.2	4,176.60	3,078.30
Capital reserve on consolidation		161.57	161.56
Minority interest		1,370.95	1,109.18
		5,792.91	**4,428.49**
Share application money pending allotment		#	#
Non-current liabilities			
Long-term borrowings	2.3	7,324.07	4,064.39
Deferred tax liabilities (net)	2.4	60.17	68.32
Other long-term liabilities	2.5	116.00	41.74
Long-term provisions	2.6	86.02	66.57
		7,586.26	**4,241.02**
Current liabilities			
Short-term borrowings	2.7	4,968.46	5,378.17
Trade payables	2.8	356.71	823.36
Current maturities of long-term borrowings	2.9	2,381.87	1,359.05
Other current liabilities	2.10	461.77	305.47
Short-term provisions	2.11	12.33	9.43
		8,181.14	**7,875.48**
Total		**21,560.31**	**16,544.99**
ASSETS			
Non-current assets			
Fixed assets	2.12		
Property, plant and equipment		364.26	372.58
Intangible assets		10.37	8.86
Capital work-in-progress		2.90	2.03
Goodwill on consolidation		73.37	92.27
Non-current investments	2.13	321.50	197.91
Long-term loans and advances	2.14	8,830.27	6,743.35
		9,602.67	**7,417.00**
Current assets			
Current investments	2.15	2,728.85	1,958.07
Debt securities held as stock-in-trade	2.16	-	9.86
Assets held for arbitrage activities	2.17	197.75	120.47
Trade receivables	2.18	774.94	1,178.91
Cash and bank balances	2.19	1,496.53	869.06
Short-term loans and advances	2.20	6,743.27	4,987.18
Other current assets	2.21	16.30	4.44
		11,957.64	**9,127.99**
Total		**21,560.31**	**16,544.99**
Significant accounting policies and notes to the financial statements	1 & 2		

 # Denotes amount below ₹ 50,000/-

In terms of our report attached
For and on behalf of
Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

Abhijit A Damle
Partner
Membership No. 102912

Place: Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Crore)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
Income:			
Revenue from operations	2.22	2,959.00	2,159.24
Other operating income	2.23	275.89	200.02
Total Revenue		**3,234.89**	**2,359.26**
Expenses:			
Employee benefits expense	2.24	386.65	305.81
Finance costs	2.25	1,144.60	781.96
Depreciation and amortisation expense	2.12	26.17	23.32
Other expenses	2.26	368.95	276.44
Total Expenses		**1,926.37**	**1,387.53**
Profit before tax		**1,308.52**	**971.73**
Tax expense:			
Current tax		444.53	343.75
Deferred tax		(5.64)	(8.50)
Tax adjustment of earlier years (net)		(0.53)	(0.41)
		438.36	**334.84**
Profit for the year		**870.16**	**636.89**
Add: Share in profit of associates		1.12	11.98
Less: Minority Interest		240.36	178.67
Profit for the year attributable to Owners of parent		**630.92**	**470.20**
Earnings per equity share (EPS)	2.31		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		7.86	5.93
Diluted EPS (in ₹)		7.81	5.89
Significant accounting policies and notes to the financial statements	1 & 2		

In terms of our report attached
For and on behalf of
Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

Abhijit A Damle
Partner
Membership No. 102912

Place: Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Significant Accounting Policies

and notes to the 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 (hereinafter 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") and the relevant provisions of the Act.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including disclosures of contingent liabilities) as at the date of the financial statements and the reported amounts of income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. 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/ materialise.

1.3 Principles of consolidation

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

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 difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

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

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.

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

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

Income from structured products including processing fees, income from depository participant business and income

from portfolio management services are recognised when the services are determined to be completed.

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

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

Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. Interest on restructuring under the asset reconstruction business is accrued as per contract, net of the proportionate share of expenses incurred and management fees charged in the trust.

Processing fees received from customers under lending business is recognised as income on receipt basis.

Management fee under the asset reconstruction business from trusts / borrowers is accrued as per terms of the relevant trust deed / offer document / contract. Unrealised management fees would be reversed/ provided in earlier of the following situations based on RBI guidelines:

- If the management fees remain unrealised for more than 180 days from the end of the planning period, wherever applicable or 180 days from the date of recognition in case of trusts where the planning period is over, or

- NAV of the SRs of the trust fall below 50% of face value.

1.5 Fixed Assets

Tangible assets

Property, plant and equipment 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 property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act.

Leasehold building and leasehold improvements are amortised as per the following:

Assets	Useful Life
Leasehold building	60 years or lease period whichever is lower
Leasehold improvements	10 years or lease period whichever is lower

Intangible assets

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

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

Leased assets

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

1.6 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment in case any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised as an expense for such excess amount in the Statement of Profit and Loss. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

1.7 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Significant Accounting Policies (Contd.)

and notes to the Consolidated Financial Statements

Investments in Security Receipts (SRs) are classified as available for sale under current assets. They are valued at lower of cost and realisable value. Latest Net Asset Value (NAV) as declared by independent rating agencies is considered to be realisable value of these investments. In case where NAV is not declared within one year from acquisition of assets or finalization of resolution strategy, whichever is earlier, cost of SRs is considered as realizable value. All these investments are aggregated for the purpose of arriving at net depreciation/appreciation of investments under the category. Net depreciation, if any shall be provided for and Net appreciation, if any, shall be ignored. In respect of SRs in trusts which have exceeded 5 years, provision is being made for specific cases equally till the completion of 8 years as per internal assessment in accordance with the provisioning policy for such SRs. Outstanding value of investments in trusts exceeding eight years have been written off as per RBI guidelines.

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's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense in the period in which they occur.

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

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

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

1.11 Arbitrage activities

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

The Group has adopted the recognition and measurement principles enunciated in AS 30 – "Financial Instruments: Recognition & Measurement" to the extent it is not inconsistent with the Accounting Standards' specified under Section 133 of the Act 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 stocks, 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 Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

Significant Accounting Policies (Contd.)

and notes to the Consolidated Financial Statements

1.18 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

1.19 Cash flow statement

The Cash flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Group. Cash and cash equivalents presented in Cash Flow Statement consist of cash on hand and unencumbered bank balances.

1.20 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.21 Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation as a result of past events 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Notes

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2. Notes to the financial statements

2.1 Share Capital

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Authorised:		
152,02,00,000 (Previous year 100,00,00,000) equity shares of ₹ 1/- each [refer note 2.38]	152.02	100.00
4,38,00,000 (Previous year Nil) preference shares of ₹ 10/- each [refer note 2.38]	43.80	-
Total	**195.82**	**100.00**
Issued, Subscribed and Paid up Capital:		
83,78,80,258 (Previous year 79,45,25,114) equity shares of ₹1/- each fully paid-up	83.79	79.45
Total	**83.79**	**79.45**

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number	Amount (₹ in Crore)	Number	Amount (₹ in Crore)
Shares outstanding at the beginning of the year	79,45,25,114	79.45	78,89,85,636	78.90
Shares allotted upon exercise of stock options	32,32,438	0.33	55,39,478	0.55
Shares issued and allotted pursuant to the qualified institutional placement (refer note d below)	4,01,22,706	4.01	-	-
Shares outstanding at the end of the year	**83,78,80,258**	**83.79**	**79,45,25,114**	**79.45**

Note b: Terms and rights attached to equity shares:

The Company has only one class of equity shares. The shareholders are entitled to one vote per share, dividend, as and when declared by the Board of directors and shareholders and residual assets, if any, after payment of all liabilities, in the event of liquidation of the Company.

Note c: Details of shareholders holding more than 5 percent shares:

Name of Shareholders	As at March 31, 2018		As at March 31, 2017	
	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	24.28%	20,34,06,600	25.60%
Nimesh Kampani*	13,53,57,500	16.15%	13,53,57,500	17.04%
J. M. Assets Management Private Limited	10,30,42,908	12.30%	10,30,42,908	12.97%

** includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF*

Note d: Issue of equity shares to Qualified Institutional Buyers:

During the year, the Company issued and allotted 4,01,22,706 equity shares of the face value of ₹1/- each to the eligible qualified institutional buyers at the issue price of ₹162/- per equity share aggregating ₹ 649.99 Crore through Qualified Institutional Placement (QIP) in accordance with Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009 as amended and Section 42 of the Companies Act, 2013 and the rules made thereunder from time to time.

