
SUPPLEMENTAL MEMORANDUM

TRANCHE - B



JM FINANCIAL PRODUCTS LIMITED

(Originally incorporated on July 10, 1984, in the name of J.M. Lease Consultants Pvt. Ltd. Name of the Company was changed to JM Financial Products Private Limited w.e.f. June 10, 2005. The Company was converted to a Public Limited Company w.e.f. June 28, 2010 and consequently the name of the Company was changed to JM Financial Products Limited)

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

Tel : (022) 6630 3030 Fax : (022) 2202 8224

Contact Person: Mr. Ankur Shah

Email: ankur.s@jmfl.com

Private Placement of upto 1,000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (“Debentures” or “NCDs”) of the face value of Rs. 10,00,000/- (Rupees Ten Lakh) each for cash aggregating upto Rs. 100,00,00,000/- (Rupees One Hundred crore only) issued under the Shelf Information Memorandum dated February 9, 2012 as amended / supplemented from time to time

This Supplemental Memorandum is issued in terms of and pursuant to the Shelf Information Memorandum dated February 9, 2012 (“IM”). All the terms, conditions, information and stipulations contained in the IM and any other previous Supplemental Memorandums issued pursuant thereto are incorporated herein by reference as if the same were set out herein. Investors are advised to refer to the same. This Supplemental Memorandum must be read in conjunction with the IM and any other previous Supplemental Memorandums issued pursuant thereto.

All capitalised terms used but not defined herein shall have the meaning ascribed to them in the IM.

Under the terms of the IM, the Company is required to update the information / particulars contained in the IM (to the extent required) in the first Supplemental Memorandum issued after the expiry of 45 days from the commencement of any financial quarter. Accordingly set out below are the updated particulars / changes in the particulars set out in the IM issued on February 9, 2012, which additional / updated information / particulars shall be read in conjunction with other information / particulars appearing in the IM. All other particulars appearing in the IM remain unchanged.

This Supplemental Memorandum is dated September 20, 2012.

In Section II – Risk Factors

A. Internal Risk Factors:

2. Credit Risk, in the first paragraph - The gross loan portfolio of the Company was Rs. 2,222 crore as on June 30, 2012 and Rs. 2,095 crore as on March 31, 2012.

4. Non-Performing Assets (“NPA”), in the paragraph - The Company had nil and 0.01% net NPAs as on March 31, 2011 and March 31, 2012 respectively and its provisioning norms fully comply with the RBI guidelines / directives.

In Section III – Disclosure as per Schedule I of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

Names and addresses of the Directors of the Issuer:

Mr. Vaddarse Prabhakar Shetty has been appointed as the Executive Chairman of the Company with effect from June 1, 2012.

Mr. Darius E Udadia has joined the Company as a director with effect from May 14, 2012. Mr. Udadia is a non-executive and independent director and is a senior partner of Udadia Udeshi & Argus Partners, Elphinstone House, 1st Floor, 17, Murzban Road, Mumbai – 400 001.

Brief summary of the business / activities of the Issuer and its line of business:

The gross lending portfolio stood at Rs. 2,222 crore as on June 30, 2012 and Rs. 2,095 crore as on March 31, 2012 (Rs. 1,988 crore as on March 31, 2011).

Changes in the capital structure of the Company:

There have been no changes in the capital structure of the Company post the disclosure made in the Shelf Information Memorandum of the Company.

Details of Borrowings:

In the first paragraph - Total Loan funds (secured as well as unsecured) outstanding as on June 30, 2012 amounted to Rs. 2,953.18 crore and as on March 31, 2012 amounted to Rs 2,760.45 crore (Rs. 2,853.37 crore as on March 31, 2011).

In the table - the details of the Borrowings are as under:

(Rs. in crore)

	Particulars	As on June 30, 2012 (Unaudited)	As on March 31, 2012 (Audited)	As on March 31, 2011 (Audited)
	LONG TERM BORROWINGS			
A	Secured Loans			
1	Non-Convertible Debentures	50.00	270.50	-

2	Long term maturities of finance lease obligations	0.16	0.18	0.09
	Sub-Total (A)	50.16	270.68	0.09
B	Unsecured Loans			
1	Inter Corporate Deposit	25.00	-	-
	Sub-Total (B)	25.00	-	-
	SHORT TERM BORROWINGS			
C	Secured Loans			
1	Non-Convertible Debentures	220.50	-	-
2	Loans & Advances from Banks	172.72	141.47	294.28
3	CBLO Borrowing	90.00	-	96.50
	Sub-Total (C)	483.22	141.47	390.78
D	Unsecured Loans			
1	Commercial Papers	2,389.80	2,343.30	2,459.50
2	Inter Corporate Deposit	5.00	5.00	3.00
	Sub- Total (D)	2,394.80	2,348.30	2,462.50
	Grand Total (A+B+C+D)	2,953.18	2,760.45	2,853.37

In the Notes below the table -

The Company has issued:

- c) 80 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (“Debentures” or “NCDs”) of the face value of Rs. 10,00,000/- (Rupees Ten Lakh) each for cash aggregating to Rs. 8,00,00,000/- (Rupees Eight crore only), with a maturity of approximately 14 months, on a private placement basis on February 10, 2012 which are listed on the wholesale debt market segment of the BSE Limited.

A statement containing particulars of the dates of and parties to all material contracts, agreements involving financial obligations of the issuer:

The list of material contracts, agreements is updated as follows:

4. Certified true copy of the Resolution passed by the shareholders at the Annual General Meeting of the Company held on August 10, 2012 appointing M/s Deloitte Haskins & Sells as Auditors of the Company
6. Certified true copy of the Annual Reports for the financial year ended March 31, 2012 of the Company and its Subsidiaries
9. Certified true copy of the letter dated August 1, 2012 from CRISIL assigning the credit rating to the NCDs

The following are the additional documents which are or may be deemed to be material contracts, agreements, have been entered into / executed by the Company:

14. Certified true copy of the Resolution of the Board of Directors passed at its meeting held on May 14, 2012 approving the modification in the list of signatories authorised to sign documents in connection with issue of NCDs of the Company
15. Debenture Trust Deed dated March 27, 2012 executed between the Company and IDBI Trusteeship Services Limited in connection with the issue of secured, rated, redeemable non-convertible debentures aggregating to Rs. 12,50,00,000/- (Rupees Twelve Crore and Fifty Lakh)
16. Deed of Hypothecation and Debenture Trust Deed dated May 9, 2012, executed between the Company and IDBI Trusteeship Services Limited in connection with the issue of secured, rated, listed, redeemable non-convertible debentures aggregating to Rs. 8,00,00,000/- (Rupees Eight Crore)

Details of other borrowings including any other issue of debt securities in the past:

In the table, the details of the Borrowings of the Company are as under:

	Particulars	As on June 30, 2012 (Unaudited)	As on March 31, 2012 (Audited)	As on March 31, 2011 (Audited)
	LONG TERM BORROWINGS			
A	Secured Loans			
1	Non-Convertible Debentures	50.00	270.50	-
2	Long term maturities of finance lease obligations	0.16	0.18	0.09
	Sub-Total (A)	50.16	270.68	0.09
B	Unsecured Loans			
1	Inter Corporate Deposit	25.00	-	-
	Sub-Total (B)	25.00	-	-
	SHORT TERM BORROWINGS			
C	Secured Loans			
1	Non-Convertible Debentures	220.50	-	-
2	Loans & Advances from Banks	172.72	141.47	294.28
3	CBLO Borrowing	90.00	-	96.50
	Sub-Total (C)	483.22	141.47	390.78
D	Unsecured Loans			
1	Commercial Papers	2,389.80	2,343.30	2,459.50
2	Inter Corporate Deposit	5.00	5.00	3.00
	Sub- Total (D)	2,394.80	2,348.30	2,462.50
	Grand Total (A+B+C+D)	2,953.18	2,760.45	2,853.37

Details of the year-wise cumulative amount of non convertible debentures issued on private placement basis by the Company from April 1, 2006 till June 30, 2012 are as under:

Period	Amount (in Rs. Crore)
F.Y. 2006-07	5,855.00*
F.Y. 2007-08	15,688.00*
F.Y. 2008-09	2,096.00*

F.Y. 2009-10	9,928.00*
F.Y. 2010-11	3,664.00*
F.Y. 2011-12 (Refer Note)	270.50
F.Y. 2012-13 (upto June 30, 2012)	-

* None of the non convertible debentures are outstanding as on June 30, 2012.

In the Note below the table -

The Company has issued:

- c) 80 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (“Debentures” or “NCDs”) of the face value of Rs. 10,00,000/- (Rupees Ten Lakh) each for cash aggregating to Rs. 8,00,00,000/- (Rupees Eight crore only), with a maturity of approximately 14 months, on a private placement basis on February 10, 2012 which are listed on the wholesale debt market segment of the BSE Limited.

