

turning over to new horizons

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A new page of performance,
a new episode of growth,
a new chapter of evolution,
a new story of success.

Looking Ahead

Yet another beginning. It's time to turn over to another new chapter.

A chapter of achievements, performance and possibilities. From a history studded with milestones that will map our journey towards a future full of promises. A legacy rich with experience that will lead up to a new era of growth. And across this new chapter, JM Financial will set new standards - turning challenges into opportunities, geographies into playgrounds, relationships into rewards and capabilities into growth.

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BOARD OF DIRECTORS

Mr. Nimesh N Kampani Chairman
Mr. M R Mondkar
Mr. Ashith N Kampani
Mr. E A Kshirsagar
Mr. Dilip Kothari
Dr. Pravin P Shah
Mr. Darius E Udadia

COMPANY SECRETARY

Mr. P K Choksi

MANAGER & CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

AUDITORS

M/s. Khimji Kunverji & Co.
Chartered Accountants
Suite No. 52, Bombay Mutual Building
Dr. D N Road, Fort
Mumbai - 400 001

BANKERS

HDFC Bank Limited
Tulsiani Chambers, Nariman Point
Mumbai - 400 021

REGISTRARS AND SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited
Satam Estate, 3rd Floor, Above Bank of Baroda
Chakala, Andheri (East)
Mumbai - 400 099

REGISTERED OFFICE

141, Maker Chambers III
Nariman Point
Mumbai - 400 021

CORPORATE OFFICE

522, Tulsiani Chambers
Nariman Point
Mumbai - 400 021

Notice

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 6, 2007 AT 3.30 PM AT KAMALNAYAN BAJAJ HALL, BAJAJ BHAVAN, GROUND FLOOR, NARIMAN POINT, MUMBAI - 400 021, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Nimesh N Kampani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ashith N Kampani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Khimji Kunverji & Co., as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in partial modification of the resolution passed by the Members at the Extraordinary General Meeting of the Company held on June 1, 2006 appointing Mr. Manish Sheth as the Manager of the Company pursuant to Sections 198, 269 and 387 of the Companies Act, 1956, ("the Act") read with Schedule XIII thereto, consent of the Company be and is hereby accorded to the Board of Directors ("the Board") of the Company or any Committee thereof to increase the ceiling of the remuneration payable to Mr. Manish Sheth from Rs. 60 lakh per annum to Rs. 1.20 crore per annum effective from September 1, 2007 for the unexpired period of his term of appointment subject however to an overall limit specified in Schedule XIII to the Act."

"RESOLVED FURTHER THAT save as aforesaid, all other terms and conditions of the appointment of Mr. Manish Sheth including the term relating to payment of remuneration in the event of loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. Manish Sheth as Manager of the Company, the remuneration and perquisites as approved by the Members at the Extraordinary General Meeting of the Company held on June 1, 2006 shall continue to remain in force in accordance with the terms thereof."

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

"RESOLVED THAT pursuant to Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Ashith N Kampani, a Director of the Company and a relative of Mr. Nimesh N Kampani, the Chairman of the Company, holding an office or place of profit under JM Financial Consultants Private Limited, a subsidiary of the Company, effective from June 15, 2007 on terms and conditions as contained in the Letter of Appointment dated June 5, 2007 issued to him by JM Financial Consultants Private Limited, and placed before the meeting."

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

"RESOLVED THAT in supersession of the Special Resolution passed by the Members at the Annual General Meeting held on September 7, 2006 and in accordance with the provisions of Section 81(1A) and such other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modification(s) or re-enactments thereof for the time being in force ("the Guidelines") and any other regulations/guidelines prescribed by any relevant authority from time to time to the extent applicable and subject to such other approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee constituted by the Board including the Remuneration/ Compensation Committee), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company, whether working in India or outside of India, and all Directors (other than Promoter Directors), of the Company (hereinafter referred to as "the Employees"), as may be decided solely at the discretion of the Board, under a scheme called the "Employees Stock Option Scheme" (hereinafter referred to as "the Scheme") such number of equity shares and/or other equity linked instruments, including options and/or any other instruments or securities of the Company (hereinafter referred to as "the Securities") which Securities, when issued and allotted would give rise to the issuance of equity shares of the face value of Rs. 10/- each not exceeding 1,500,000 (Fifteen Lakh) in number to the Employees, whether directly or through the Employee Welfare Trust to be set up for the purpose, in such manner, at such time or times and at such price or prices, in one or more tranches and on such terms and conditions as may be determined by the Board in accordance with the terms of the Scheme, the Guidelines or other applicable provisions of the law as may be prevailing at that time."