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2.2 Reserves and Surplus

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Securities premium reserve		
Opening balance	362.02	343.39
Add: On shares allotted pursuant to the qualified institutional placement	645.98	-
Add: Pursuant to the Scheme of Amalgamation [refer note 2.38]	217.94	-
Add: On share allotted upon exercise of stock options by the Employees	11.71	18.63
Less: Share issue expenses (net of deferred tax of ₹ 2.48 crore (Previous year: Nil))*	(5.99)	-
Closing balance	**1,231.66**	**362.02**
Capital reserve		
Opening balance	#	#
Add: Pursuant to the Scheme of Amalgamation [refer note 2.38]	4.16	-
Add: Pursuant to the Scheme of Arrangement [refer note 2.38]	17.69	-
Closing balance	**21.85**	**#**
Capital redemption reserve		
Opening balance	21.97	15.72
Add: Transferred from Surplus in statement of profit and loss	5.80	6.25
Closing balance	**27.77**	**21.97**
General reserve	**205.25**	**205.25**
Statutory reserve (under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	402.77	285.90
Add: Transferred from Surplus in statement of profit and loss	112.22	116.87
Closing balance	**514.99**	**402.77**
Currency translation reserve		
Opening balance	22.34	25.58
Add: During the year	1.71	(3.24)
Closing balance	**24.05**	**22.34**
Stock Options Outstanding		
Opening balance	16.96	20.25
Add: Additions on account of options granted during the year	23.90	5.17
Less: Transferred to securities premium reserve upon exercise of stock options	(7.44)	(8.11)
Less: Reduction on account of options lapsed during the year	(1.22)	(0.35)
Closing balance	**32.20**	**16.96**
Less : Deferred employee compensation	(17.53)	(5.98)
	14.67	**10.98**
Surplus in statement of profit and loss:		
Opening balance	2,052.97	1,768.07
Add: Net consolidated profit for the year	630.92	470.20
Less: Transferred to minority interest	(0.04)	(0.08)
Less: Pursuant to the Scheme of Amalgamation [refer note 2.38]	(261.92)	-
Less: Pursuant to the Scheme of Arrangement [refer note 2.38]	(17.69)	-
Amount available for appropriation	**2,404.24**	**2,238.19**
Less: Appropriations		
Interim dividend	55.84	51.59
Final dividend (F.Y. 2016-17)	67.69	-
Tax on Dividend		
by the Company	0.91	0.53
by the subsidiaries	24.24	9.98
Tax on buy back of shares in subsidiary company [refer note 2.27 (A)(iii)]	1.18	-
Transferred to statutory reserve	112.22	116.87
Transferred to capital redemption reserve	5.80	6.25
	267.88	**185.22**
Closing balance	**2,136.36**	**2,052.97**
Total	**4,176.60**	**3,078.30**

 # Denotes amount below ₹ 50,000/-

** Also includes share issue expenses of a subsidiary of the company.*

2.3 Long-Term Borrowings

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Secured Loans		
Term loan from banks [refer note 2.3(i)]	2,950.32	1,968.99
Term loan from others [refer note 2.3(ii)]	125.00	-
Non-convertible debentures [refer note 2.3(iii)]	3,927.40	2,094.40
Add: Premium on Non-convertible debentures	2.84	-
Less : Unamortised discount on non-convertible debentures	(0.02)	(0.07)
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.53	1.07
	7,007.07	**4,064.39**
Unsecured Loans		
Non-convertible debentures [refer note 2.3(iii)]	317.00	-
	317.00	**-**
Total	**7,324.07**	**4,064.39**

Notes:

(i) Term loan from banks

Term Loans are secured by way of:

- floating first pari passu charge by way of hypothecation on certain identified loan fund balances,
- pledge of certain identified security receipts,
- first ranking exclusive charge on mortgage of property, movable fixed and current assets, and
- mortgage of property and hypothecation of rent receivable, of the relevant subsidiary companies.

Maturity profile and rate of interest of Term Loans from banks:

(₹ in Crore)

Rate of Interest	Non-current						Current	
	As at March 31, 2018			As at March 31, 2017			As at March 31, 2018	As at March 31, 2017
	1-3 Years	3 years & above	Total	1-3 Years	3 years & above	Total		
8.00 % to 9.00%	2,369.60	493.22	2,862.82	1,168.76	442.23	1,610.99	825.87	260.07
9.01 % to 10.00%	87.50	-	87.50	151.13	71.85	222.98	72.50	54.57
10.01 % to 11.00%	-	-	-	135.02	-	135.02	-	64.99
Total	**2,457.10**	**493.22**	**2,950.32**	**1,454.91**	**514.08**	**1,968.99**	**898.37**	**379.63**

(ii) Term loan from others:

Term loans are secured by way of floating first pari passu charge by way of hypothecation on certain identified loan fund balances of 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 March 31, 2018			As at March 31, 2017			As at March 31, 2018	As at March 31, 2017
	1-3 Years	3 years & above	Total	1-3 Years	3 years & above	Total		
8.00% to 9.00%	50.00	-	50.00	-	-	-	-	-
9.01% to 10.00%	75.00	-	75.00	-	-	-	-	-
Total	**125.00**	**-**	**125.00**	**-**	**-**	**-**	**-**	**-**

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(iii) Non-convertible Debentures

Secured Non-convertible Debentures are secured by way of first charge on freehold land, hypothecation on certain identified loan fund balances and pledge of certain identified security receipts of the relevant subsidiary companies.

Maturity profile and rate of interest of Non-convertible debentures

(₹ in Crore)

Particulars	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured:				
0% NCD redeemable in year 2021-22 *	477.80	-	-	-
9.00 % NCD redeemable in year 2021-22	10.00	10.00	-	-
9.05 % NCD redeemable in year 2021-22	175.00	-	-	-
9.20 % NCD redeemable in year 2021-22	70.00	70.00	-	-
9.50 % NCD redeemable in year 2021-22	25.00	25.00	-	-
9.70 % NCD redeemable in year 2021-22	30.00	30.00	-	-
NCD redeemable in year 2021-22**	209.40	-	-	-
0 % NCD redeemable in year 2020-21*	428.10	93.10	-	-
8.85% NCD redeemable in the year 2020-21	30.00	-	-	-
9.05 % NCD redeemable in year 2020-21	30.00	-	-	-
9.10 % Tranche XI NCD redeemable in year 2020-21	185.00	-	-	-
9.15 % NCD redeemable in year 2020-21	82.60	-	-	-
9.30% Tranche IX NCD redeemable in year 2020-21	28.50	-	-	-
9.3085% Tranche VII Option A NCD redeemable in year 2020-21	50.00	-	-	-
9.3606 % NCD redeemable in year 2020-21	42.80	-	-	-
9.50% Tranche V NCD redeemable in the year 2020-21	150.00	150.00	-	-
NCD redeemable in year 2020-21**	438.90	-	-	-
0% NCD redeemable in year 2019-20*	407.80	207.80	-	-
8.60% Tranche X NCD redeemable in year 2019-20	35.00	-	-	-
8.75 % NCD redeemable in year 2019-20	140.00	-	-	-
9.10% Tranche XIII NCD redeemable in year 2019-20	75.00	-	-	-
9.25 % NCD redeemable in year 2019-20	100.00	50.00	-	-
9.3037 % NCD redeemable in year 2019-20	125.00	-	-	-
9.3133 % NCD redeemable in year 2019-20	200.00	-	-	-
9.69 % NCD redeemable in year 2019-20	100.00	100.00	-	-
9.70 % NCD redeemable in year 2019-20	100.00	100.00	-	-
9.7665 % NCD redeemable in year 2019-20	10.00	10.00	-	-
9.78 % NCD redeemable in year 2019-20	7.50	7.50	-	-
10.5 % NCD redeemable in year 2019-20	50.00	50.00	-	-
NCD redeemable in year 2019-20**	114.00	5.00	-	-
13% NCD redeemable in the year 2019-20	-	30.00	-	-
0% NCD redeemable in year 2018-19*	-	281.00	431.00	-
8.40% NCD redeemable in year 2018-19	-	75.00	75.00	-
8.81% NCD redeemable in year 2018-19	-	100.00	100.00	-
8.88% NCD redeemable in year 2018-19	-	15.00	15.00	-
8.89% NCD redeemable in year 2018-19	-	95.00	95.00	-
9.40% Tranche VI NCD redeemable in year 2018-19	-	40.00	40.00	-
9.7307 % NCD redeemable in year 2018-19	-	40.00	40.00	-
10.2609 % NCD redeemable in year 2018-19	-	300.00	300.00	-
10.2946 % NCD redeemable in year 2018-19	-	100.00	100.00	-
11.50% Tranche IV NCD redeemable in the year 2018- 19	-	50.00	50.00	-
NCD redeemable in year 2018-19**	-	60.00	237.50	-