In Section III – A list of highest ten holders of each class or kind of securities of the issuer as on the date of application along with particulars as to number of shares or debt securities held by them and the address of each such holder:

List of highest ten equity shareholders of the Company as on September 14, 2012 is given below:

Sr. No.	Name of Shareholder	Address	No. of Shares held	% of Total no. of Shares
1.	JM Financial Limited	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	49,00,49,995	90%
2.	JM Financial Group Employees’ Welfare Trust	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	5,44,50,000	10%
3.	JM Financial Limited jointly with Mr. P K Choksi	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	1	–
4.	JM Financial Limited jointly with Mr. S R Nayak	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	1	–
5.	JM Financial Limited jointly with Mr. Manish Sheth	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	1	–
6.	JM Financial Limited jointly with Ms. Dipti Neelakantan	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	1	–
7.	JM Financial Limited jointly with Mr. Hemant Kotak	141, Maker Chambers III, Nariman Point, Mumbai – 400 021	1	–
	TOTAL		54,45,00,000	100%

List of highest ten debenture holders of the Company as on September 14, 2012 is given below:

Sr. No.	Name of debenture holder	Address	No. of debentures held	% of Total no. of debentures
1	Templeton India Short-Term Income Plan	Citibank N A, Custody Services, 3rd Floor, Trent House, G Block, Plot no. 60, BKC, Bandra – East, Mumbai - 400 051	1000	36.97
2	Templeton India Low Duration Fund A/c. (TILDF)		750	27.73
3.	Templeton India Income Opportunities Fund (TIIOF)		500	18.48
4.	Templeton India Short-Term Income Plan		250	9.24
5.	Religare Trustee Company Ltd. A/c Religare Fixed Maturity Plan Series XI Plan F	Deutsche Bank AG, DB House, Hazarimal Somani Marg, P.O. Box 1142, Fort, Mumbai - 400 001	80	2.96
6.	Deutsche Trustee Services (India) Pvt Limited A/C DWS Fixed Term Fund Series 93	Standard Chartered Bank, CRESCENZO, Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai - 400051 India	50	1.85
7.	IDBI FMP – Series II - 540 Days (December 2011) - A	IDBI Asset Management Ltd., 5 th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021	44	1.63
8.	Deutsche Trustee Services (India) Pvt Limited A/C DWS Hybrid Fixed Term Fund - Series 1	Standard Chartered Bank, CRESCENZO, Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai - 400051	25	0.92
9.	IDBI Monthly Income Plan	IDBI Asset Management Ltd., 5 th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021	6	0.22

The debt equity ratio prior to and after issue of the debt security:

The debt equity ratio prior to and after the Issue of the NCDs shall be as follows:

Standalone

Prior to the Issue* #	After the Issue* ^ #
3.58	4.10

*As on June 30, 2012 after considering issue of NCDs of Face Value Rs. 8 crore on February 9, 2012

^ Assuming issue of balance NCDs of Rs. 429,50,00,000/- (Rupees Four Hundred and Thirty Seven Crore Fifty Lakh only)

Gross debt equity ratio without netting off cash / cash equivalents

SUMMARY TERM SHEET

I. Common Terms of the NCDs:

Issuer	JM Financial Products Limited
Debenture Tranche	Tranche B
Nature of Debentures	Secured, Rated, Listed, Redeemable, Non Convertible Debentures
Proposed Listing of NCDs	WDM segment of BSE
Issuance	In dematerialised form
Trading	In dematerialised form only
Depository(ies)	NSDL and CDSL
Security and Ranking of Security	The NCDs being issued in this Tranche are proposed to be secured through a first pari passu charge / mortgage / hypothecation over portions of the Movable Property or such other property as may be identified by the Company as set out in the relevant debenture trust deed / security documents. Please refer to the paragraph on Security in the IM for further details.
Further Security Option	The Company may provide or cause to be provided (without being obliged to) such further security (including over immovable property) for securing its obligations in respect of the Debentures or any Tranche(s) thereof as may be decided by the Company without requiring the consent of the Debenture Trustee and/or the Debenture Holders
Security Cover	1.25 times
Credit Rating	CRISIL has assigned a rating of “CRISIL AA-/Stable” to the long term Non-convertible Debenture issue programme of upto Rs. 700,00,00,000/- (Rupees Seven Hundred Crore only) of the Company. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Other Terms and Conditions:	Other terms and conditions specific to this Tranche would be stated in the Transaction Documents.
Settlement by way of	Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT / RTGS / other permitted mechanisms
Tranche Opens on	September 21, 2012
Tranche Closes on	September 21, 2012
Tranche Pay-in Date	September 21, 2012
Tranche Deemed Date of Allotment	September 21, 2012

II. Specific terms of each instrument:

Number of Debentures	Upto 1,000 Debentures
Face Value	Rs. 10 lakh each
Issue Size	Upto Rs. 100 crore
Issue Price	Rs. 10 lakh each
Minimum Subscription	1 Debenture or in multiples thereof
Tenor	910 days from Deemed Date of Allotment
Interest / Coupon Rate	11.00% p.a.
Type of Interest	Fixed Rate
Interest Frequency / Period	Payable annually from the Deemed Date of Allotment and on the Put Option Date or Redemption Date
Interest on Application Money	Not Applicable
Put Option	<p>The Debenture Holder(s) will have a one time “Put Option” on March 20, 2014 (“Put Option Date”) to be exercised by giving prior notice of the same to the Company during the Put Option Notice Period (“Put Notice”). The Put Option can be exercised by any Debenture Holder for all (not part) of the NCDs held by it.</p> <p>In the event of the Debenture Holder(s) exercising the “Put Option” as aforesaid by issuing a Put Notice, interest on the Debentures would be calculated for the period from the preceding Interest Payment Date till the Put Option Date. The NCDs will be redeemed on the Put Option Date at Put Option Exercise Price alongwith interest calculated as aforesaid.</p> <p>Further, upon receipt by the Company of the Put Notice from the Debenture Holder(s), such NCDs would not be permitted to be sold / transferred thereafter.</p>
Put Option Notice Period	From February 19, 2014 upto and including March 5, 2014
Put Option Exercise Price	At Face Value
Put Option Date	March 20, 2014
Call Option	None
Redemption Price	Rs. 10 lakh each
Redemption Date	March 20, 2015*

* Assuming that Put Option is not exercised by the Investor

Note: The Company reserves the right to amend the Tranche timetable.

SECTION – IV
STANDALONE FINANCIAL STATEMENTS OF JM FINANCIAL PRODUCTS LIMITED
Summary of Balance Sheet

(Rs in lakh)

		As per un-audited financials	As per audited financials	As per audited financials
Sr. No.	Particulars	As at 30th June-2012	As at 31st March-2012	As at 31st March-2011
A	EQUITY AND LIABILITIES			
1	Shareholder's Funds			
	Share Capital	54,450.00	54,450.00	54,450.00
	Reserves and Surplus	28,071.95	25,261.67	21,084.81
		82,521.95	79,711.67	75,534.81
2	Non-Current Liabilities			
	Long-term borrowings	7,515.90	27,068.40	8.95
	Other long term liabilities	-	-	4.73
	Long term provisions	2,842.12	2,818.88	2,810.43
		10,358.02	29,887.28	2,824.11
3	Current Liabilities			
	Short-term borrowings	287,802.21	248,977.09	285,327.86
	Trade payables	3,834.19	234.32	545.27
	Other current liabilities	2,965.89	2,614.19	2,658.84
	Short-term provisions	4,993.65	4,784.84	3,198.72
		299,595.93	256,610.44	291,730.69
	TOTAL	392,475.90	366,209.39	370,089.61
B	ASSETS			
1	Non-current assets			
	Fixed assets			
	Tangible assets	91.62	100.53	201.39
	Intangible assets	78.64	85.21	78.89
	Non-current investments	15,173.06	15,173.06	11,958.73
	Deferred tax assets (net)	1,035.87	1,025.91	976.15
	Long-term loans and advances	40,034.43	31,309.12	24,301.98
		56,413.62	47,693.82	37,517.13
2	Current assets			
	Current investments	18,926.84	1,865.54	22,379.31
	Stock-in-trade	51,888.24	57,308.18	74,690.08
	Cash and bank balances	69,603.82	68,917.43	47,807.01
	Short-term loans and advances	195,053.99	189,938.38	186,204.51
	Other current assets	589.39	486.05	1,491.56
		336,062.28	318,515.57	332,572.47
	TOTAL	392,475.90	366,209.39	370,089.61

Statement of Profit and Loss

(Rs. in lakh)

		As per un-audited financials	As per audited financials	As per audited financials
Sr. No.	Particulars	For the quarter ended 30th June-2012	For the year ended 31st March-2012	For the year ended 31st March-2011
	INCOME			
	Revenue From Operations			
1	Income from funding activities	7,695.91	29,133.03	22,970.65
2	Income from debt instruments trading (net)	1,777.32	4,097.21	3,901.01
3	Interest Income on Debentures	81.90	732.52	723.73
4	Advisory and other fees	738.00	1,525.26	1,033.70
5	Income from securitisation	4.73	125.97	222.70
6	Premium on Redemption of Preference Shares	-	-	120.00
	Total	10,297.85	35,613.99	28,971.80
	Other Income			
1	Interest Income on FD's & Others	2,020.68	4,417.87	1,698.13
2	Dividend	2.10	354.36	2,118.60
3	Profit on sale of investments	90.50	731.75	1,112.71
4	Provision for long term investments written back	-	-	17.05
5	Provision for doubtful loans written back	-	25.99	174.31
6	Other Income	1.58	39.03	13.33
	Total	2,114.87	5,569.00	5,134.13
	Gross Total Income	12,412.72	41,182.99	34,105.92
	EXPENDITURE			
1	Employee benefit expenses	625.34	1,659.56	1,630.69
2	Financial costs	7,232.40	24,253.14	19,678.24
3	Operating and other expenses	377.31	2,113.12	2,968.86
4	Depreciation/ amortisation	15.97	103.84	99.86
	Total	8,251.02	28,129.66	24,377.66
	Profit before provision for standard assets and tax	4,161.71	13,053.33	9,728.26
	Provision for Standard Assets	-	-	-
	Profit before Tax	4,161.71	13,053.33	9,728.26
	Tax Expense			
1	Current Tax	1,360.00	4,180.00	2,353.00
2	Deferred Tax	(9.96)	(49.77)	64.70
		1,350.04	4,130.23	2,417.70
	Profit after Tax	2,811.66	8,923.10	7,310.56

Notes:

- 1) The above financials are for JM Financial Products Limited on a standalone basis.
- 2) Figures in respect of the previous year(s) have been rearranged wherever necessary to correspond with the figures of the current period/year.

ANNEXURES

B - CRISIL CREDIT RATING LETTER AND RATING RATIONALE

D - ANNUAL REPORT OF THE COMPANY FOR FY 2011-12



CONFIDENTIAL

Ref.no: MS/FSR/JMFPPL/2012-13/728

August 01, 2012

Mr. Hemant Kotak
Chief Financial Officer
JM Financial Products Ltd.
4th Floor, Palm Court, M - Wing,
Above D'Mart, Malad (W),
Mumbai - 400064.
Phone: Direct: +91 22 3087 7269
Fax: +91 22 3082 4777

Dear Mr. Kotak,

Re: CRISIL Rating for the Rs.7.0 Billion Non-Convertible Debenture Issue of JM Financial Products Ltd.