"RESOLVED FURTHER THAT the Securities as aforesaid may be issued and allotted directly to the Employees or through the Employee Welfare Trust to be set up for the purpose in accordance with the Scheme framed in that behalf and that such Scheme may also contain provisions for providing financial assistance to the Employees to enable them to acquire, purchase or subscribe to the Securities."

"RESOLVED FURTHER THAT the new equity shares that may be issued and allotted in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing the new equity shares allotted under the Scheme on the Stock Exchange(s) where the equity shares of the Company are listed as per the provisions of the Listing Agreement(s) with the concerned Stock Exchange(s) and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT for the purpose of creating, offering, issuing and allotting of the Securities and listing of the new equity shares and giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company, to make in conformity with the Guidelines any modifications, changes, variations, alterations or revisions in the Scheme from time to time as may be specified by any statutory authority or otherwise or to suspend, withdraw or revive the Scheme from time to time and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to recover from the Employees, the fringe benefit tax and/or any other tax to the extent applicable and legally recoverable from time to time, in respect of options which shall be granted to or vested or exercised by the Employees pursuant to Section 115WKA of the Income Tax Act, 1961 and other applicable provisions of the said Act."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors to give effect to this Resolution."

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

"RESOLVED THAT in supersession of the Special Resolution passed by the Members at the Annual General Meeting held on September 7, 2006 and in accordance with the provisions of Section 81(1A) and such other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and the Articles of Association of the Company, and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modification(s) or re-enactment thereof for the time being in force (the "Guidelines") and any other regulations/guidelines prescribed by any relevant authority from time to time to the extent applicable and subject to such other approvals, consents, permissions and sanctions as may be necessary

and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted by the Board including the Remuneration/Compensation Committee), the consent of the Company be and is hereby accorded to the Board to extend the benefits of the Scheme proposed in the resolution under item number 8 of this Notice to such person(s) who are in the permanent employment of its subsidiary company(ies), whether working in India or outside of India and all Directors (other than Promoter Directors), as may be decided by the Board of such subsidiary company(ies) and/or such other persons (herein after referred to as "the Employees"), as may from time to time be allowed under laws, rules, regulations and guidelines as may be applicable, on such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT the Securities, as defined under item number 8 of this Notice, may be issued and allotted directly to the Employees or through the Employee Welfare Trust to be set up for the purpose in accordance with the Scheme framed in that behalf and that such Scheme may also contain provisions for providing financial assistance to the Employees to enable them to acquire, purchase or subscribe to the Securities."

"RESOLVED FURTHER THAT the new equity shares that may be issued and allotted in the manner specified under item number 8 of this Notice shall rank pari passu in all respects with the then existing equity shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing the new equity shares allotted under the Scheme on the Stock Exchange(s) where the equity shares of the Company are listed as per the provisions of the Listing Agreement(s) with the concerned Stock Exchange(s) and other applicable guidelines, rules and regulations."

"RESOLVED FURTHER THAT for the purpose of creating, offering, issuing and allotting of the Securities and listing of the new equity shares and giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to make in conformity with the Guidelines, any modifications, changes, variations, alterations or revisions in the Scheme from time to time, or to suspend, withdraw or revive the Scheme from time to time, as may be specified by any statutory authority or otherwise and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to recover from the Employees, the fringe benefit tax and/or any other tax to the extent applicable and legally recoverable from time to time, in respect of options which shall be granted to or vested or exercised by the Employees pursuant to Section 115WKA of the Income Tax Act, 1961 and other applicable provisions of the said Act."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors to give effect to this Resolution."