Particulars	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
0% NCD redeemable in year 2017-18*	-	-	-	150.00
9.55% NCD redeemable in year 2017-18	-	-	-	50.00
9.9756 % NCD redeemable in year 2017-18	-	-	-	75.00
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
12% NCD redeemable in the year 2017-18	-	-	-	200.00
NCD redeemable in year 2017-18**	-	-	-	92.50
	3,927.40	**2,094.40**	**1,483.50**	**802.50**
Unsecured:				
0% NCD redeemable in year 2019-20*	317.00	-	-	-
8.75% NCD redeemable in year 2017-18	-	-	-	177.00
	317.00	**-**	**-**	**177.00**
Total	**4,244.40**	**2,094.40**	**1,483.50**	**979.50**

** Redeemable at premium*
*** Market Linked Debentures (MLD)*

2.4 Deferred Tax Liabilities (net)

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
A) Deferred tax liabilities:		
On investments	115.43	110.19
On depreciation	6.64	4.98
	122.07	**115.17**
B) Deferred tax assets:		
On expenditure	58.68	43.26
On depreciation	3.22	3.59
	61.90	**46.85**
Total (A-B)	**60.17**	**68.32**

2.5 Other Long-Term Liabilities

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Interest payable	92.74	26.30
Employee benefits payable	20.11	12.74
Property deposit	3.15	2.70
Total	**116.00**	**41.74**

Notes (Contd.)

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2.6 Long-Term Provisions

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
For employee benefits - gratuity [refer note 2.33 (A)]	19.80	14.83
For clawback obligation	4.98	4.98
For standard assets [refer Note 2.6(i)]	61.24	46.76
Total	**86.02**	**66.57**

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 0.40 percent of the outstanding standard assets. The Group has created provision on standard assets as decided by the Board of Directors of respective NBFCs, and is in compliance with the aforesaid RBI notification.

2.7 Short-Term Borrowings

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Secured Loans		
From Banks:		
Term loan [refer Note 2.7(i)]	84.00	-
Overdraft accounts [refer Note 2.7(ii)]	124.17	127.03
Cash credit facilities [refer Note 2.7(iii)]	77.56	223.70
	285.73	**350.73**
Unsecured Loans		
From Others:		
Commercial papers	4,543.30	5,002.60
Less : Unamortised discount on commercial papers	(88.64)	(139.75)
Inter corporate deposits	25.00	40.00
Borrowings under Securities lending and borrowings (SLB)	203.07	124.59
	4,682.73	**5,027.44**
Total	**4,968.46**	**5,378.17**

Notes:

(i) Secured by way of hypothecation of certain identified security receipts of the relevant subsidiary company.

(ii) Secured by collaterals/fixed deposits with banks.

(iii) Secured by way of hypothecation on certain identified loan fund balances and security receipts of the relevant subsidiary companies.

2.8 Trade Payables

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Micro enterprises and Small enterprises [see note (i) below]	0.44	-
Other than Micro enterprises and Small enterprises	419.90	886.99
Less : Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.63)
Total	**356.71**	**823.36**

Notes:

(i) The amounts due to Micro and Small Enterprises as defined in 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. Disclosure pertaining to Micro and Small Enterprises as at March 31,2018 are as under :

(₹ in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.44	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**0.44**	**-**

(ii) This amount is payable to the clients only if and to the extent the same is received from NSEL.

2.9 Current Maturities Of Long-Term Borrowings

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Secured Loans		
Term loan from banks [refer note 2.3(i)]	898.37	379.63
Non-convertible debentures [refer note 2.3(iii)]	1,483.50	802.50
Less: Unamoritised discount on non-convertible debentures	-	(0.08)
	2,381.87	**1,182.05**
Unsecured Loans		
Non-convertible debentures [refer note 2.3(iii)]	-	177.00
Total	**2,381.87**	**1,359.05**

2.10 Other Current Liabilities

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	0.90	1.19
Interest accrued but not due on borrowings	231.90	132.82
Income received in advance	2.72	6.42
Unclaimed dividend	2.37	2.09
Employee benefits payable	135.91	113.31
Amount Collected on Behalf of ARC trusts	15.90	18.57
Statutory dues	53.77	14.20
Margin money from clients/franchisees	5.23	12.35
Overdrawn bank balance	6.09	0.36
Security deposit	-	0.60
Other liabilities	6.98	3.56
Total	**461.77**	**305.47**

2.11 Short-Term Provisions

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
For employee benefits:		
Gratuity [refer note 2.33 (A)]	2.23	1.46
Compensated absences	10.10	7.97
Total	**12.33**	**9.43**

Notes (Contd.)

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2.12 Fixed Assets

(₹ in Crore)

Particulars	Gross block (At cost)					Depreciation / Amortisation					Net block
	As at March 31, 2017	Additions for the year	Deduction for the year	Currency Fluctuation	As at March 31, 2018	As at March 31, 2017	Additions for the year	Deduction for the year	Currency Fluctuation	As at March 31, 2018	As at March 31, 2018
A. PROPERTY, PLANT AND EQUIPMENT											
Owned assets:											
Land	0.29	0.07	-	-	0.36	-	-	-	-	-	0.36
Leasehold Building	63.57	-	-	-	63.57	8.67	1.04	-	-	9.71	53.86
Office premises	276.74	-	-	-	276.74	15.00	4.66	-	-	19.66	257.08
Leasehold improvements	28.35	3.58	0.02	0.05	31.96	20.01	4.33	0.01	0.05	24.38	7.58
Computers	32.01	5.56	0.77	0.03	36.83	22.87	4.14	0.66	0.03	26.38	10.45
Office equipments	31.08	0.93	1.98	0.02	30.05	25.79	2.14	1.96	0.02	25.99	4.06
Furniture and fixtures	47.31	1.44	0.94	0.03	47.84	19.40	4.33	0.75	0.03	23.01	24.83
Motor vehicles	4.39	1.33	1.10	-	4.62	1.46	0.47	1.10	-	0.83	3.79
Leased assets:											
Motor vehicles (Refer note [a] below)	5.60	2.13	1.15	-	6.58	3.57	1.60	0.84	-	4.33	2.25
Total (A)	**489.34**	**15.04**	**5.96**	**0.13**	**498.55**	**116.76**	**22.71**	**5.32**	**0.13**	**134.29**	**364.26**
B. INTANGIBLE ASSETS (Other than internally generated)											
Software	30.16	4.97	-	-	35.13	21.30	3.46	-	-	24.76	10.37
Stock exchange memberships	1.43	-	-	-	1.43	1.43	-	-	-	1.43	-
Stock exchange non-refundable deposits	0.09	-	-	-	0.09	0.09	-	-	-	0.09	-
Total (B)	**31.68**	**4.97**	**-**	**-**	**36.65**	**22.82**	**3.46**	**-**	**-**	**26.28**	**10.37**
Total (A+B)	**521.02**	**20.01**	**5.96**	**0.13**	**535.20**	**139.58**	**26.17**	**5.32**	**0.13**	**160.57**	**374.63**
C. CAPITAL WORK-IN-PROGRESS											2.90

(₹ in Crore)