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, reaffirmed a “**CRISIL AA-/Stable**” (pronounced “CRISIL double A minus rating with stable outlook”) rating to the captioned Debt Programme. Instruments with this rating are considered to have the **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

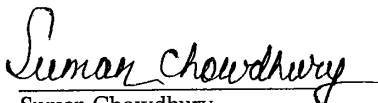
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

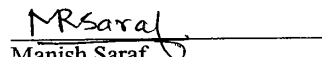
Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,


Suman Chowdhury
Director – Financial Sector Ratings


Manish Saraf
Associate Director – Financial Sector Ratings

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001 – 09.



Rating Rationale

March 26, 2012
Mumbai

JM Financial Products Limited Ratings Reaffirmed

Rs.7.0 Billion Non-Convertible Debenture Issue	CRISIL AA-/Stable (Reaffirmed)
Rs.11.0 Billion Short-Term Debt Issue¹	CRISIL A1+ (Withdrawn)
Rs.20.0 Billion Short-Term Debt Issue¹	CRISIL A1+ (Withdrawn)
Rs.35.0 Billion Short-Term Debt Programme	CRISIL A1+ (Reaffirmed)

¹Assigned for initial public offering financing on episodic basis

CRISIL has withdrawn its '**CRISIL A1+**' rating on the Rs.11.0-billion and Rs.20.0-billion short-term debt issues of JM Financial Products Ltd (JM Financial Products; part of the JM Financial group), as there are no amounts outstanding against these instruments, and has reaffirmed its ratings on JM Financial Products' other debt instruments at '**CRISIL AA-/Stable/CRISIL A1+**'.

The ratings continue to reflect the JM Financial group's established market position in capital market businesses, healthy capitalisation, and comfortable risk management practices. These rating strengths are partially offset by the group's exposure to risks inherent in, and concentration of revenues from, capital market businesses, as well as risks in relatively newer businesses, such as wholesale lending.

For arriving at its ratings, CRISIL has combined the business and financial risk profiles of all the JM Financial group's entities because of their highly integrated operations and a common senior management team.

The JM Financial group, an integrated capital market player with a diversified clientele, has an established market position in capital market businesses. The group has a strong franchise in the investment banking and investment advisory space, and is among the leading players in segments such as third-party distribution of financial products and securities-based lending. The group also has a good market position in retail broking, with a strong focus on high-net-worth individuals (HNI) and is gradually strengthening its position in the institutional broking segment. The JM Financial group's solid market position also continues to benefit from the track record and reputation of its management. The JM Financial group has healthy capitalisation, with a net worth (excluding goodwill) of around Rs.18.9 billion as on September 30, 2011, and a consolidated gearing of around 1.3 times as on the same date (Rs.18.1 billion and 1.8 times respectively, as on March 31, 2011). CRISIL believes that the JM Financial group will maintain a steady gearing of around 2.5 times over the medium term. The group's capitalisation is also supported by its comfortable risk management systems. A track record of low delinquencies and negligible write-offs in the group's broking and securities-based lending businesses, despite high volatility in equity markets, underscore the adequacy of the group's risk management systems.

However, the JM Financial group primarily derives its revenues from capital market businesses; Therefore CRISIL believes that the JM Financial group's earnings profile will remain susceptible to volatility in the capital markets despite the group's strong market position in several of the business segments. Nonetheless, the JM Financial group has taken several initiatives to mitigate the impact of cyclicity, including expansion of retail broking business primarily through the franchise route. The group has also diversified into new businesses such as wholesale lending and fixed-income securities trading; however, its ability to manage healthy asset quality and profitability in these businesses, especially in case of an economic downturn, is yet to be tested. While the JM Financial group has adequate risk management practices, its ability to manage the relatively higher risks in some of these businesses will be visible only over the medium term.

Outlook: Stable

CRISIL believes that the JM Financial group will continue to benefit from its established market position in the capital market businesses and its healthy capitalisation over the medium term. However, the JM Financial group's earnings profile remains susceptible to risks inherent in the capital markets. The outlook may be revised to 'Positive' if the JM Financial group witnesses a significant and sustained improvement in its earnings profile and strengthens its competitive position. Conversely, the outlook may be revised to 'Negative' if there is deterioration in the JM Financial group's financial risk profile because of any sustained and material decline in its revenues and profitability because of either weakening in its competitive position or depressed environment in the capital markets, or if its leverage is excessive.

About the Group

The JM Financial group, an integrated capital market player, offers a wide range of services to its clientele

that includes corporate entities, financial institutions, HNIs, and retail investors. The JM Financial group has interests in investment banking, institutional equity broking, wealth management, investment advisory services, portfolio management, asset management, commodity broking, securities-based lending, corporate lending, private equity, and asset reconstruction. While each of these businesses is independent in itself, the entities in the group have highly integrated operations. JM Financial Ltd is the holding company for the operating entities in the JM Financial group. The JM Financial group has proposed the amalgamation of JM Financial Institutional Securities Pvt Ltd, JM Financial Ventures Ltd, and JM Financial Securities Pvt Ltd with JM Financial Consultants Pvt Ltd to derive increased synergies across the institutional businesses.

For 2010-11 (refers to financial year, April 1 to March 31), the JM Financial group reported a profit after tax (PAT) of Rs.1.75 billion on a total income of Rs.8.95 billion, against a PAT of Rs.1.52 billion on a total income of Rs.6.29 billion for 2009-10. For the nine months ended December 31, 2011, the JM Financial group reported a PAT of Rs.0.80 billion on a total income of Rs.6.14 billion, against a PAT of Rs.1.46 billion on a total income of Rs.7.02 billion for the corresponding period of the previous year.

JM Financial Products is registered with the Reserve Bank of India as a non-banking financial company. It commenced public-issue financing in 2003-04. The company is also into fixed-income securities trading. JM Financial Products raises funds mainly for public issue and margin financing, and fixed income securities trading. It had a net worth of Rs.7.6 billion as on March 31, 2011.

For 2010-11, JM Financial Products reported a PAT of Rs.0.7 billion on a total income of Rs.3.4 billion, compared with a PAT of Rs.0.6 billion on a total income of Rs.1.6 billion for 2009-10. For the nine months ended December 31, 2011, JM Financial Products reported a PAT of Rs.0.61 billion on a total income of Rs.2.92 billion, against a PAT of Rs.0.55 billion on a total income of Rs.2.53 billion for the corresponding period of the previous year.

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About CRISIL LIMITED

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Last updated: March 31, 2011

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March 26, 2012

<http://www.crisil.com>

CRISIL has revised its rating symbols and definitions with effect from July 11, 2011, to comply with the SEBI circular, 'Standardisation of Rating Symbols and Definitions'. The revised rating symbols carry the prefix, 'CRISIL'. The rating symbols for short-term instruments have been revised to 'CRISIL A1', 'CRISIL A2', 'CRISIL A3', 'CRISIL A4', and 'CRISIL D' from the earlier 'P1', 'P2', 'P3', 'P4', and 'P5', respectively. The revision in the rating symbols and definitions is not to be construed as a change in the ratings. For details on revised rating symbols and definitions, please refer to the document, 'Revision of Rating Symbols and Definitions', at the link, <http://www.crisil.com/ratings/credit-rating-scale.html>



JM FINANCIAL PRODUCTS LTD.

Annual Accounts 2012

BOARD OF DIRECTORS

Mr. V P Shetty - Chairman
Mr. Madhukar R Umarji
Mr. E A Kshirsagar
Mr. Dharendra Singh
Mr. Vishal Kampani – Managing Director
Mr. D E Udwadia (w.e.f. May 14, 2012)

AUDIT COMMITTEE

Mr. E A Kshirsagar
Mr. V P Shetty
Mr. Vishal Kampani

CHIEF FINANCIAL OFFICER

Mr. Hemant Kotak

COMPANY SECRETARY

Mr. Ankur Shah

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli
Mumbai – 400 018

BANKERS

HDFC Bank Limited
Tulsiani Chambers
Nariman Point
Mumbai – 400 021

REGISTERED OFFICE

141, Maker Chambers III
Nariman Point
Mumbai – 400 021

DIRECTORS' REPORT

To the Members,

The Directors of your Company have pleasure in presenting their Twenty Eighth Annual Report together with the audited annual accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS:

Particulars	2011-12	(Rs. in Crore) 2010-11
Gross Income	411.83	341.06
Expenses	281.30	243.78
Profit before tax	130.53	97.28
Less: Provision for tax		
Current tax	41.80	23.53
Deferred tax	(0.50)	0.65
Profit after tax	89.23	73.10
Add: Tax adjustments of earlier years	0.00	0.08
Add: Balance Profit brought forward from previous year	121.73	94.83
Profit available for appropriation	210.96	168.01

APPROPRIATIONS

Proposed Dividend	40.84	27.23
Dividend Distribution Tax	6.62	4.42
Transfer to Statutory Reserve	18.00	14.64
Balance carried to the Balance-Sheet	145.50	121.73
	210.96	168.01

DIVIDEND:

Your Directors are pleased to recommend a dividend of Re. 0.75 per share for the financial year 2011-12 on 544,500,000 equity shares of the face value of Rs. 10/- each. The dividend together with distribution tax thereon will absorb Rs. 47.46 Crore. The dividend, if declared at the forthcoming Annual General Meeting, will be paid on or after August 10, 2012 to those Members whose names would appear in the Register of Members at the close of business hours on August 10, 2012. In respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by the Depositories as beneficial owners as on that date.

FINANCIAL HIGHLIGHTS:

The gross income of your Company increased to Rs. 411.83 crore from Rs. 341.06 crore reported by it in the previous year. The profit before tax went up to Rs. 130.53 crore from Rs. 97.28 crore in the previous year. After providing for tax, your Company clocked a net profit of Rs. 89.23 crore as against Rs. 73.10 crore in the previous year. An amount of Rs. 18.00 crore has been transferred to the Statutory Reserve in accordance with the provisions of Section 45(IC)(1) of Reserve Bank of India Act, 1934.