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

"RESOLVED THAT in supersession of the Special Resolution passed by the Members at the Annual General Meeting held on September 7, 2006, the maximum number of options to be issued under the Scheme proposed in the resolution under item number 8 of this Notice and/or as provided in the resolution under item number 9 of this Notice, to any one Non-Executive Director (other than the Promoter Directors), as may be decided by the Board, shall not in any case exceed such number of options which would entitle such Director to subscribe to more than 1,500,000 (Fifteen lakh) equity shares of the face value of Rs. 10/- each of the Company in any financial year and the total number of options to be issued to all such Directors will not exceed such number of options which shall entitle them to subscribe to more than 1,500,000 (Fifteen lakh) equity shares of Rs. 10/- each of the Company in the aggregate."

By Order of the Board

P K Choksi
Company Secretary

Date: July 30, 2007

Registered Office:
141, Maker Chambers III
Nariman Point
Mumbai - 400 021

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business at item numbers 6 to 10 of the Notice set out above are annexed hereto.
- c. The Register of Members of the Company will remain closed from Thursday, August 30, 2007 to Thursday, September 6, 2007 (both the days inclusive).
- d. Members while corresponding with the Company or its Registrars & Share Transfer Agents viz., Sharepro Services (India) Private Limited, are requested to quote their respective Register Folio Numbers or Client IDs of their beneficiary accounts, as the case may be.
- e. *As you may be aware, the Company has made necessary arrangements for the Members to hold their shares in electronic mode. Those Members who are holding shares in physical form are requested to dematerialise the same by approaching any of the Depository Participants (DPs) registered with SEBI.*

f. Payment of dividend through Electronic Clearing Services(ECS):

All companies are mandatorily required to use ECS facility wherever available for distributing dividends, wherein the dividend amount would be directly credited to Members' respective bank accounts.

The Members, holding shares in dematerialised form are advised to intimate the bank details/change in bank details to their respective DPs. Those Members who are holding their shares in physical form are advised to send bank details/changes therein to the Registrars & Share Transfer Agents or to the Company. In case of absence of ECS facility, the Company will send the Dividend Warrants/Demand Drafts/Pay Orders to the registered address of the Members.

To print the bank account details on the Dividend Warrants/Demand Drafts/Pay Orders, Members are required to update their bank account details with the DPs, Registrars and Share Transfer Agents and/or the Company.

MANDATE FORM - ELECTRONIC CLEARING SERVICE (ECS)

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

To

..... (Name of the DP/RTA/Company)

..... (Address of the DP/RTA/Company)

Please register the following details for receipt of Dividend:

Type of Instruction	Remittance of amount through ECS
Name
DP ID
Client ID
Bank Details	Bank Name:
	Bank Address:
	Account Type and No.: SB/CA/CC No.:
	9 Digit MICR Code:

Date:

Signature of the Member(s)

ANNEXURE TO NOTICE**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item number 6**

The Members of the Company, at its Extraordinary General Meeting held on June 1, 2006, had passed a Special Resolution approving the appointment of Mr. Manish Sheth as the Manager of the Company under the Companies Act, 1956 ("the Act") for a period of five (5) years commencing from April 21, 2006 at such remuneration and on such other terms and conditions as was approved by the Members.

The remuneration of Mr. Sheth comprises salary, allowances, discretionary performance bonus and other perquisites, the aggregate monetary value of which was limited to Rs. 60 lakh (Rupees Sixty lakh) per annum as per the Special Resolution passed as above. Considering the increase in the work and responsibilities as also the level of remuneration paid to the persons occupying similar position in the financial services sector, it is proposed to increase the ceiling of remuneration of Mr. Sheth from Rs. 60 lakh (Rupees Sixty lakh) per annum set earlier to Rs. 1.20 crore (Rupees One crore Twenty lakh) per annum with effect from September 1, 2007. The decision as regards the quantum of salary, allowances, perquisites and discretionary performance bonus would be taken by the Remuneration/Compensation Committee within the proposed overall limit of Rs. 1.20 crore (Rupees One crore Twenty lakh) as above.