Particulars	Gross block (At cost)						Depreciation / Amortisation						Net block
	As at March 31, 2016	Additions for the year	Addition on Consolidation (Refer note [b] below)	Deduction for the year	Currency Fluctuation	As at March 31, 2017	As at March 31, 2016	Additions for the year	Addition on Consolidation (Refer note [b] below)	Deduction for the year	Currency Fluctuation	As at March 31, 2017	As at March 31, 2017
A. PROPERTY, PLANT AND EQUIPMENT													
Owned assets:													
Land	0.26	-	0.03	-	-	0.29	-	-	-	-	-	-	0.29
Leasehold Building	63.57	-	-	-	-	63.57	7.61	1.06	-	-	-	8.67	54.90
Office premises	233.53	43.21	-	-	-	276.74	10.39	4.61	-	-	-	15.00	261.74
Leasehold improvements	24.58	2.14	2.16	0.49	(0.04)	28.35	15.99	3.78	0.62	0.34	(0.04)	20.01	8.35
Computers	38.45	3.50	0.97	10.89	(0.02)	32.01	29.54	3.54	0.67	10.86	(0.02)	22.87	9.14
Office equipments	29.54	1.92	0.46	0.82	(0.02)	31.08	24.46	1.84	0.31	0.81	(0.02)	25.79	5.29
Furniture and fixtures	42.18	6.03	0.07	0.95	(0.02)	47.31	16.31	3.90	0.05	0.85	(0.01)	19.40	27.91
Motor vehicles	3.25	1.60	-	0.46	-	4.39	1.56	0.36	-	0.46	-	1.46	2.93
Leased assets:													
Motor vehicles (Refer note [a] below)	5.62	0.85	0.85	1.72	-	5.60	3.44	1.31	0.52	1.70	-	3.57	2.03
Total (A)	**440.98**	**59.25**	**4.54**	**15.33**	**(0.10)**	**489.34**	**109.32**	**20.40**	**2.17**	**15.02**	**(0.09)**	**116.76**	**372.58**
B. INTANGIBLE ASSETS (Other than internally generated)													
Software	27.85	3.88	1.07	2.64	-	30.16	20.32	2.92	0.67	2.62	-	21.30	8.86
Stock exchange memberships	1.43	-	-	-	-	1.43	1.43	-	-	-	-	1.43	-
Stock exchange non-refundable deposits	0.09	-	-	-	-	0.09	0.09	-	-	-	-	0.09	-
Total (B)	**29.37**	**3.88**	**1.07**	**2.64**	**-**	**31.68**	**21.84**	**2.92**	**0.67**	**2.62**	**-**	**22.82**	**8.86**
Total (A+B)	**470.35**	**63.13**	**5.61**	**17.97**	**(0.10)**	**521.02**	**131.16**	**23.32**	**2.84**	**17.64**	**(0.09)**	**139.58**	**381.44**
C. CAPITAL WORK-IN-PROGRESS													2.03

(a) Vendor has lien over the assets taken on lease

(b) Additions during the year due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited.

2.13 Non-Current Investments

(₹ in Crore)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
EQUITY SHARES				
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		8.18		7.06
		8.21		**7.09**
Total (I)		**8.21**		**7.09**
II OTHER INVESTMENTS				
EQUITY SHARES		**163.22**		**86.53**
CONVERTIBLE WARRANTS		17.50		-
PREFERENCE SHARES		22.85		15.33
DEBENTURES/BONDS		66.89		31.34
VENTURE CAPITAL FUND UNITS (refer note i below)				
Sponsored by the group		52.44		62.79
Others		7.61		10.71
EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii below)		0.01		0.01
		330.52		**206.71**
Less: Provision for diminution in the value of investments		(17.23)		(15.89)
Total (II)		**313.29**		**190.82**
Total (I+II)		**321.50**		**197.91**
Aggregate amount of unquoted Investments		165.55		160.08
Aggregate amount of quoted Investments		173.18		53.72
Aggregate Market value of quoted Investments		165.52		82.99

Notes:

i. Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.

ii. Includes investment in units of equity oriented mutual fund of ₹0.01 Crore (previous year ₹ 0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund.

Notes (Contd.)

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2.14 Long-Term Loans and Advances

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Unsecured and considered good		
Capital advances	2.51	1.78
Security deposits	12.43	10.94
Loan funds	100.00	2.84
Advance Tax (net of provisions)	241.35	224.10
MAT Credit Entitlement	1.62	-
Other deposits	17.17	13.24
Prepaid expenses	0.16	0.50
Staff loans	0.09	0.22
	375.33	**253.62**
Secured, considered good unless otherwise stated		
Loan funds	8,423.03	6,499.68
Less: Provisions for sub-standard / doubtful Loans	(9.95)	(9.95)
Inter corporate deposits	41.86	-
	8,454.94	**6,489.73**
Total	**8,830.27**	**6,743.35**

2.15 Current Investments

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Equity shares	26.09	49.48
Debentures and bonds	133.35	-
Mutual fund	540.54	280.66
Security receipts	2,043.80	1,641.11
Fixed coupon notes	13.01	-
	2,756.79	**1,971.25**
Less: Provision for diminution in the value of investments	(27.94)	(13.18)
Total	**2,728.85**	**1,958.07**
Aggregate amount of unquoted Investments	2,686.79	1,913.39
Aggregate amount of quoted Investments	70.00	57.86
Aggregate Market value of quoted Investments	49.92	45.92

2.16 Debt Securities held as Stock in Trade

(At lower of cost or Market value)

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Debt instruments [refer note below]	-	9.86
Total	**-**	**9.86**

Note: Debt instruments includes accrued interest of Nil (Previous year ₹ 0.18 Crore).

2.17 Assets held for Arbitrage Activities

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Arbitrage assets [refer note below]	197.75	120.47
Total	**197.75**	**120.47**

Note: Includes assets amounting to ₹102.93 Crore (Previous year ₹ 59.68 Crore) pledged towards margin.

2.18 Trade Receivables

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.05	0.10
Unsecured, considered good	4.82	12.58
Unsecured, considered doubtful	7.61	1.87
Less: Provision for doubtful debts	(7.61)	(1.87)
	4.87	**12.68**
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	504.97	848.20
Unsecured, considered good	265.10	318.03
Unsecured, considered doubtful	0.56	0.03
Less: Provision for doubtful debts	(0.56)	(0.03)
	770.07	**1,166.23**
Total	**774.94**	**1,178.91**

2.19 Cash and Bank Balances

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Cash on hand	0.03	0.01
Balances with banks:		
In current accounts	176.61	140.67
In deposit accounts	448.72	254.97
	625.36	**395.65**
Other bank balances – in deposit accounts		
Under lien against which facilities are availed [refer note (ii) below]	596.81	387.42
Under lien against which facilities are not availed [refer note (ii) below]	266.94	76.95
Other bank balances [refer note (i) below]	7.42	9.04
	871.17	**473.41**
Total	**1,496.53**	**869.06**
Notes:		
i. Includes earmarked balances with banks	6.56	6.03
ii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	863.75	464.37

Notes (Contd.)

to the Consolidated Financial Statements

2.20 Short-Term Loans and Advances

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Unsecured and considered good		
Loan funds	53.71	577.62
Inter corporate deposits	-	3.00
Other deposits	17.90	70.59
Accrued Interest on loan funds	70.30	46.52
Advances recoverable in cash or kind or for value to be received*	113.76	23.28
Prepaid expenses	5.72	5.02
Security deposits	0.57	2.09
Staff loans	0.21	0.23
	262.17	**728.35**
Secured, considered good unless otherwise stated		
Loan funds	6,492.06	4,262.97
Less: Provisions for sub-standard / doubtful Loans	(10.96)	(4.14)
	6,481.10	**4,258.83**
Total	**6,743.27**	**4,987.18**

** includes input tax credit, receivable on account of warehousing investments etc.*

2.21 Other Current Assets

(₹ in Crore)

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due	15.32	4.15
Securities held for settlement of claims	-	0.29
Other receivables	0.98	-
Total	**16.30**	**4.44**

2.22 Revenue from Operations

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Fees and commission	421.98	390.79
Brokerage	218.83	161.42
Interest and other income on fund based activities	2,318.19	1,607.03
Total	**2,959.00**	**2,159.24**

2.23 Other Operating Income

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	95.46	84.07
Income from arbitrage activities	45.08	30.55
Profit on sale of investments (net)	107.81	55.71
Dividend income	5.22	5.75
Miscellaneous income	22.32	23.94
Total	**275.89**	**200.02**

2.24 Employee Benefits Expense

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, bonus and allowances	364.09	289.44
Contribution to provident fund and other funds	12.08	9.36
Gratuity [refer note 2.33 (A)]	7.52	3.67
Staff welfare	2.96	3.34
Total	**386.65**	**305.81**

2.25 Finance Costs

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	1,141.30	780.17
Other borrowing cost	2.63	1.33
Finance charges on leased assets	0.67	0.46
Total	**1,144.60**	**781.96**