ECONOMIC/BUSINESS REVIEW:

During most part of the year under review, inflation continued to be the foremost concern of policy makers. RBI's policy measures aimed at reducing inflation through increasing rates helped in mild moderation of inflation rate. However, this policy stance started having a moderating impact on GDP growth during the second half of the year. Second half of the year was also marked with tight liquidity conditions. This coupled with additional government borrowings resulted in volatile market conditions. Cost of funds for corporate borrowers moved up sharply during this period. As has been the trend, the impact of a hostile interest rate environment was magnified on cost of funds for capital market focused NBFCs like ours.

The Fixed Income Division loan book increased from Rs. 658 crore to Rs. 717 crore during FY 2011-12.

At the beginning of the year, your Company's trading book was at Rs. 743 crore and moderated to Rs. 570 crore as at March 31, 2012 given the volatile interest rate environment.

During the year under review, your Company started raising medium term funds through secured non convertible debentures. An aggregate amount of Rs. 270.50 crore was mobilised with an average maturity of approximately 18 months.

Your Company continued its activity of capital market funding, catering to IPO Funding, Security Backed Financing - Loan against Shares / Margin Funding (LAS), Mutual Fund Financing, ESOP Financing and Sponsor Financing.

Amidst the unfavorable conditions, your Company has consciously made efforts to maintain and grow its funding book and level of business activities. The funding book of your Company has grown from Rs. 1,987 crore as on March 31, 2011 to Rs. 2,002 crore as on March 31, 2012. The Company had focused on ESOP funding to spread the business across various products. Your Company is also exploring new opportunities such as funding against commodities. Number of clients has also grown on a year on year basis.

The level of activities in the IPO funding was subdued due to the low subscription in the equity issuances. Though some interest was seen in debt issues, the same could not create a major interest for HNI investors thereby affecting the business of your Company. During the year under review your Company focused on financing retail clients and the number of retail clients doubled by the end of the year.

CRISIL re-affirmed the "CRISIL A1+" (highest grading) rating for the short-term debt program of the Company which indicates very strong degree of safety with regard to timely payment of its financial obligations. During the year, the Company also received "CRISIL AA- / Stable" rating for long term NCD issuance, which indicates high degree of safety with regard to timely payment of interest and principal on the instrument. Both instruments are considered to carry very low credit risk.

PUBLIC DEPOSITS:

Your Company has neither accepted nor renewed any public deposits during the year under review.

SUBSIDIARIES:

Consequent upon the restructuring and consolidation of the Group's businesses, JM Financial Securities Private Limited ceased to be a subsidiary of your Company with effect from January 9, 2012.

The audited statement of accounts for the year ended March 31, 2012 together with the reports of the Directors and Auditors thereon of JM Financial Services Private Limited, JM Financial Commtrade Limited, JM Financial Insurance Broking Private Limited and JM Financial GILTS Limited, the subsidiaries of your Company are annexed pursuant to Section 212 of the Companies Act, 1956.

DIRECTORS:

In accordance with Article 135 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, Mr. M R Umarji and Mr. E A Kshirsagar, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 122, Mr. Darius E Udawadia on the recommendation made by the Nomination Committee of the Board was appointed as an additional director of your Company on May 14, 2012. He holds the office as a Director up to the date of the forthcoming Annual General Meeting. Your Company has received a notice in writing from a member proposing his candidature for the office of Director.

The Board of Directors of your Company, at its meeting held on May 14, 2012, has decided to appoint Mr. V P Shetty as the Executive Chairman of your Company with effect from June 1, 2012. As the members are aware, Mr. Shetty is currently a non-executive Chairman of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state and confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that 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 or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on Conservation of Energy and Technology Absorption are not applicable to your Company, since it is not a manufacturing Company.

During the year under review, your Company has not earned any foreign exchange (previous year Nil). The foreign exchange spent by your Company during the year is equivalent to Rs. 1,901,520/- (previous year Rs. 5,584,420/-).

PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is given in the annexure hereto and forms part of this Report. The Company had 59 employees as on March 31, 2012. Out of the total number of employees, 5 (five) employees employed throughout the year were in receipt of remuneration of more than Rs. 60.00 lakh per annum and 2 employees employed for part of the year were in receipt of remuneration of more than Rs. 5.00 lakh per month.

AUDITORS:

The retiring Auditors, namely, M/s. Deloitte, Haskins & Sells, Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and are seeking their re-appointment. Members are requested to consider their appointment and authorise the Board to fix their remuneration.

ACKNOWLEDGEMENTS:

Your Directors wish to thank the Company's Bankers, Reserve Bank of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Registrar of Companies, Depositories, other regulatory authorities and all other stakeholders for the support and co-operation extended by them from time to time. Your Directors also take this opportunity to place on record, their deep sense of appreciation for the contribution and hard work of employees of your Company at all levels.

For and on behalf of the Board

Place: Mumbai
Date: May 14, 2012

V P Shetty
Chairman

AUDITORS' REPORT TO THE MEMBERS OF JM FINANCIAL PRODUCTS LIMITED

1. We have audited the attached Balance sheet of **JM FINANCIAL PRODUCTS LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash-flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. 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;
 - iv. in our opinion, the Balance sheet, the Statement of Profit and Loss and the Cash-flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - v. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - c) in the case of the Cash-flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

(A. Siddharth)
Partner
Membership No. 31467

Mumbai, dated: 14th May, 2012

Annexure to the Auditors' Report

Re: JM FINANCIAL PRODUCTS LIMITED

(referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/ result for the year, clauses (ii), (viii), (x) and (xiii) of CARO are not applicable.
- (ii) 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken loans, secured or unsecured, to/ from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, particulars of which need to be entered into a Register maintained under that Section. Consequently, the question of commenting on the reasonableness of transactions made in pursuance of such contracts or arrangements exceeding Rs.500,000/- in respect of each party does not arise.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. According to the information and explanations given to us, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There are no dues of Income-tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (x) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares and other securities. The Company has not granted loans and advances on the basis of security by way of pledge of debentures.
- (xi) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by Others from banks or financial institutions.

- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 2,705 non-convertible debentures of Rs.10,00,000/- each. The Company has created securities/ charges in respect of these secured debentures issued.
- (xvii) During the year, the Company has not raised money by public issue(s).
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

(A. Siddharth)
Partner
Membership No. 31467

Mumbai, dated: 14th May, 2012

JM FINANCIAL PRODUCTS LTD
BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	Rupees	Rupees	As at 31.03.2011 Rupees
EQUITY AND LIABILITIES				
Shareholder's Funds				
Share Capital	2	5,445,000,000		5,445,000,000
Reserves and Surplus	3	2,526,167,451		2,108,481,087
			7,971,167,451	7,553,481,087
Non-Current Liabilities				
Long-term borrowings	4	2,706,839,978		895,474
Other long term liabilities	5	-		472,628
Long term provisions	6	281,887,977		281,042,953
			2,988,727,955	282,411,055
Current Liabilities				
Short-term borrowings	7	24,897,708,742		28,532,786,266
Trade payables	8	23,431,921		54,526,853
Other current liabilities	9	261,419,358		265,884,049
Short-term provisions	10	478,483,577		319,871,599
			25,661,043,598	29,173,068,767
TOTAL			36,620,939,004	37,008,960,909
ASSETS				
Non-current assets				
Fixed assets	11			
Tangible assets		10,052,554		20,138,664
Intangible assets		8,520,703		7,889,402
Non-current investments	12	1,517,305,575		1,195,872,796
Deferred tax assets (net)	13	102,591,398		97,614,838
Long-term loans and advances	14	3,130,911,705		2,430,197,792
			4,769,381,935	3,751,713,492
Current assets				
Current investments	15	186,554,000		2,237,931,382
Stock-in-trade	16	5,730,818,164		7,469,008,356
Cash and bank balances	17	6,891,742,582		4,780,701,293
Short-term loans and advances	18	18,993,837,526		18,620,450,818
Other current assets	19	48,604,797		149,155,568
			31,851,557,069	33,257,247,417
TOTAL			36,620,939,004	37,008,960,909
Notes to the financial statements	1 to 38			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. Siddharth
Partner
Mumbai, dated: May 14, 2012

For JM Financial Products Limited

Vishal Kampani
Managing Director

Ankur Shah
Company Secretary
Mumbai, dated: May 14, 2012

V. P. Shetty
Chairman

JM FINANCIAL PRODUCTS LTD

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	Rupees	Previous Year Rupees
Revenue from operations	20	3,561,399,275	2,897,179,752
Other Income	21	556,899,814	513,412,523
TOTAL REVENUE		4,118,299,089	3,410,592,275
EXPENSES			
Employee benefit expenses	22	165,955,773	163,069,411
Financial costs	23	2,425,314,495	1,967,824,469
Depreciation/ amortisation		10,383,608	9,985,604
Operating and other expenses	24	211,311,775	296,886,297
TOTAL EXPENSES		2,812,965,651	2,437,765,781
PROFIT BEFORE TAX		1,305,333,438	972,826,494
<u>TAX EXPENSE:</u>			
Current tax		418,000,000	235,300,000
Deferred tax		(4,976,560)	6,470,217
Total		413,023,440	241,770,217
PROFIT AFTER TAX		892,309,998	731,056,277
Earning Per Equity Share (Face value of Rs. 10/- each)			
Basic and Diluted	30	1.64	1.34
Notes to the financial statements	1 to 38		

