



Value driven **GROWTH**

JM Financial Limited Annual Report 2012-13



VALUE-DRIVEN GROWTH

EVER STOOD ON THE BANK OF
A RIVER ON A WINDY DAY AND
WATCHED BOATS PLY? WONDERED
HOW A BOAT RACES AHEAD EVEN
AMID STRONG HEADWINDS?

It's the boatman, at the helm, who steers it skilfully through rough weather. The wind on the sail propels it forward, while the others in control keep an eye on the horizon.

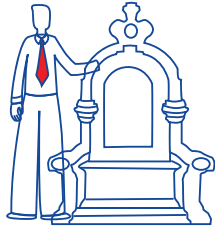
At JM Financial, we drive the organisation in the right direction amid challenging times. Our vision and values, which are the wind in our sail, help us move forward. We continue to create value by providing integrated financial

services to a wide range of customers, nationally and internationally. Our people drive growth by virtue of their industry experience and expertise, working in a team with passion and dedication.

Despite choppy waters, we performed commendably in the financial year 2012-13, creating an ecosystem of value-driven growth for clients, investors, employees and other stakeholders.

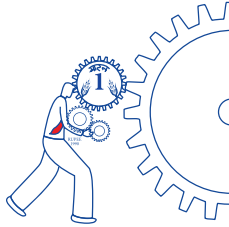
VALUES PROPEL OUR VOYAGE

Client focus



We always put the interest of our clients before our own. Understanding our client needs, seeking new opportunities for them, addressing them and delivering unique solutions as per their expectations is imperative to us. The success of our clients is the biggest reward for us.

Implementation



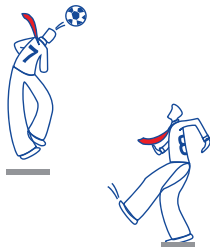
Our expertise, experience and continuous focus on the quality of execution ensure effective implementation of our strategies.

Innovation



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

Teamwork



We believe extensive teamwork is what makes it possible for us to work together towards a common goal. We value and respect each individual's commitment to group effort.

Integrity



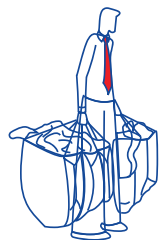
Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals, colleagues and corporate citizens. Our reputation based on our high standards of integrity is invaluable.

Partnership



Our relationship with all our stakeholders reflects 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.

Performance



We believe in the development of our human resource and continuously hone our skills by setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent in the industry and also ensure they get their well-deserved rewards.

CONTENTS

Corporate Information	03
Consolidated Performance Review	04
Consolidated Tax Information	05
Board of Directors	06
Firm Management	10
Our Evolution	11
Navigators at the helm	12
Corporate Functions	16
A Great Place to Work	17
Notice	19
Directors' Report	26
Management Discussion and Analysis	33
Report on Corporate Governance	47
General Shareholders' Information	56

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report	63
Balance Sheet	66
Statement of Profit and Loss	67
Notes to Financial Statements	68

Financial Information of Subsidiary Companies	94
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CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report	95
Balance Sheet	96
Statement of Profit and Loss	97
Notes to Financial Statements	98

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nimesh Kampani - Chairman & Managing Director

Mr. E A Kshirsagar

Mr. Darius E Udwadia

Mr. Paul Zuckerman

Dr. Vijay Kelkar

Mr. Keki Dadiseth (*w.e.f. October 30, 2012*)

Mr. Ashith Kampani (*up to June 30, 2012*)

Dr. Pravin P Shah (*up to December 3, 2012*)

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

REGISTERED OFFICE

141, Maker Chambers III

Nariman Point

Mumbai - 400 021

Tel.: 91-22-6630 3030

Fax: 91-22-2202 8224

Email: shareholdergrievance@jmfl.com

Website: www.jmfl.com

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited

13 AB, Samhita Warehousing Complex,

2nd Floor, Sakinaka Telephone Exchange Lane,

Off Andheri-Kurla Road, Sakinaka,

Andheri (E), Mumbai - 400 072

Tel: 91-22-6772 0300/400

Fax: 91-22-2859 1568 / 2850 8927

Email: sharepro@shareproservices.com

Website: www.shareproservices.com

CONSOLIDATED PERFORMANCE REVIEW

CONSOLIDATED GROSS INCOME [₹ in Crore]