2.26 Other Expenses

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sub-brokerage, fees and commission	103.57	92.26
Provision for doubtful debts/advances and assets written off	70.47	12.52
Legal and professional fees	22.79	19.36
Rates and taxes	20.70	22.37
Donation	19.45	14.09
Provision for diminution in value of investments (net)	16.10	20.05
Provision for standard assets	14.48	7.71
Rent	13.93	12.60
Information technology expenses	12.53	11.10
Manpower expenses	11.79	10.20
Travelling, hotel and conveyance expenses	9.28	7.43
Membership and subscriptions	8.02	7.94
Repairs and maintenance	6.26	3.82
Directors' commission	5.22	3.03
Electricity expenses	4.35	4.18
Insurance expenses	4.02	3.71
Communication expenses	3.82	3.63
Advertisement and other related expenses	3.54	2.21
Printing and stationery	2.73	2.16
Support Service Fees	2.50	0.74
Auditors' remuneration (Refer note below)	1.38	1.66
Fund expenses	0.91	2.04
Business conference and seminar expenses	0.12	0.14
Loss on sale of assets	0.09	0.29
Loss on sale of investments	-	2.11
Miscellaneous expenses	10.90	9.09
Total	**368.95**	**276.44**

Notes (Contd.)

to the Consolidated Financial Statements

Note: Payment to Auditors

(₹ in Crore)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fees	1.05	1.28
Certification and other matters	0.32	0.37
Reimbursement of Expenses	0.01	0.01
	1.38	**1.66**
Fees paid to in connection with QIP debited to Securities premium reserve as Share issue expenses	0.22	-
Total	**1.60**	**1.66**

2.27 A) Entities included in Consolidation

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2018 (%)	Proportion of interest as on March 31, 2017 (%)
Subsidiaries in India			
JM Financial Institutional Securities Limited (upto December 31, 2017) [refer note (2.38)]	India	-	100.00
JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) [refer note (i)]	India	100.00	-
JM Financial Investment Managers Limited (upto December 31, 2017) [refer note (2.38)]	India	-	100.00
Infinite India Investment Management Limited	India	100.00	100.00
JM Financial Properties and Holdings Limited	India	100.00	100.00
JM Financial Services Limited	India	100.00	100.00
JM Financial Commtrade Limited	India	100.00	100.00
CR Retail Malls (India) Limited	India	100.00	100.00
JM Financial Capital Limited	India	100.00	100.00
JM Financial Products Limited [refer note (ii)]	India	99.30	99.27
JM Financial Credit Solutions Limited	India	50.01	50.01
JM Financial Asset Management Limited [refer note (iii)]	India	59.54	53.47
JM Financial Asset Reconstruction Company Limited [refer note (iv)]	India	57.07	50.01
JM Financial Home Loans Limited	India	99.30	99.27
Partnership Firm in India			
Astute Investments	India	100.00	100.00
Subsidiaries outside India			
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd.	Singapore	100.00	100.00
JM Financial Securities, Inc	USA	100.00	100.00
Associate			
JM Financial Trustee Company Private Limited	India	25.00	25.00

Notes:

i. JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) has been incorporated as a wholly owned subsidiary of JM Financial Services Limited, one of the Company's subsidiaries.

ii. Aggregate shareholding in JM Financial Products Limited increased from 99.27% to 99.30% consequent upon the acquisition of 1,52,200 equity shares of JM Financial Products Limited.

iii. Aggregate shareholding in JM Financial Asset Management Limited (AMC) has increased from 53.47% to 59.54%, consequent upon the buy-back of shares by AMC and acquisition of shares by the Company.

iv. Aggregate shareholding in the JM Financial Asset Reconstruction Company Limited (ARC) has increased from 50.01% from 57.07% consequent upon the acquisition of equity shares through receipt of an allotment of shares in the rights issue and by way of secondary transfer.

B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/Associate

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	661.21	11.56%	16.75	1.92%
Subsidiaries in India				
JM Financial Institutional Securities Limited (upto December 31, 2017)	-	-	43.72	5.02%
JM Financial Investment Managers Limited (upto December 31, 2017)	-	-	9.86	1.13%
Infinite India Investment Management Limited	11.49	0.20%	2.32	0.27%
JM Financial Institutional Securities Limited (Formerly known as JM Financial Securities Limited)	28.79	0.50%	1.10	0.13%
JM Financial Properties and Holdings Limited	107.18	1.88%	4.26	0.49%
JM Financial Services Limited	87.86	1.54%	36.31	4.16%
JM Financial Commtrade Limited	20.54	0.36%	1.23	0.14%
CR Retail Malls (India) Limited	25.36	0.44%	8.82	1.01%
JM Financial Products Limited	1,453.93	25.42%	211.37	24.26%
JM Financial Credit Solutions Limited	870.95	15.23%	164.18	18.84%
JM Financial Asset Reconstruction Company Limited	551.82	9.65%	57.22	6.57%
JM Financial Asset Management Limited	110.04	1.92%	33.42	3.83%
JM Financial Capital Limited	243.13	4.25%	17.77	2.04%
JM Financial Home Loans Limited	30.40	0.53%	(1.37)	(0.16%)
Partnership Firm in India				
Astute Investments	4.74	0.08%	11.40	1.31%
Subsidiaries outside India				
JM Financial Overseas Holdings Private Limited	107.46	1.88%	17.15	1.97%
JM Financial Singapore Pte. Ltd.	17.49	0.31%	(5.85)	(0.67%)
JM Financial Securities, Inc	7.99	0.14%	0.14	0.02%
Associates				
JM Financial Trustee Company Private Limited	8.21	0.14%	1.12	0.13%
	4,348.59	**76.03%**	**630.92**	**72.41%**
Minority Interests in all subsidiaries	1,370.95	23.97%	240.36	27.59%
	5,719.54	**100.00%**	**871.28**	**100.00%**

** Net Assets have been arrived at after excluding intercompany adjustments and Goodwill on consolidation.*

2.28 Contingent Liability*

(i) Contingent liability in respect of income tax demands for various years disputed in appeal is ₹ 36.62 Crore (previous year ₹ 34.85 Crore).

Disputed demands of service tax authorities is ₹ 0.82 Crore (previous year ₹ 1.27 Crore).

* Future cash outflows in respect of above matters is determinable only on receipt of judgments/decisions pending at various authorities.

2.29 Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 3.98 Crore (previous year ₹ 5.93 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹ 152.35 Crore (previous year ₹ 1.40 Crore).

2.30 Employee Stock Option Scheme (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

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During the financial year 2017-18, the Nomination and Remuneration Committee has granted 23,19,636 options under Series 10 (previous year 12,55,515 options-Series 9) at an exercise price of ₹1/- per option to the Employees, that will vest in a graded manner and which can be exercised within a specified period.

The details of options are as under:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Outstanding at the beginning of the year	60,67,294	1,04,61,226
Add: Granted during the year	23,19,636	12,55,515
Less: Exercised and shares allotted during the year	32,24,438	55,39,478
Less: Exercised but pending allotment	33,757	8,000
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,29,081	1,01,969
Outstanding at end of year	**49,99,654**	**60,67,294**
Exercisable at end of year	15,18,763	25,99,203

The Group follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 49.19% (previous year 51.38%), dividend yield of 1.49% (previous year 3.55%), Life of options 4.5 years (previous year 7 years), and a risk-free interest rate of 6.96% (previous year: 7.80%).

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%	7,73,212	4,18,505	April 20, 2018	May 12, 2017	96.57	32.33
33.33%	7,73,212	4,18,505	April 20, 2019	May 12, 2018	96.57	32.33
33.33%	7,73,212	4,18,505	April 20, 2020	May 12, 2019	96.57	32.33
	23,19,636	**12,55,515**				

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 ₹14.04 Crore (previous year ₹4.33 Crore). Had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been reduced by ₹2.89 Crore (previous year higher by ₹2.78 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Net profit (₹ in Crore)	630.92	470.20	628.03	472.98
Basic earnings per share (in ₹)	7.86	5.93	7.82	5.96
Diluted earnings per share (in ₹)	7.81	5.89	7.78	5.92

Details of options granted under various series are as under:

	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Grant date	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016	20/04/2017
Options granted	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515	23,19,636
Options exercised till March 31, 2018	66,29,492	62,85,630	30,15,908	34,59,937	7,53,951	3,83,013	N.A.
Options forfeited/cancelled till March 31, 2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9	Series 10
Options lapsed till March 31, 2018	7,61,653	7,21,857	3,76,054	3,57,193	96,294	Nil	1,12,665
Outstanding at end of year	1,08,855	2,95,182	2,53,812	6,68,137	5,94,195	8,72,502	22,06,971
Exercisable at end of year	1,08,855	2,95,182	2,53,812	6,68,137	1,57,285	35,492	N.A.
Vesting of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	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)	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00	₹1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016	As was determined by the Nomination and Remuneration Committee at its meeting held on April 20, 2017

Notes:

(i) Additionally, an aggregate amount of ₹ 10.19 crore being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the Employees are/were employed/associated.