In terms of our report attached

 For Deloitte Haskins & Sells
Chartered Accountants

For JM Financial Products Limited

 A. Siddharth
Partner
Mumbai, dated: May 14, 2012

 Vishal Kampani
Managing Director

 V. P. Shetty
Chairman

 Ankur Shah
Company Secretary
Mumbai, dated: May 14, 2012

JM FINANCIAL PRODUCTS LTD

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	Rupees	Previous Year Rupees
A Net Profit before tax	1,305,333,438	972,826,494
Adjustment for :		
Depreciation/ Amortisation	10,383,608	9,985,604
Loss on fixed assets sold / discarded (net)	7,434,033	-
Loss on diminution in value of non-current investments (non trade) (net)	16,699,682	-
Loan funds written off	2,599,347	17,430,554
Provision for doubtful loans	7,688,835	-
Interest expenses - Others	837,072	472,554
Provision for doubtful loans written back	(2,599,347)	(17,430,554)
Interest Income	(441,787,334)	(169,813,500)
Dividend on non trade investments	(35,435,892)	(211,860,437)
Profit on sale of non-current investments (non trade)	-	(79,372,674)
Profit on sale of current investments (non trade)	(73,174,557)	(31,897,930)
Provision for non-current investments (non trade) written back	-	(1,704,775)
Operating Profit before Working Capital Changes	797,978,885	488,635,336
Adjustment for :		
(Increase) in loans and advances and other current assets	(1,144,308,281)	(6,756,523,989)
Decrease/ (Increase) in stock-in-trade	1,738,190,192	(2,882,907,990)
(Increase) in other bank balances	-	(250,000,000)
(Decrease)/ Increase in trade payables, other liabilities and provisions	(165,708,737)	182,054,438
Increase/ (Decrease) in accrued interest expenses related to operating activities	139,548,950	(435,048,230)
(Increase) in accrued interest income related to operating activities	(72,853)	(5,067,583)
Cash generated from/ (used in) operations	1,365,628,156	(9,658,858,018)
Direct taxes paid	(370,480,658)	(258,200,760)
Net Cash from/(used in) Operating Activities (A)	995,147,498	(9,917,058,778)
B Cash flow from Investing Activities		
Purchase of fixed assets	(9,343,345)	(10,069,965)
Sale of fixed assets	980,513	-
Purchase of non-current investments	(504,686,462)	(650,000,000)
Sale/ Redemption of non-current investments	563,446,000	623,101,058
Investment in subsidiaries	-	(433,499,940)
Sale of investment in a subsidiary	80,000,000	-
Purchase of current investments	(89,655,563,388)	(348,706,818,471)
Sale of current investments	91,303,223,328	350,072,763,065
(Increase) in other bank balances	(2,384,689,657)	(4,000,000,000)
Interest received	547,747,058	38,828,633
Dividend received	35,435,892	211,860,437
Net Cash (used in) Investing Activities (B)	(23,450,061)	(2,853,835,183)

C Cash flow from Financing Activities		
Proceeds from long term borrowings	2,708,824,059	1,772,985
Repayments from long term borrowings	(1,839,512)	(881,974)
(Repayments)/ Proceeds from short term borrowings (net)	(3,635,077,524)	13,082,786,266
Interest paid	(837,072)	(472,554)
Dividend paid (Including Corporate Dividend Tax)	(316,415,756)	(191,111,333)
Net Cash (used in)/ from Financing Activities (C)	(1,245,345,805)	12,892,093,390
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(273,648,368)	121,199,429
Cash and cash equivalents at the beginning of the year	280,701,293	159,501,864
Cash and cash equivalents at the end of the year	7,052,925	280,701,293

Notes

	Rupees	Previous Year Rupees
(1) Reconciliation of cash and cash equivalents:		
As per Balance Sheet - Note 17	6,891,742,582	4,780,701,293
Less: Other bank balances *	6,884,689,657	4,500,000,000
As per Cash-flow statement	7,052,925	280,701,293

* On fixed deposits of Rs. 6,884,689,657/- (Previous Year Rs. 4,500,000,000/-) banks have a lien for overdraft facility availed.

(2) Non-cash transaction not considered above:

- (a) Merger of 250,000 units of JM Financial Mutual Fund - Mid Cap Fund - Dividend Option of Rs. 2,500,000/- and 5,698,411 units of JM Financial Mutual Fund - Emerging Leaders Fund - Dividend Plan of Rs. 60,000,000/- into 3,708,975 units of JM Financial Mutual Fund - JM Multi Strategy Fund - Dividend Plan Option of Rs. 44,669,128/-.
- (b) Merger of 272,810 units of JM Financial Mutual Fund - Large Cap Fund - Dividend Option of Rs. 2,750,000/- into 258,599 units of JM Financial Mutual Fund - JM Equity Fund - Dividend Plan Option of Rs. 3,881,189/-.
- (c) Assets acquired in satisfaction of claim Rs. 5,336,100/- (Previous Year Nil).

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

A. Siddharth

Partner

Mumbai, dated: May 14, 2012

For JM Financial Products Limited

Vishal Kampani

Managing Director

V. P. Shetty

Chairman

Ankur Shah

Company Secretary

Mumbai, dated: May 14, 2012

JM FINANCIAL PRODUCTS LTD**Notes to the financial statements****Note 1****Significant Accounting Policies****a. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India and as per the provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actual and estimates are recognised in the period in which the results are known / materialised.

c. Fixed Assets

Fixed Assets are recorded at cost of acquisitions or construction. They are stated at historical cost less accumulated depreciation/ amortization and impairment loss, if any.

d. Depreciation

Depreciation on fixed assets is provided on the straight line method at the following rates:

Fixed Assets	Useful period of life
Vehicles	5 years
Computers	5 years
Office Equipments	5 years
Furniture and Fixtures	10 years
Leasehold Improvements	Period of lease or 10 years, whichever is lower

Assets costing less than Rs. 5,000/- are fully depreciated in the year of purchase.

e. Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Softwares are amortized over a period of five years, on a straight line basis.

f. Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. Investments

Current investments are carried at lower of cost (Scrip wise) and fair value. Non-current investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of non-current investments.

h. Stock in Trade

Stock in trade are carried at lower of cost and fair value. Cost is determined on First in First Out basis.

i. Foreign Currency Transactions

Transactions in foreign currency are recorded at rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation/ payment of foreign exchange are accounted in the relevant year as income or expense.

j. Revenue Recognition

Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realization. In other cases, income is recognised when there is no significant uncertainty as to determination or realization exists.

k. Lease Finance

Income from leased assets is accounted for in the period in which lease rentals fall due, by applying the interest rate implicit in the lease to the net investment in the lease during the period.

l. Provision for Non Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the "Non Banking Financials (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the Reserve Bank of India (RBI). Additional provisions (over and above the provisioning requirements under the Directions as specified by RBI) are also made as per guidelines prescribed by the Board of Directors.

m. Employee Retirement Benefits

(a) Post Employment Benefits and Other Long Term Benefits:

Defined Contribution Plan:

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute / Rules.

Defined Benefit Plans:

In respect of gratuity, provision is made based upon the actuarial valuation done at the end of every quarter using "Projected unit Credit Method". Major drivers in actuarial assumption, typically, are years of services and employees compensation. Gains and losses on changes in actuarial assumption are charged to the profit and loss account.

(b) Short term employee benefits:

Short term employee benefits are recognized as on expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

n. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized 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.

o. Taxes on income

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

p. Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements

Note No.	Rupees	Rupees	As at
			31.03.2011
			Rupees
2 SHARE CAPITAL			
Authorised			
1,100,000,000 Equity shares of Rs.10/- each		11,000,000,000	11,000,000,000
100,000,000 Preference shares of Rs.10/- each		1,000,000,000	1,000,000,000
		12,000,000,000	12,000,000,000
Issued, Subscribed and Paid-up			
544,500,000 Equity shares of Rs.10/- each fully paid up		5,445,000,000	5,445,000,000
TOTAL		5,445,000,000	5,445,000,000

- 2.1 The details of shareholders holding more than 5% shares:
- JM Financial Limited and its nominees - Number of shares - 490,050,000 (Previous Year - 490,050,000), % of holding - 90% (Previous Year - 90%).
- JM Financial Group Employees' Welfare Trust - Number of shares - 54,450,000 (Previous Year - 54,450,000), % of holding - 10% (Previous Year - 10%).
- 2.2 The Company has only one class of shares i.e. equity. The equity shareholders are entitled to dividend as and when dividend is declared and approved by the shareholders. The dividend proposed for the year is Re. 0.75 per share (Previous Year Re. 0.50 per share).

Note No.	Rupees	Rupees	As at
			31.03.2011
			Rupees
3 RESERVES AND SURPLUS			
Securities Premium Account			
As per last balance sheet		382,252,000	382,252,000
Statutory Reserve			
As per last balance sheet	508,900,000		362,500,000
Add : Transfer from the Statement of Profit and Loss	180,000,000		146,400,000
		688,900,000	508,900,000
Capital Redemption Reserve			
As per last balance sheet		1,000	1,000
Surplus in the Statement of Profit and Loss			
As per last balance sheet	1,217,328,087		948,308,021
Profit for the year	892,309,998		731,056,277
Excess provision for tax in respect of earlier year	-		779,545
Proposed dividend	(408,375,000)		(272,250,000)
Corporate dividend tax	(66,248,634)		(44,165,756)
Transferred to statutory reserve	(180,000,000)		(146,400,000)
		1,455,014,451	1,217,328,087
TOTAL		2,526,167,451	2,108,481,087

JM FINANCIAL PRODUCTS PVT LTD
Notes to the financial statements

4 LONG TERM BORROWINGS				As at 31.03.2011
Note No.		Rupees	Rupees	Rupees
	Secured			
	Non-Convertible Debentures (Refer note 4.1 and 4.2)		2,705,000,000	-
	Long term maturities of finance lease obligations (Refer note 4.3 and 29)		1,839,978	895,474
	TOTAL		2,706,839,978	895,474

4.1 Secured as follows :

Rs.2,625,000,000/- (Previous Year Nil) are secured by way of first charge on freehold land and certain loan fund balances. Rs.80,000,000/- (Previous Year Nil) are secured by way of first charge on a loan fund balance.

4.2 Maturity profile and rate of interest of Non-Convertible Debentures:

Rate of interest	Maturity profile		
11.90%	2013-14	2,500,000,000	-
11.25%	2013-14	50,000,000	-
11.00%	2013-14	75,000,000	-
11.40%	2013-14	80,000,000	-
	TOTAL	2,705,000,000	-

4.3 Long term maturities of finance lease obligations is secured by way of hypothecation of vehicles.

5 OTHER LONG TERM LIABILITIES				As at 31.03.2011
Note No.		Rupees	Rupees	Rupees
	Income received in advance		-	472,628
	TOTAL		-	472,628

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements

6 LONG TERM PROVISIONS			As at 31.03.2011
Note No.	Rupees	Rupees	Rupees
	For Standard Assets (Refer note 6.1)	277,213,600	277,213,600
	For employee benefits:		
	Gratuity (Refer note 27)	4,674,377	3,829,353
	TOTAL	281,887,977	281,042,953

- 6.1 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, requiring all NBFCs to make a general provision at 0.25 per cent of the outstanding standard assets. The Company had in the past created provision for standard assets as per guidelines prescribed by the Board of Directors which is sufficient to comply with the aforesaid RBI notification.

