JM FINANCIAL

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

In respect of Item No. 1

The Board of Directors (the Board) of the Company, at its meeting held on May 16, 2013, approved the offer, issue and allotment of up to 23,293,878 Warrants in aggregate, on a preferential basis, to the following investors subject to the approval of Members in general meeting by a Special Resolution and such other approvals, consents, permissions and sanctions including, without limitation, of the Foreign Investment Promotion Board and the Reserve Bank of India as may be and to the extent required for the purpose. The Warrant holders will have a right to apply for and get allotted Equity Shares of the face value of ₹ 1/- (Rupee One only) each within a period of 18 (eighteen) months from the date of allotment of the Warrants at ₹ 19.05 (Rupees Nineteen and Paise Five only) per Equity Share as determined in accordance with the applicable Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 amended as of date.

Sr. No.	Name of the Investors	No. of Warrants	Face Value of Equity Shares to be allotted upon exercise of right (₹)	Price at which the Equity Shares are to be issued upon exercise of right (₹)
1.	Mr. Vikram Shankar Pandit	11,646,939	1/- per equity share	19.05 per equity share
2.	Mr. Hariharan Ramamurthi Aiyar	5,823,470	1/- per equity share	19.05 per equity share
3.	Mrs. Aparna Murthy Aiyar	5,823,469	1/- per equity share	19.05 per equity share

The proposed allottees have confirmed that they have not sold any equity shares of the Company during the six months preceding the relevant date as described in the text of the Special Resolution.

Disclosures which are required to be given in terms of Regulation 73(1) of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on Preferential Issue:

1. **The object of the issue on preferential basis:**

   The funds raised by issue of Warrants and the resulting Equity Shares in terms of the foregoing are proposed to be used by the Company for general corporate purposes.

2. **Intention of the Promoters/Directors/Key Management personnel of the Company to subscribe to the issue:**

   The Promoters/Directors/Key Management personnel of the Company do not propose to subscribe to the issue of Warrants on a preferential basis.

3. **Equity Shareholding pattern before and after the issue:**

Sr. No.	Category	Before the Issue As on May 16, 2013		After the conversion of Warrants*	
		No. of Shares	% of Total Capital	No. of Shares	% of Total Capital
A	**Holding of Promoters & Persons having control over the Company**				
	Indian Promoters	519,210,702	68.94%	519,210,702	66.87%
B	**Non-Promoters' Holding**				
	FIIs	71,473,507	9.49%	71,473,507	9.20%
C	**Others**				
	a) Private Corporate Bodies	31,200,230	4.14%	31,200,230	4.02%
	b) Indian Public	121,205,479	16.09%	121,205,479	15.61%
	c) NRIs	1,866,287	0.25%	1,866,287	0.24%
	d) Mutual Funds	7,832,069	1.04%	7,832,069	1.01%
	e) Any Others	380,450	0.05%	380,450	0.05%
	Proposed Subscribers				
	1. Mr. Vikram Shankar Pandit	–	0.00%	11,646,939	1.50%
	2. Mr. Hariharan Ramamurthi Aiyar	–	0.00%	5,823,470	0.75%
	3. Mrs. Aparna Murthy Aiyar	–	0.00%	5,823,469	0.75%
	Total	**753,168,724**	**100.00%**	**776,462,602**	**100.00%**

* The post preferential issue shareholding is on the assumption that all the Warrants will get exercised for allotment of equivalent number of Equity Shares. The allotment of equity shares, if any, pursuant to exercise of stock options by the employees, has not been considered in capital after conversion of Warrants.