(ii) As no options were outstanding in respect of Series 1, 2 and 3 as on March 31, 2018, the details of options granted has not been included above.

2.31 Earnings Per Share (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Net consolidated Profit (₹ in Crore)	A	630.92	470.20
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	80,28,94,654	79,30,45,604
Basic earnings per share (in ₹)	A/B	7.86	5.93
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	80,28,94,654	79,30,45,604
Add: Weighted average number of potential equity shares on account of employee stock options	C	45,30,058	58,02,255
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	80,74,24,712	79,88,47,859
Diluted earnings per share (in ₹)	A/D	7.81	5.89

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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, 2018	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2018	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017
Not later than 1 year	1.34	0.44	0.90	1.50	0.31	1.19
Later than 1 year but not later than 5 years	2.12	0.59	1.53	1.29	0.22	1.07
Total	**3.46**	**1.03**	**2.43**	**2.79**	**0.53**	**2.26**

Operating lease

i. The Group has taken assets on non-cancellable operating lease for the periods ranging between 12 months and 86 months.

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

(₹ in Crore)

Particulars	Total lease payments outstanding as at March 31, 2018	Total lease payments outstanding as at March 31, 2017
Not later than 1 year	3.17	5.05
Later than 1 year but not later than 5 years	4.50	7.69
Later than 5 years	0.05	0.12
Expenditure debited to the statement of profit and loss	5.11	5.41

ii. The Group has taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 12 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 8.82 Crore (previous year ₹ 7.19 Crore).

2.33 Employee Benefits

A. Defined Benefit Plan

(₹ in Crore)

Amount recognised in the balance sheet	As at March 31, 2018	As at March 31, 2017
Present value of the defined benefit obligation at the year end	22.03	16.29
Fair value of plan assets	-	-
Net liability	**22.03**	**16.29**
Net liability is bifurcated as follows:		
Current	2.23	1.46
Non-Current	19.80	14.83

(₹ in Crore)

Expenses recognised in Statement of Profit and Loss [refer note 2.24]	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	2.10	1.36
Interest cost	1.20	1.10
Net actuarial (gain)/loss	(0.50)	1.21
Past service cost	4.72	-
Net gratuity cost	**7.52**	**3.67**

(₹ in Crore)

Reconciliation of changes in defined benefit obligation	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	**16.29**	**12.98**
Current service cost	2.10	1.36
Interest cost	1.20	1.10
Actuarial loss	(0.50)	1.21
Past service cost	4.72	-
Liability assumed on consolidation of ARC	-	0.77
Liability assumed on acquisition/(settled on divestiture)	(0.10)	0.01
Benefits paid	(1.68)	(1.14)
Closing defined benefit obligation	**22.03**	**16.29**

Actuarial assumptions	As at March 31, 2018	As at March 31, 2017
Discount rate	7.85%	7.20%
Rate of salary escalation	7.00% per annum	7.00% per annum
Mortality table	IALM (2006-08)	IALM (2006-08)

The estimates of future salary increase takes into account inflation, seniority, promotion and other relevant factors in the employee market.

B. Defined Contribution Plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 11.78 Crore (previous year ₹ 9.25 Crore).

2.34 Segmental Reporting

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, providing margin financing, 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.

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

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

Notes (Contd.)

to the Consolidated Financial Statements

2.37 Details of expenses towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto

(₹ in Crore)

		For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Gross amount required to be spent by the Group during the year.	15.61	11.36
b)	Amount spent during the year:		
	In cash	15.65	11.41
	Yet to be paid in cash	-	-
	Total	**15.65**	**11.41**
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	**15.65**	**11.41**

2.38 Pursuant to the Scheme of Amalgamation (the "Scheme") under the provisions of Section 230 read with Section 232 of the Companies Act, 2013 as sanctioned by the Hon'ble National Company Law Tribunal vide its Order dated December 14, 2017, post demerger of Institutional Equity Division, the entire business and whole of the undertaking (Investment Banking Division) of JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited have been amalgamated with JM Financial Limited. The certified copy of the order has been filed with the Registrar of Companies, Mumbai, Maharashtra and the amalgamation has become effective from January 18, 2018. The accounting treatment for the amalgamation has been given with effect from the appointed date, i.e. January 1, 2018 under the Pooling of Interest method as per Accounting Standard 14 "Accounting for Amalgamation".

Accordingly in the Consolidated Financial Statements, impact of additions to the capital reserve amounting to ₹ 4.16 crore and securities premium reserve amounting to ₹ 217.94 crore and, reduction in goodwill on consolidation to the extent of ₹ 39.82 crore in respect of the Investment Banking Division of JM Financial Institutional Securities Limited have been given by corresponding debit to the surplus in Statement of Profit and Loss aggregating ₹ 261.92 crore.

Further, Authorised share capital of the Company has increased from ₹ 100.00 crore comprising 100,00,00,000 equity shares of the face value of ₹ 1/- each to ₹ 195.82 crore comprising 152,02,00,000 equity shares of the face value of ₹ 1/- each and 4,38,00,000 preference shares of the face value of ₹ 10/- each.

Pursuant to the Scheme of Arrangement (the "Scheme") under the provisions of Section 230 read with Section 232 of the Companies Act, 2013, as sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench vide its Order dated December 14, 2017, the Institutional Equity Division of JM Financial Institutional Securities Limited got transferred to and vested in the JM Financial Institutional Securities Limited (formerly known as JM Financial Securities Limited) with effect from the appointed date, i.e. December 31, 2017, upon the Scheme becoming effective on January 18, 2018.

Accordingly, impact of additions in the capital reserve to the extent of ₹ 17.69 crore related to the Institutional Equity Division of JM Financial Institutional Securities Limited have been given by corresponding debit to the surplus in Statement of Profit and Loss.

2.39 The Board of Directors of the Company has recommended a final dividend of ₹ 1.10 per equity share of the face value of ₹ 1/- each for the year ended March 31, 2018 (Previous Year ₹ 0.85 per equity share). The said dividend will be paid, if approved by the shareholders at the Thirty Third Annual General Meeting.

2.40 Derivative Instruments:

The Group uses derivative instruments (Forward Contracts) to hedge its risks associated with foreign currency fluctuations. The use of derivative instruments is governed by the strategy which provide principles on the use of such derivative instruments consistent with the Risk Management Policy. The Group does not use derivative instruments for speculative purposes.

Outstanding Short Term Derivative Contracts entered into on account of receivables

Particulars	As at March 31, 2018 (₹ in crore)	As at March 31, 2018 (Amount in Foreign Currency)	As at March 31, 2017 (₹ in crore)	As at March 31, 2017 (Amount in Foreign Currency)
Receivable	1.99	GBP 2,15,317	-	-
	-	-	19.75	USD 30,46,634

Foreign currency exposures not hedged by a derivative instrument or otherwise are given below.