7 SHORT TERM BORROWINGS			As at 31.03.2011
Note No.	Rupees	Rupees	Rupees
	Secured		
	Loans repayable on demand		
	From banks		
	Overdraft accounts (Refer note 7.1)	1,414,708,742	2,942,786,266
	Other loans and advances		
	CBLO borrowing (Refer note 7.2)	-	965,000,000
	Unsecured		
	Other loans and advances		
	Commercial papers (Refer note 7.3)	23,433,000,000	24,595,000,000
	Inter Corporate Deposit	50,000,000	30,000,000
	TOTAL	24,897,708,742	28,532,786,266

- 7.1 Secured against fixed deposits pledged with the banks.
- 7.2 Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).
- 7.3 The maximum amount of commercial paper outstanding at any time during the year was Rs. 40,178,000,000/- (Previous Year Rs.48,150,000,000/-).

JM FINANCIAL PRODUCTS LTD

Notes to the financial statements

- 8 There are no dues payable to Micro, Small and Medium Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

9 OTHER CURRENT LIABILITIES			As at 31.03.2011
Note No.	Rupees	Rupees	Rupees
Current maturities of finance lease obligations (Refer notes 4.3 and 29)		1,774,309	734,266
Interest accrued but not due on borrowings		129,908,581	23,014
Income received in advance		50,379,409	130,104,449
Employee benefits payable		75,362,934	80,031,138
Statutory dues		3,094,125	4,554,023
Directors' commission payable		900,000	1,200,000
Temporary overdrawn book balances		-	49,237,159
TOTAL		261,419,358	265,884,049

10 SHORT TERM PROVISIONS			As at 31.03.2011
Note No.	Rupees	Rupees	Rupees
For Proposed dividend		408,375,000	272,250,000
For Corporate dividend tax		66,248,634	44,165,756
For employee benefits:			
-Compensated absences		3,522,443	3,237,200
-Gratuity (Refer note 27)		337,500	218,643
TOTAL		478,483,577	319,871,599

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements
**Note No. 11
FIXED ASSETS**
Rupees

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the year	Deductions	Upto 31.03.2011	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
Freehold Land	-	2,146,300		2,146,300	-	-	-	-	2,146,300	-
Furniture and Fixtures	2,736,862	-	469,203	2,267,659	585,103	258,589	160,564	683,128	1,584,531	2,151,759
Computers	2,797,426	533,816	-	3,331,242	1,014,758	710,785	-	1,725,543	1,605,699	1,782,668
Office Equipment	2,418,012	-	-	2,418,012	982,545	482,150	-	1,464,695	953,317	1,435,467
Vehicles	2,063,097	-	-	2,063,097	1,374,457	688,640	-	2,063,097	-	688,640
Leasehold Improvements	24,065,350	-	21,478,946	2,586,404	11,657,251	4,196,802	13,680,018	2,174,035	412,369	12,408,099
Vehicles (leased)*	2,543,941	3,824,059	770,956	5,597,044	871,910	1,838,773	463,977	2,246,706	3,350,338	1,672,031
TOTAL	36,624,688	6,504,175	22,719,105	20,409,758	16,486,024	8,175,739	14,304,559	10,357,204	10,052,554	20,138,664
Previous Year	33,338,482	3,286,206	-	36,624,688	7,758,663	8,727,361	1,375,881	16,486,024	20,138,664	-
INTANGIBLE ASSETS										
Software	9,627,398	2,839,170	-	12,466,568	1,737,996	2,207,869	-	3,945,865	8,520,703	7,889,402
TOTAL	9,627,398	2,839,170	-	12,466,568	1,737,996	2,207,869	-	3,945,865	8,520,703	7,889,402
Previous Year	3,266,639	6,360,759	-	9,627,398	479,753	1,258,243	-	1,737,996	7,889,402	

Note:

* Vendors have a lien over assets taken on lease.

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements

	As at 31.03.2012		As at 31.03.2011	
	Nos./ Units	Rupees	Nos./ Units	Rupees
12 NON-CURRENT INVESTMENTS (Non Trade, Unquoted)				
a) <u>Equity Shares of Rs. 10/- each, Fully Paid Up</u>				
<u>In Subsidiaries:</u>				
JM Financial Securities Private Limited	-	-	5,000,000	80,000,000
JM Financial Services Private Limited	45,500,000	950,000,000	45,500,000	950,000,000
JM Financial GILTS Limited	49,994	499,940	49,994	499,940
<u>In Associate:</u>				
CR Retail Malls (India) Limited	7,596,130	160,266,462	-	-
<u>In Others:</u>				
Essar Steel Ltd	60,000	2,568,856	60,000	2,568,856
b) <u>Preference Shares, Fully Paid Up</u>				
<u>In Subsidiaries:</u>				
1 % Optionally Convertible Preference Shares of JM Financial GILTS Limited of Rs.10/- each	1,100,000	11,000,000	1,100,000	11,000,000
<u>In Others:</u>				
0.01% Class A Compulsorily Convertible Preference Shares of GMR Airports Holding Limited of Rs.1,000/- each	84,398	344,420,000	-	-
c) <u>Debentures, Fully Paid Up</u>				
16% Kumar Urban Developers Ltd. of Rs. 1,000,000/- each	-	-	650	86,554,000
d) <u>Mutual Funds Units of Rs. 10/- each, Fully Paid Up</u>				
JM Financial Mutual Fund - JM Multi Strategy Fund - Dividend Plan Option [Net Asset Value Rs. 11.24 per unit (Previous Year Rs.Nil)] *	3,708,975	44,669,128		
JM Financial Mutual Fund - JM Equity Fund - Dividend Plan Option [Net Asset Value Rs. 13.30 per unit (Previous Year Rs.Nil)] **	258,599	3,881,189	-	-
JM Financial Mutual Fund - JM Mid Cap Fund - Dividend Option [Net Asset Value Rs.Nil (Previous Year 15.93 per unit)] *	-	-	250,000	2,500,000
JM Financial Mutual Fund - JM Large Cap Fund - Dividend Option [Net Asset Value Rs. Nil (Previous Year 14.24 per unit)] **	-	-	272,810	2,750,000
JM Financial Mutual Fund - JM Emerging Leaders Fund - Dividend Plan [Net Asset Value Rs. Nil (Previous Year 7.24 per unit)] *	-	-	5,698,411	60,000,000
* Units allotted consequent to merger of two schemes of the previous year				
** Units allotted consequent to merger of one scheme of the previous year				
The consequent loss on diminution in value of the investments aggregates Rs. 16,699,682/-.				
TOTAL		1,517,305,575		1,195,872,796

	Rupees	As at 31.03.2011 Rupees
13 DEFERRED TAX ASSETS (NET)		
Difference between books and tax written down value of fixed assets	4,350,126	1,430,129
Provision for standard assets	89,941,953	89,941,953
Provision for doubtful loans	5,530,359	3,879,074
Disallowances under section 43B of the Income Tax Act, 1961	2,768,960	2,363,682
TOTAL	102,591,398	97,614,838

Note No.	Rupees	Rupees	As at 31.03.2011 Rupees
14 LONG TERM LOANS AND ADVANCES (Unsecured unless otherwise stated and considered good)			
Loan funds:			
Secured	2,818,734,699		2,254,369,833
Unsecured (Refer note 14.1)	196,900,000		-
		3,015,634,699	2,254,369,833
Advance tax (net of provision for tax)		92,549,867	140,069,209
Deposits		22,135,000	35,098,100
Capital advances		423,000	423,000
Staff loans		169,139	237,650
TOTAL		3,130,911,705	2,430,197,792

14.1	Details of dues from companies under the same management/ private companies in which a director is member or director:		
	CR Retail Malls (India) Limited	196,900,000	-

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements
15 CURRENT INVESTMENTS

Note No.	Rupees	Rupees	As at 31.03.2011 Rupees
(QUOTED)			
Certificate of Deposits With Scheduled Banks of Rs.100,000/- each			
Nil (Previous Year 10,000) of Corporation Bank		-	977,821,000
Nil (Previous Year 1,500) of State Bank of India		-	146,963,100
Nil (Previous Year 5,000) of IDBI Bank Limited		-	488,917,000
(UNQUOTED)			
Debentures, Fully Paid Up			
650 (Previous Year 650) 16% Kumar Urban Developers Ltd. of Rs.1,000,000/- each		86,554,000	563,446,000
1,000 (Previous Year Nil) 19% Kumar Urban Developers Ltd of Rs. 100,000/- each		100,000,000	-
Mutual Funds Units of Rs.10/- each, Fully Paid-Up			
Nil (Previous Year 1,076,652) JM Financial Mutual Fund - High Liquidity Fund - Super Institutional Plan - Daily dividend [Net Asset Value Rs. Nil (Previous Year Rs.10.02 per unit)]		-	10,784,282
Nil (Previous Year - 4,701,546) Kotak Mutual Fund - Kotak Equity Arbitrage Fund - Dividend [Net Asset Value Rs. Nil (Previous Year Rs.10.63 per unit)]		-	50,000,000
TOTAL		186,554,000	2,237,931,382

- 15.1 Aggregate value of cost of quoted investments is Rs. Nil (Previous Year Rs. 1,613,701,100/-) and of unquoted investments is Rs.186,554,000/- (Previous Year Rs.624,230,282/-).
- 15.2 Aggregate market value of quoted investments is Rs. Nil (Previous Year Rs.1,614,132,905/-).