12-13	1,042.23
11-12	873.97
10-11	895.92
09-10	628.79
08-09	464.92
07-08	742.29

CONSOLIDATED PROFIT / (LOSS) [₹ in Crore]

12-13	182.92
11-12	121.17
10-11	174.56
09-10	151.66
08-09	(105.21) ²
07-08	150.12 ¹

CONSOLIDATED NETWORTH [₹ in Crore]

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
07-08	1,762.62

CONSOLIDATED BOOK VALUE PER SHARE [₹]

12-13	26.29
11-12	24.87
10-11	24.20
09-10	22.70
08-09	21.24
07-08	23.52 ³

CONSOLIDATED EARNINGS PER SHARE [₹]

12-13	2.44
11-12	1.62
10-11	2.33
09-10	2.02
08-09	(1.40) ²
07-08	2.00 ³

DIVIDEND PER SHARE [₹]

12-13	0.90
11-12	0.60
10-11	0.60
09-10	0.25 ⁵
08-09	0.20
07-08	0.20 ^{3&4}

- ¹ The profit after tax for the year 2007 – 08 excludes ₹ 1,156.95 Crore being exceptional income earned upon termination of Joint venture with Morgan Stanley.
- ² As a matter of abundant caution, the Company and its subsidiaries had made a provision for diminution in value of long term investments aggregating ₹ 136.72 Crore resulting in a loss during the year.
- ³ Adjusted for split and bonus issue.
- ⁴ Excludes Special dividend of ₹ 0.80 per share.
- ⁵ Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

CONSOLIDATED TAX INFORMATION

CORPORATE TAX¹ [₹ in Crore]

12-13	74.93
11-12	59.55
10-11	52.78
09-10	47.37
08-09	29.50
07-08	455.53

DIVIDEND DISTRIBUTION TAX² [₹ in Crore]

12-13	16.87
11-12	7.97
10-11	7.89
09-10	6.68
08-09	2.83
07-08	12.75

SERVICE TAX³ [₹ in Crore]

12-13	37.48
11-12	40.56
10-11	42.54
09-10	39.41
08-09	44.81
07-08	68.42

PAYROLL TAX⁴ [₹ in Crore]

12-13	31.96
11-12	46.64
10-11	55.62
09-10	16.16
08-09	55.26
07-08	79.51

NON PAYROLL TAX⁵ [₹ in Crore]

12-13	14.23
11-12	16.30
10-11	19.21
09-10	22.39
08-09	17.20
07-08	22.56

SECURITIES TRANSACTION TAX⁶ [₹ in Crore]

12-13	76.08
11-12	97.06
10-11	101.18
09-10	77.78
08-09	39.23
07-08	70.54

¹ Comprises provision for taxes, including deferred tax.

² Comprises tax on corporate dividend distributed.

³ Comprises gross service tax liability.

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

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

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

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

TOTAL TAX BORNE AND PAID [₹ in Crore] (Corporate Tax & Dividend Distribution Tax)

12-13	92
11-12	68
10-11	61
09-10	54
08-09	32
07-08	468

Total Tax Borne - ₹ 775 Crore

TOTAL TAX DEDUCTED/COLLECTED AND PAID [₹ in Crore] (Service Tax, Payroll Tax, Non Payroll Tax & Securities Transaction Tax)

12-13	160
11-12	201
10-11	218
09-10	156
08-09	156
07-08	241

Total Tax Paid - ₹ 1,132 Crore

**Total Tax Borne & Paid
and Total Tax Deducted/
Collected & Paid for Last
6 Years - ₹ 1,907 Crore**

BOARD OF DIRECTORS



Mr. Nimesh Kampani
Chairman & Managing Director

Mr. Nimesh Kampani is the Founder and Chairman of the JM Financial group. He is a commerce graduate from Sydenham College, Mumbai and a qualified Chartered Accountant. In his career spanning nearly four decades, Mr. Kampani has made pioneering contributions to the development of Indian capital markets and has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions.