Particulars	As at March 31, 2018 (₹ in crore)	As at March 31, 2018 (Amount in Foreign Currency)	As at March 31, 2017 (₹ in crore)	As at March 31, 2017 (Amount in Foreign Currency)
Receivable	0.50	USD 77,099	4.08	USD 6,29,549
Payable	1.35	USD 2,07,447	1.03	USD 1,57,602
	0.01	SGD 1,848	0.03	SGD 5,499
	-	-	0.27	GBP 33,553

2.41 Figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

Annexure 'I' to note 2.34
Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment revenue		
A Investment banking and securities business	828.42	638.75
B Fund based activities	2,257.18	1,625.02
C Alternative asset management	25.70	4.40
D Asset management	112.31	89.29
E Others	253.98	213.01
Total segment revenue	**3,477.59**	**2,570.47**
Less: Inter - segmental revenue	(242.70)	(211.21)
Total revenue	**3,234.89**	**2,359.26**
Segment results		
A Investment banking and securities business	204.36	143.69
B Fund based activities	997.21	778.75
C Alternative asset management	7.73	(8.56)
D Asset management	79.42	57.43
E Others	19.80	0.42
Profit before tax	**1,308.52**	**971.73**
Less: Tax expense	(438.36)	(334.84)
Profit for the year	**870.16**	**636.89**

	As at March 31, 2018	As at March 31, 2017
Segment assets		
A Investment banking and securities business	3,198.58	2,409.91
B Fund based activities	17,095.38	13,136.66
C Alternative asset management	101.88	89.72
D Asset management	207.53	241.12
E Unallocated	883.57	575.31
Total segment assets	**21,486.94**	**16,452.72**
Segment liabilities		
A Investment banking and securities business	2,469.64	1,771.07
B Fund based activities	12,892.09	9,895.90
C Alternative asset management	10.43	9.04
D Asset management	14.51	12.61
E Unallocated	380.73	427.88
Total segment liabilities	**15,767.40**	**12,116.50**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Capital expenditure incurred during the year		
A Investment banking and securities business	10.92	7.22
B Fund based activities	6.35	5.10
C Alternative asset management	#	0.18
D Asset management	0.33	1.40
E Unallocated	4.01	50.06
Total capital expenditure	**21.61**	**63.96**

 # denotes amount below ₹ 50,000/-

Notes (Contd.)

to the Consolidated Financial Statements

Annexure 'I' to note 2.34 (Contd.)
Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation/amortisation for the year		
A Investment banking and securities business	8.15	7.49
B Fund based activities	3.89	2.93
C Alternative asset management	0.08	0.06
D Asset management	1.78	1.71
E Unallocated	12.27	11.13
Total depreciation/amortisation	**26.17**	**23.32**
Significant Non-Cash Expenses other than depreciation / amortisation		
A Investment banking and securities business	34.27	29.30
B Fund based activities	84.86	21.73
C Alternative asset management	0.98	0.61
D Asset management	1.42	0.64
E Unallocated	1.21	0.30
Total Non-Cash Expenses	**122.74**	**52.58**

Annexure 'II' to note 2.35
Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

I. List of related parties

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Limited (ARC) (Upto September 30, 2016)
JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel

Mr. Vishal Kampani (VNK)

C Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Mr. Nimesh Kampani (NNK)
Relatives:
Ms. Aruna N Kampani (ARNK)
Mr. Vishal Kampani (VNK)
Ms. Amishi Kampani (AMNK)

D Relatives of key management personnel

Mr. Nimesh Kampani (NNK)
Ms. Aruna N Kampani (ARNK)
Ms. Amishi Kampani (AMNK)

E Enterprise over which relative(s) of key management personnel are able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J.M. Assets Management Private Limited (J.M. Assets)
JM Financial Trustee Company Private Limited (Trustee)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
Capital Market Publishers India Private Limited (CMPL)

Annexure 'II' to note 2.35 (Contd.)
Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person/ Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
ICD placed with										
ARC	-	194.71	-	-	-	-	-	-	-	194.71
ICD repaid by										
ARC	-	242.46	-	-	-	-	-	-	-	242.46
ICD repaid to										
Trustee	15.00	-	-	-	-	-	-	-	15.00	-
Employee related liability transferred to										
JMFICS	-	-	-	-	-	-	-	0.39	-	0.39
Interest income on ICD from										
ARC	-	10.73	-	-	-	-	-	-	-	10.73
Interest paid on ICD from										
Trustee	0.91	1.54	-	-	-	-	-	-	0.91	1.54
Secondary brokerage received from										
JMFICS	-	-	-	-	-	-	0.04	0.05	0.04	0.05
JM Assets	-	-	-	-	-	-	#	0.01	#	0.01
Trustee	0.04	-	-	-	-	-	-	-	0.04	-
Others	-	-	#	-	#	#	#	-	#	#
Recovery of expenses from										
ARC	-	0.34	-	-	-	-	-	-	-	0.34
JMFICS	-	-	-	-	-	-	#	-	#	-
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.09	0.07	0.09	0.07
CMPL	-	-	-	-	-	-	0.03	0.03	0.03	0.03
Remuneration paid to										
NNK	-	-	-	-	-	3.10	-	-	-	3.10
VNK	-	-	14.43	12.52	-	-	-	-	14.43	12.52
AMNK	-	-	-	-	0.63	0.32	-	-	0.63	0.32
Board Meeting Fees										
NNK	-	-	-	-	0.14	0.05	-	-	0.14	0.05
VNK	-	-	-	0.03	-	-	-	-	-	0.03

Notes (Contd.)

to the Consolidated Financial Statements

Annexure 'II' to note 2.35 (Contd.)

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

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person/ Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Directors Commission										
NNK	-	-	-	-	0.23	-	-	-	0.23	-
Dividend paid to										
JMFICS	-	-	-	-	-	-	40.62	30.51	40.62	30.51
J.M. Assets	-	-	-	-	-	-	17.77	15.37	17.77	15.37
JSB	-	-	-	-	-	-	1.01	0.98	1.01	0.98
PICPL	-	-	-	-	-	-	0.26	0.25	0.26	0.25
KCL	-	-	-	-	-	-	0.11	0.10	0.11	0.10
SNK	-	-	-	-	-	-	1.81	1.75	1.81	1.75
NNK	-	-	-	-	22.86	20.30	-	-	22.86	20.30
ARNK	-	-	-	-	6.14	5.77	-	-	6.14	5.77
VNK	-	-	1.61	1.52	-	-	-	-	1.61	1.52
AMNK	-	-	-	-	1.24	1.20	-	-	1.24	1.20
Rent income from										
ARC	-	1.02	-	-	-	-	-	-	-	1.02
Rent paid to										
JMFICS	-	-	-	-	-	-	1.38	1.36	1.38	1.36
KCL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
JSB	-	-	-	-	-	-	1.20	1.10	1.20	1.10
Subscription charges paid to										
CMPL	-	-	-	-	-	-	0.01	0.01	0.01	0.01
Support service fees received from										
ARC	-	0.90	-	-	-	-	-	-	-	0.90
Support service fees paid to										
JMFICS	-	-	-	-	-	-	2.50	0.74	2.50	0.74
Demat charges received from										
JMFICS	-	-	-	-	-	-	#	-	#	-
Others	-	-	#	-	#	-	#	-	#	-
Security deposit paid to										
JSB	-	-	-	-	-	-	-	1.20	-	1.20
JMFICS	-	-	-	-	-	-	0.22	-	0.22	-

Annexure 'II' to note 2.35 (Contd.)
Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person/ Relatives of Key Management Personnel		Enterprise over which relative(s) of key management personnel are able to exercise significant influence		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Security deposit received from										
NNK	-	-	-	-	-	0.60	-	-	-	0.60
Security deposit refund to										
NNK	-	-	-	-	0.60	-	-	-	0.60	-
JSB	-	-	-	-	-	-	-	0.60	-	0.60
Security deposit refund received from										
JMFICS	-	-	-	-	-	-	0.21	-	0.21	-
Balance outstanding at the year end										
Security deposit (paid)										
JSB	-	-	-	-	-	-	0.60	0.60	0.60	0.60
JMFICS	-	-	-	-	-	-	0.76	0.74	0.76	0.74
Security deposits (received)										
NNK	-	-	-	-	-	0.60	-	-	-	0.60
Investment in										
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
Receivables from										
JMFICS	-	-	-	-	-	-	#	-	#	-
Payables to										
NNK	-	-	-	-	0.23	1.75	-	-	0.23	1.75
VNK	-	-	11.50	10.00	-	-	-	-	11.50	10.00
AMNK	-	-	-	-	0.66	0.62	-	-	0.66	0.62
Trustee	-	15.00	-	-	-	-	-	-	-	15.00

 # Denotes amount below ₹ 50,000/-

Notes:

1. There are no provisions for doubtful debts or amount written off or written back during the year/period in respect of debts due from/due to related parties.
2. The remuneration excludes provision for gratuity as the incremental liability has been accounted for the Group as a whole.