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements

Note No.	Rupees	Rupees	As at
			31.03.2011
			Rupees
16 STOCK-IN-TRADE			
Debt instruments		5,730,818,164	7,469,008,356
TOTAL		5,730,818,164	7,469,008,356

16.1 Debt instruments includes interest accrued of Rs. 25,756,028/- (Previous Year Rs. 51,320,700/-).

16.2 Debt instruments of bodies corporate lying in stock-in-trade at the year end are as follows:

934 (Previous Year Nil) 0% Aditya Birla Minacs Worldwide Ltd 2014	1,099,528,150	-
1,910 (Previous Year Nil) 18% Rajesh & Nirman Ltd 2014	955,000,000	-
350 (Previous Year Nil) 18.75% Century Real Estate Ltd 2014	350,000,000	-
650 (Previous Year Nil) 19% Century Real Estate Ltd 2014	650,000,000	-
980,000 (Previous Year Nil) 30% Best Golden Developers Pvt. Ltd 2014	98,000,000	-
200,000 (Previous Year Nil) 11.70% IIISL 2014	204,570,013	-
20 (Previous Year Nil) 10.05% Air India Ltd NCD 2031	22,129,607	-
50 (Previous Year Nil) 11.50% Tata Steel Ltd Perp NCD 2021	53,783,743	-
Nil (Previous Year 250) 10.48% Samrudhi Cement Ltd 2013	-	263,091,205
Nil (Previous Year 3) 6% Tata Power Ltd 2015	-	2,608,293
Nil (Previous Year 43) 9.90% Tata Motors Ltd 2020	-	47,277,388

Note No.	Rupees	Rupees	As at
			31.03.2011
			Rupees
17 CASH AND BANK BALANCES			
Cash and cash equivalents			
Balances with banks in current accounts		7,052,925	1,401,293
Balances with banks in deposit accounts		-	279,300,000
Other bank balances			
Balances with banks in deposit accounts under lien		6,884,689,657	4,500,000,000
TOTAL		6,891,742,582	4,780,701,293

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements
18 SHORT TERMS LOANS AND ADVANCES

(Unsecured unless otherwise stated)

Note No.	Rupees	Rupees	As at 31.03.2011 Rupees
Loan funds (secured)	18,246,684,315		17,858,484,361
Less: Provision for doubtful loans	17,045,334		11,955,846
		18,229,638,981	17,846,528,515
Prepaid interest on Commercial Papers / CBLO borrowings		728,528,239	738,191,622
Deposits		27,928,100	-
Loans and advances to related parties		293,396	16,214,153
Others*		7,448,810	19,516,528
TOTAL		18,993,837,526	18,620,450,818

*includes prepaid expenses, service tax input credit, etc.

18.1 Details of dues from companies under the same management/ private companies in which a director is member or director:

JM Financial Asset Management Private Limited	293,396	-
JM Financial Services Private Limited	-	16,214,153

19 OTHER CURRENT ASSETS

Note No.	Rupees	Rupees	As at 31.03.2011 Rupees
Assets acquired in satisfaction of claims		5,336,100	-
Accrued interest on deposits with banks		43,268,697	149,155,568
TOTAL		48,604,797	149,155,568

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements

Note No.	Rupees	Rupees	Previous Year
			Rupees
20 REVENUE FROM OPERATIONS			
Income from funding activities		2,913,302,733	2,297,065,436
Income from trading in debt instruments (net)		409,721,262	390,101,018
Interest on debentures (current /non-current investments, non trade)		73,252,076	72,372,603
Advisory and other fees		152,525,857	103,370,340
Income from loan securitisation		12,597,347	22,270,355
Premium on redemption of preference shares		-	12,000,000
TOTAL		3,561,399,275	2,897,179,752

Note No.	Rupees	Rupees	Previous Year
			Rupees
21 OTHER INCOME			
<u>Interest Income on:</u>			
-Fixed deposits with banks	440,034,398		151,788,771
- Others	1,752,936		18,024,729
		441,787,334	169,813,500
<u>Dividend on non trade investments:</u>			
- Current	35,435,892		195,629,141
- Non-current	-		16,231,296
		35,435,892	211,860,437
<u>Profit on sale of non trade investments:</u>			
- Current	73,174,557		31,897,930
- Non-current	-		79,372,674
		73,174,557	111,270,604
Provision for non-current investments (non trade) written back		-	1,704,775
Provision for doubtful loans written back		2,599,347	17,430,554
Miscellaneous Income		3,902,684	1,332,653
TOTAL		556,899,814	513,412,523

JM FINANCIAL PRODUCTS LTD

Notes to the financial statements

Note No.	Rupees	Rupees	Previous Year Rupees
22	EMPLOYEE BENEFIT EXPENSES		
		160,829,326	158,609,938
		4,619,601	4,094,959
		506,846	364,514
		165,955,773	163,069,411
23	FINANCE COSTS		
		2,299,569,113	1,941,416,697
		124,908,310	25,935,218
		837,072	472,554
	TOTAL	2,425,314,495	1,967,824,469
24	OPERATING AND OTHER EXPENSES		
		49,389,390	83,123,224
		43,944,789	98,814,765
		25,674,513	34,483,240
		21,849,889	30,709,203
		12,062,132	14,432,336
		3,056,115	2,711,154
		1,209,703	1,326,733
		2,473,146	4,922,913
		1,841,463	1,664,085
		3,094,828	6,121,386
		1,898,850	1,694,354
		957,587	979,407
		1,331,974	1,394,525
		7,434,033	-
		16,699,682	-
		2,599,347	17,430,554
		7,688,835	-
		2,500,000	2,000,000
		900,000	1,200,000
		210,000	210,000
		10,873,557	9,752,217
		217,689,833	312,970,096
		6,378,058	16,083,799
	TOTAL	211,311,775	296,886,297
		Less: Recoveries	

JM FINANCIAL PRODUCTS LTD

Notes to the financial statements

	Rupees	Previous Year Rupees
25 Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	455,000	455,000
26 Payment to Auditors*: *		
Audit Fees	700,000	700,000
In any other manner (Certifications, limited reviews, etc.)	370,000	495,000
Out of pocket expenses	15,073	8,648
Service Tax	124,630	123,085
TOTAL	1,209,703	1,326,733

* Includes payments of Rs. Nil (Previous Year Rs.275,750/-) made to an affiliate firm in view of the networking arrangement which is registered with the Institute of Chartered Accountants of India.

27 Employee Benefits:

Defined Contribution Plan:

Both the employees and the Company make predetermined contributions to the Provident Fund. Amount recognised as expense amounts to Rs. 4,615,233/- (Previous Year Rs. 4,091,503/-).

Defined Benefit Plan: [Gratuity (Unfunded)]	Previous year	
	Rupees	Rupees
I. Reconciliation of liability recognised in the Balance Sheet		
Fair value of plan assets as at the end of the year	-	-
Present value of obligation as at the end of the year	5,011,877	4,047,996
Net liability in the Balance Sheet	5,011,877	4,047,996
II. Movement in net liability recognised in the Balance Sheet		
Net liability as at the beginning of the year	4,047,996	2,704,620
Net expense recognised in the statement of profit and loss	737,662	1,970,879
Payments during the year	226,219	(627,503)
Net liability as at the end of the year	5,011,877	4,047,996
III. Expense recognised in the statement of profit and loss (Under the head employee benefit expenses)		
Current Service Cost	838,065	867,626
Interest Cost	384,528	262,667
Past Service Cost	-	1,156,247
Actuarial Losses/ (Gains)	(484,931)	(315,661)
Expense charged to statement of profit and loss	737,662	1,970,879

IV. Reconciliation of defined benefit commitments		
Commitments at the beginning of the year	4,047,996	2,704,620
Current Service Cost	838,065	867,626
Interest Cost	384,528	262,667
Past Service Cost	-	1,156,247
Actuarial Losses/ (Gains)	(484,931)	(315,661)
Benefits Paid	226,219	(627,503)
Settlement Cost	-	-
Commitments at the year end	5,011,877	4,047,996

V. Experience Adjustments	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
Defined Benefit Obligation	5,011,877	4,047,996	2,704,620	669,260	-
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(5,011,877)	(4,047,996)	(2,704,620)	(669,260)	-
Experience Adj. on Plan Liabilities	138,707	(426,077)	893,447	-	-
Experience Adj. on Plan Assets	-	-	-	-	-

VI. Actuarial Assumptions	Previous year	
Mortality table	LIC(1994-96) Ultimate	LIC (1994-96) Ultimate
Discount rate (per annum)	8.65%	8.05%
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

28 Related Party Disclosure:

Names of related parties and description of Relationship

(i) Names of related parties and description of relationship where control exists

Holding Company

JM Financial Limited

Subsidiary

JM Financial Securities Private Limited (till 9th January 2012)

JM Financial Services Private Limited (w.e.f. 23rd August 2010)

JM Financial GILTS Limited

JM Financial Commtrade Limited (Downstream subsidiary)

JM Financial Insurance Broking Private Limited (Downstream subsidiary)

(ii) Names of related parties and description of relationship where transactions have taken place

(A) Holding Company

JM Financial Limited

(B) Subsidiary Companies

JM Financial Securities Private Limited (till 9th January 2012)

JM Financial Services Private Limited (w.e.f. 23rd August 2010)

JM Financial GILTS Limited

JM Financial Commtrade Limited (Downstream subsidiary)

(C) Associate

CR Retail Malls (India) Limited (w.e.f. 18th May 2011)

(D) Fellow Subsidiaries

JM Financial Services Private Limited (till 22nd August 2010)
 JM Financial Securities Private Limited (w.e.f. 10th January 2012)
 JM Financial Investment Managers Limited
 JM Financial Consultants Private Limited
 JM Financial Asset Management Private Limited
 JM Financial Institutional Securities Private Limited
 JM Financial Ventures Limited
 Infinite India Investment Management Private Limited