The Board of Directors recommend passing of the Special Resolution proposed at item number 6 of the Notice.

This may be treated as an abstract of variation of the terms and conditions pertaining to the appointment of Mr. Manish Sheth as the Manager of the Company pursuant to Section 302 of the Act.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item number 7

Section 314(1) of the Companies Act, 1956, ("the Act") inter alia, provides that except with the consent of the Company accorded by a Special Resolution, no Director of a company shall hold any office or place of profit either under a company or under any subsidiary of the company carrying a total monthly remuneration in excess of the limit set out in the aforesaid Section.

Mr. Ashith N Kampani, who is a Director of the Company and a relative of Mr. Nimesh N Kampani, Chairman of the Company holds an office or place of profit (subject to the approval of the Central Government) in JM Financial Consultants Private Limited, a subsidiary of the Company with effect from June 15, 2007. The remuneration payable to Mr. Ashith N Kampani would exceed the limit set out in Section 314(1) of the Companies Act, 1956. The Members may note that JM Financial Consultants Private Limited, the Company's subsidiary, has taken the approval of its Members under Section 314 (1B) of the Companies Act, 1956 for Mr. Ashith N Kampani to hold and continue to hold office or place of profit under the said subsidiary and would also be obtaining the approval of the Central Government for the same.

The Board of Directors recommend passing of the Special Resolution proposed at item number 7 of the Notice.

Mr. Nimesh N Kampani and Mr. Ashith N Kampani may be deemed to be concerned or interested in the special resolution proposed at item number 7 of the Notice.

Item numbers 8 & 9

At the 21st Annual General Meeting of the Company held on September 7, 2006, the Members had accorded their consent under Section 81(1A) of the Companies Act, 1956 to the Board of Directors and/or Remuneration/Compensation Committee to introduce an 'Employee Stock Option Scheme' ("the Scheme"), representing a reward system based on the performance of the employees for the benefit of permanent employees of the Company, its Directors (other than Promoter Directors), employees/directors (other than Promoter Directors) of its subsidiary company(ies) and such other persons (hereinafter referred to as "the Employees") as may be permitted from time to time, under prevailing laws, rules and regulations and/or amendments thereto. At the said General Meeting, Members approved the issue of such number of equity shares and/or other equity linked instruments, including options and/or any other instruments or securities of the Company (hereinafter referred to as "the Securities") which Securities, when issued and allotted would give rise to the issuance of equity shares of the face value of Rs. 10/- each not exceeding 300,000 (Three Lakh) equity shares in number.

Considering the increase in the strength of the permanent employees of the Company and its subsidiary(ies), it is now proposed to increase the aggregate number of equity shares to be issued under the Scheme from 300,000 (Three Lakh) to 1,500,000 (Fifteen Lakh) equity shares of the Company.

It is also proposed that the aforesaid Securities may be allotted either directly to the Employees and/or through Employee Welfare Trust to be set up for the purpose in accordance with the Scheme framed in that behalf and that such Scheme may also contain provisions for providing financial assistance to the Employees to enable them to acquire, purchase or subscribe to the Securities.

It is further proposed that the members of the Remuneration/Compensation Committee will formulate the Scheme, the broad terms and conditions of which may, inter alia, include:

- Number of options to be granted to an employee/director (other than Promoter Directors) and in the aggregate to the Employees;
- Terms on which the options will vest;
- The conditions under which options vested in the Employees may lapse;
- The exercise period within which the Employees should exercise the option and lapsing of option on failure to exercise the option within the exercise period;
- The specified time period within which the Employees shall exercise the vested options in the event of termination or resignation of any of the Employees;
- The right of an Employee to exercise all the options vested in them at one time or at various points of time within the exercise period;
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, split of shares, merger and other corporate actions;
- The grant, vesting and exercise of option in case of Employees who are on long leave;
- Any other related or incidental matters.

The salient features of the Scheme are as under:

(A) The total number of options to be granted

The total number of options that may, in the aggregate, be granted shall not exceed, such number of options, which when issued and allotted would give rise to the issuance of 1,500,000 (Fifteen lakh) equity shares of the face value of Rs. 10/- each of the Company.