Annexure 'III' to note 2.36
Statement of Consolidated Cash Flow

for the year ended March 31, 2018

(₹ in Crore)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A	**Cash flow from operating activities**		
	Profit before tax	**1,308.52**	**971.73**
	Adjustment for:		
	Depreciation and amortisation expense	26.17	23.32
	Amortisation of deferred employee compensation (ESOP)	11.15	7.11
	Provision for gratuity	7.52	3.67
	Provision for compensated absences	3.02	1.52
	Provision for doubtful debts / advances and assets written off	70.47	12.52
	Provision for standard assets	14.48	7.71
	Provision for diminution in value of investments (net)	16.10	20.05
	Loss on sale of fixed assets	0.09	0.29
	Profit on sale of investments	(107.81)	(55.71)
	Dividend income	(5.22)	(5.75)
	Interest income	(95.46)	(84.07)
	Finance costs	1,144.60	781.96
	Operating profit before working capital changes	**2,393.63**	**1,684.35**
	Adjustment for:		
	Decrease/(Increase) in trade receivables	396.87	(793.87)
	(Increase) in short-term loans and advances	(1,780.43)	(1,872.04)
	(Increase) in long-term loans and advances	(2,067.32)	(1,932.58)
	Decrease in securities held as stock in trade	9.86	247.04
	(Increase) in assets held for arbitrage activities	(77.28)	(61.33)
	(Increase)/decrease in other current assets	(11.85)	61.28
	(Decrease)/Increase in trade payables	(466.65)	448.33
	Increase in other current liabilities	56.94	1.82
	(Decrease) in provisions	(2.67)	(10.45)
	Decrease in other long term liabilities	7.82	1.90
	Cash (used in) operations	**(1,541.08)**	**(2,225.55)**
	Direct taxes paid (net)	(462.87)	(320.05)
	Net cash (used in) operating activities	**(2,003.95)**	**(2,545.60)**
B	**Cash flow from investing activities**		
	Purchase of investments	(1,004.42)	(498.49)
	Proceeds from sale of investments	156.96	157.82
	Capital expenditure on fixed assets (including capital advances)	(21.61)	(63.96)
	Proceeds from sale of fixed assets	0.54	0.05
	(Increase) in other bank balances	(397.76)	(51.54)
	Interest received	95.46	84.07
	Dividend received	5.22	5.75
	Net cash (used in) investing activities	**(1,165.61)**	**(366.30)**

(₹ in Crore)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) on exercise of options	4.60	11.07
	Proceeds from Issue of shares (QIP) – Net of share issue expenses	641.68	-
	Proceeds from Issue of shares to minority shareholders	79.39	-
	Payment on Buyback of shares to minority	(55.67)	-
	Proceeds from borrowings (net)	3,872.79	3,252.08
	Finance costs paid	(979.06)	(694.55)
	Dividend paid (including dividend distribution tax)	(164.46)	(144.47)
	Net cash generated from financing activities	**3,399.27**	**2,424.13**
	Net increase/(decrease) in Cash and cash equivalents	**229.71**	**(487.77)**
	Cash and cash equivalents at the beginning of the year	395.65	843.18
	Add: Cash and cash equivalents of ARC as on September 30, 2016 [Refer Note ii]	-	40.24
	Cash and cash equivalents at the end of the year	625.36	395.65
Notes:			
i.	Cash and bank balances as per note 2.19	1,496.53	869.06
	Less: Other bank balances – in deposit accounts	871.17	473.41
	Cash and cash equivalents as shown in Cash Flow Statement	**625.36**	**395.65**
ii.	Additions due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited (ARC) w.e.f. September 30, 2016		

In terms of our report attached
For and on behalf of
Deloitte Haskins & Sells LLP
Chartered Accountants
Registration No. 117366W/W-100018

Abhijit A Damle
Partner
Membership No. 102912

Place: Mumbai
Date: May 2, 2018

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman
DIN – 00009071

Vishal Kampani
Managing Director
DIN – 00009079

E A Kshirsagar
Director
DIN – 00121824

Prashant Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

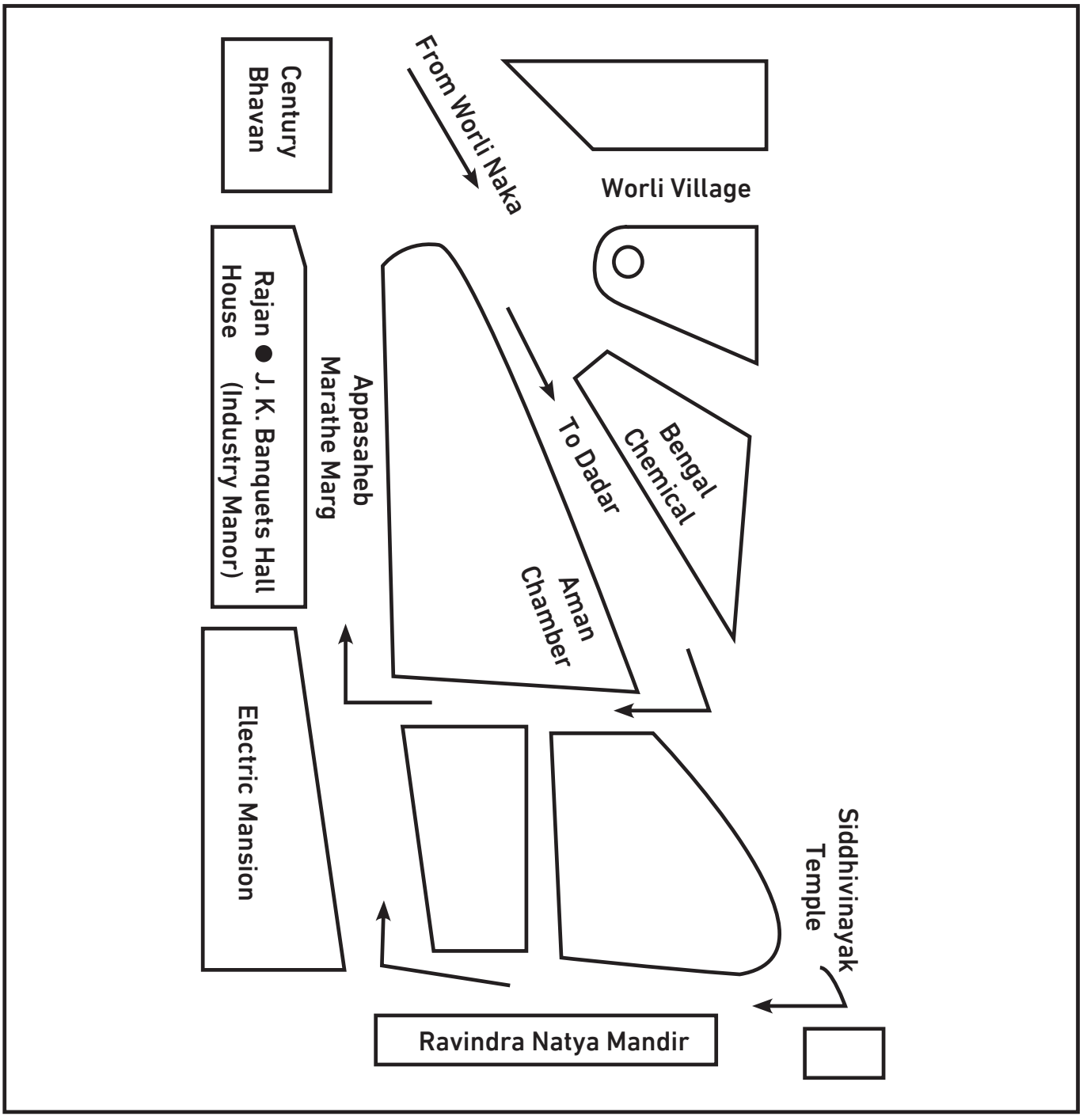
ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE

Venue: J.K. Banquets Hall, Industry Manor, 1/B - 1&2, Ground Floor, Appasaheb Marathe Marg, Near Century Bhavan, Prabhadevi, Mumbai – 400 025

Date: July 18, 2018

Day and Time: Wednesday, 3.00 p.m.

Land Mark: Near Century Bhavan



SNAPSHOTS OF THE YEAR



Mr. Vishal Kampani and Mr. Mark Mobius at the Asia Pacific Real Estate Association (APREA) meet



Mr. Nimesh Kampani participating in the Excellence Enablers Corporate Governance Summit



Mr. Manish Sheth winning the Best CFO Award in the category, 'CA CFO Financial, Consulting and Other Service Sector', at the 11th ICAI Awards 2017



Mr. Amit Trivedi, Guest Speaker at the Spark Event, addressing Independent Financial Distributors (IFD's) at Mumbai



2017 August: The Great Place To Work

JM Financial Limited ranked 45 in India's Great Mid-Size Work Places

concept, content and design by AICL (hello@aicl.in)



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