Mr. Kampani is currently:

- ▶ Member of the National Council of Confederation of Indian Industry (CII)
- ▶ Member of the CII National Council on Corporate Governance & Regulatory Affairs
- ▶ Member of the CII Task Force on Integrity and Transparency in Governance
- ▶ Member of the National Executive Committee of Federation of Indian Chambers of Commerce and Industry [FICCI]
- ▶ Member of the Selection Committee for Identification of Chair Professors in National Institute of Securities Markets, established by Securities and Exchange Board of India (SEBI)
- ▶ Member of the Governing Council of the Indian Institute of Capital Markets
- ▶ Member of the Governing Board of the Centre for Policy Research
- ▶ Member on the India Advisory Board of Bain & Company, Inc.
- ▶ Member on the Advisory Board of VentureStudio, promoted by Ahmedabad University

Mr. Kampani has served as a member of the Primary Market Advisory Committee and the Corporate Bond & Securitisation Advisory Committee of SEBI. He was also a member of the High Powered Expert Committee, constituted by the Ministry of Finance, on making Mumbai an International Finance Centre. Mr. Kampani was a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment, constituted by the Reserve Bank of India. He has also served as a member on several important committees constituted by the National Stock Exchange of India Limited, BSE Limited, Federation of Indian Chambers of Commerce and Industry (FICCI), CII and Institute of Chartered Accountants of India. He was the Chairman of the CII's National Committee on Capital Markets. He was also a member on the Bloomberg Asia Pacific Advisory Board and the Advisory Board of Rieter India Pvt. Ltd.

Mr. Kampani also serves as an independent director on the Board of some other leading Indian public companies.



Mr. E A Kshirsagar

Non Executive & Independent Director

Mr. E A Kshirsagar is a Fellow of the Institute of Chartered Accountants in England & Wales. Mr. Kshirsagar has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, Mergers & Acquisitions. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as the Senior Partner. Mr. Kshirsagar serves on the Board of other leading Indian public companies.



Mr. Darius E Udwadia

Non Executive & Independent Director

Mr. Darius E Udwadia is a Solicitor and Advocate of the Bombay High Court. He is also a Solicitor of the Supreme Court of England. Mr. Udwadia is the founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates since July, 1997. Consequent upon the reconstitution of the firm, its name was changed to Udwadia Udeshi & Argus Partners effective 1st April 2012. Prior to this, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates for over 20 years. He and his firm are legal advisors to many Indian companies, multinational companies and foreign banks having presence in India.

Mr. Udwadia has during his 48 years of active law practice acquired vast knowledge, experience and expertise in areas of corporate law, mergers and acquisitions, takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.

Mr. Udwadia also serves on the Board of other reputed Indian public Companies.

BOARD OF DIRECTORS



Dr. Vijay Kelkar

Non Executive & Independent Director

Dr. Vijay Kelkar is currently the Chairman of India Development Foundation, New Delhi. He was the Chairman of the board of the Forum of Federations, Ottawa, Canada, from January 2010 to March 2013. He was conferred the Padma Vibhushan by the President of India, the second highest Civilian Award, in January 2011, for his distinguished and exceptional service to the Nation.

Dr. Kelkar has held many senior level positions in the Government of India, including as the Chairman of the Finance Commission in the rank of Union Cabinet Minister until January 2010. Prior to this, he was also the Advisor to Minister of Finance, Government of India in the rank of a Minister of State, from August 2002 to September 2004; Finance Secretary to the Government of India, 1998-99; Chairman, Tariff Commission, Government of India, 1997-98; and Secretary, Ministry of Petroleum & Natural Gas, Government of India, 1994-1997.

Dr. Kelkar chaired the Task Force for implementation of the Fiscal Responsibility and Budget Management Act and Task Force on Direct Taxes as well as Task Force on Indirect Taxes. He recently chaired the Committee appointed by the Finance Minister to outline a roadmap for fiscal consolidation.

Internationally, Dr. Kelkar was the Executive Director at the International Monetary Fund for India, Sri Lanka, Bangladesh and Bhutan from 1999-2002. He was also the Director & Coordinator, International Trade Division of the United Nations Conference on Trade and Development, Geneva, Switzerland, from 1991-1994.

Dr. Kelkar has been member of Board of Directors, Advisory Council and Board of Governors of various global companies and organisations, including Tata Consultancy Services, CITI Group, Hero Honda Motors, Indian Council for Research on International Economic Relations, Administrative Staff College of India, Hyderabad, India National Innovation Foundation, Ahmedabad, Indian Society of Energy and Environment Economics, New Delhi, and Indian Institute of Technology, New Delhi, among many others.

He serves as a director on the Board of several other leading Indian public companies.