(E) Key Management Personnel

Mr. Vishal Kampani

(iii) Details of transactions with related parties

Name of the related party	Nature of relationship	Previous Year Rupees	
		Rupees	Rupees
JM Financial Limited	Holding Company		
Reimbursement of expenses (paid)		-	125,379
Transfer of gratuity liability (paid)		-	261,518
Transfer of deposit (paid)		-	10,000
Reimbursement of employees expenses		5,177,279	-
Interest income on leased assets (including taxes)		-	123,098
Support services charges (paid)		30,000,000	64,276,900
Purchase of fixed assets		-	166,484
Reimbursement of staff Loan (received)		-	8,450
Reimbursement of staff loan (paid)		-	12,350
Dividend paid- final (F.Y. 2010-11)		245,025,000	-
Closing balance as at the year end - (credit) (net)	-	(44,736)	
JM Financial Securities Private Limited	Subsidiary		
Professional fees paid		9,698,899	28,595,464
Inter Corporate Deposits given		533,500,000	830,720,000
Inter Corporate Deposits repaid		533,500,000	830,720,000
Interest received on Inter Corporate Deposits		1,050,641	2,174,171
Purchase of debt instruments		364,109,595	-
Sale of debt instruments	620,621,595	57,380,940	
JM Financial Securities Private Limited	Fellow Subsidiary		
Professional fees paid		2,867,682	-
Purchase of debt instruments		76,361,612	-
Sale of debt instruments	64,969,063	-	

JM Financial Consultants Private Limited	Fellow Subsidiary		
Reimbursement of expenses (received)		135,601	34,290
Reimbursement of expenses (paid)		2,062,171	148,115
Sale of equity shares		80,000,000	-
Purchase of fixed assets		533,816	37,632
Inter Corporate Deposits taken		-	750,000,000
Inter Corporate Deposits repaid		-	750,000,000
Interest paid on Inter Corporate Deposits		-	195,205
Closing balance as at the year end - (credit)		-	(50,314)
JM Financial Services Private Limited	Subsidiary		
Reimbursement of expenses (paid)		1,055,245	980,626
Reimbursement of staff loan (paid)		-	69,858
Inter Corporate Deposits given		1,125,000,000	1,370,000,000
Inter Corporate Deposits repaid		1,125,000,000	1,370,000,000
Interest received on Inter Corporate Deposits		830,480	1,179,042
Brokerage paid		131,589	2,151,988
Professional fees paid		13,210,659	4,586,625
Investment in equity shares		-	422,000,000
Closing balance as at the year end - (credit)/debit		(2,645,215)	13,135,806
JM Financial Services Private Limited	Fellow Subsidiary		
Reimbursement of expenses (paid)		-	140,113
Brokerage paid		-	13,060
Conversion of preference shares into equity shares		-	528,000,000
JM Financial GILTS Limited	Subsidiary		
Reimbursement of expenses (received)		22,679	18,042
Investment in equity shares		-	499,940
Investment in preference shares		-	11,000,000
JM Financial Ventures Limited	Fellow Subsidiary		
Inter Corporate Deposits taken		300,000,000	-
Inter Corporate Deposits repaid		300,000,000	200,000,000
Interest paid on Inter Corporate Deposits		1,197,945	208,219
Inter Corporate Deposit given		-	447,500,000
Inter Corporate Deposit repaid		-	447,500,000
Interest received on Inter Corporate Deposits		-	267,535
JM Financial Investment Managers Limited	Fellow Subsidiary		
Inter Corporate Deposits taken		250,000,000	-
Inter Corporate Deposits repaid		250,000,000	-
Interest paid on Inter Corporate Deposits		998,288	-

JM Financial Asset Management Private Limited	Fellow Subsidiary		
Support services charges paid		-	3,124
Support services charges recovered		6,378,058	16,083,799
Transfer of gratuity liability (received)		293,396	-
Closing balance as at the year end - debit/(credit)		293,396	(3,101)
JM Financial Institutional Securities Private Limited	Fellow Subsidiary		
Inter Corporate Deposit given		1,000,000,000	-
Inter Corporate Deposit repaid		1,000,000,000	-
Interest received on Inter Corporate Deposits		684,932	-
Support services charges paid		16,470,202	18,695,085
Purchase of fixed assets		-	23,275
Brokerage paid		179,599	658,379
Closing balance as at the year end - (credit)		-	(23,275)
JM Financial Commtrade Private Limited	Downstream Subsidiary		
Inter Corporate Deposit given		500,000,000	-
Inter Corporate Deposit repaid		500,000,000	-
Interest received on Inter Corporate Deposits		61,521	-
CR Retails Malls (India) Limited	Associate		
Inter Corporate Deposit given		596,900,000	-
Inter Corporate Deposit repaid		400,000,000	-
Interest received on Inter Corporate Deposits		35,151,180	-
Closing balance as at the year end – debit		196,900,000	-
Infinite India Investment Management Private Limited	Fellow Subsidiary		
Reimbursement of expenses (paid)		2,766,837	-
Purchase of fixed asset		-	38,140
Mr. Vishal Kampani	Key Management Personnel		
Managerial remuneration		47,654,570	41,970,927
Closing Balance as at the year end - (credit)		(34,300,000)	(30,000,000)

Notes:

- 1) There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.
- 2) Managerial remuneration excludes provision for gratuity as the incremental liability has been accounted for by the Company as a whole.

29 Lease Transactions:

Finance leases

The Company has taken vehicles on finance lease for a period of 36 months. The minimum lease rentals outstanding as at the year end are as under:

Due	Total Minimum Lease Payments outstanding as at the year end	Interest expenses	Present value of the minimum lease payments
	Rupees	Rupees	Rupees
Not later than one year	2,497,577 (919,776)	723,268 (185,510)	1,774,309 (734,266)
Later than one year and not later than five years	2,267,873 (960,996)	427,895 (65,522)	1,839,978 (895,474)
Later than five years	- (-)	- (-)	- (-)
TOTAL	4,765,450 (1,880,772)	1,151,163 (251,032)	3,614,287 (1,629,740)

Figures in brackets are for previous year

Operating leases

The Company has taken certain premises on non-cancellable operating lease basis. The tenure of such agreements ranges from 9 months to 36 months. The minimum lease rentals outstanding in respect of these are as under:

	Total Minimum Lease Payments outstanding as at 31st March, 2012	Total Minimum Lease Payments outstanding as at 31st March, 2011
Not later than one year	1,070,000	4,180,000
Later than one year and not later than five years	-	495,000
Later than five years	-	-
TOTAL	1,070,000	4,675,000

Lease payments recognised in the Profit and Loss Account for the year are Rs. 4,504,333/- (Previous Year Rs. 4,510,000/-).

The Company has taken certain assets (Premises and Furniture and Fixtures) on cancellable operating lease for the periods of 66 months. Lease payments recognised in the Profit and Loss account for the year in respect thereof aggregate Rs. 21,170,180/- (Previous Year Rs. 29,973,240/-).

- 30 Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

Particulars	Previous Year	
Profit after tax (Rupees)	892,309,998	731,056,277
Excess provision for tax in respect of earlier year (Rupees)	-	779,545
Profit attributable to equity shareholders (Rupees)	892,309,998	731,835,822
Weighted average number of shares outstanding during the year	544,500,000	544,500,000
Basic and Diluted Earnings per share (Rupees)	1.64	1.34
Nominal value per share (Rupees)	10.00	10.00

- 31 **Expenditure in Foreign Currency:**

Particulars	Previous Year	
	Rupees	Rupees
Professional Fees	1,450,639	4,344,875
Other Expenses	450,881	1,239,545

- 32 **Information pursuant to RBI Guidelines on Securitisation of standard assets dated February 1, 2006:**

	Current Year	Previous Year
(i) Total Number of transactions wherein Loan assets securitised	-	2
(ii) Total book value of loan assets securitised - Rupees	-	2,000,000,000
(iii) Total sales consideration received for the securitised assets - Rupees	-	2,007,335,914
(iv) Gain on sale on account of securitisation - Rupees	-	7,335,914
(v) Gain recognized in the statement of profit and loss - Rupees	12,597,347	22,270,355
(vi) Outstanding value of any services provided by way of credit enhancement, liquid support, post - securitisation asset servicing etc.	-	-

- 33 **Information pursuant to RBI Guidelines on Capital adequacy, liquidity and disclosure norms dated August 1, 2008 :-**

- (i) **Capital risk adequacy ratio (CRAR):**

Particulars	Previous Year	
CRAR	25.55%	24.45%
CRAR - Tier I capital	25.31%	24.28%
CRAR - Tier II capital	0.24%	0.17%

(II) Exposures:

Exposure to Real Estate Sector

	Category	Rupees	Previous Year Rupees
a)	Direct Exposure		
(i)	Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	-	-
(ii)	Commercial Real Estate- Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	4,017,185,376	2,750,000,000
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures- a) Residential, b) Commercial Real Estate.	- -	- -
b)	Indirect Exposure Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements
(III) Asset Liability Management:
Maturity pattern of certain items of assets and liabilities:

(Rupees)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	1,414,708,742	-	-	-	-	-	-	-	1,414,708,742
	(2,942,786,266)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,942,786,266)
Market Borrowings	4,485,147,859	5,325,147,859	5,885,147,859	3,028,443,577	4,760,887,155	2,706,839,978	-	-	26,191,614,287
	(8,216,000,002)	(2,050,061,188)	(6,770,122,378)	(2,120,183,567)	(6,434,367,131)	(895,474)	(-)	(-)	(25,591,629,740)
Assets									
Advances	6,278,234,523	2,786,871,821	2,694,013,059	3,179,449,241	4,054,348,432	2,757,038,152	273,362,418	101,431,585	22,124,749,231
	(2,913,944,161)	(2,307,948,316)	(2,662,597,223)	(3,783,584,666)	(6,868,233,003)	(1,679,561,600)	(140,069,208)	(694,710,433)	(21,050,648,610)
Investments	-	-	-	119,887,333	66,666,667	-	-	1,517,305,575	1,703,859,575
	(1,674,485,382)	(43,333,333)	(43,333,334)	(130,000,000)	(260,000,000)	(173,333,333)	(-)	(1,109,318,796)	(3,433,804,178)

Figures in brackets are for previous year

Note

Information on maturity pattern of advances for which there are no specified repayment terms, has been provided based on reasonable assumptions.

JM FINANCIAL PRODUCTS LTD
Notes to the financial statements
34 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007):-

Particulars			
	Liabilities side	Amount outstanding	Amount overdue
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	(i) Secured	2,832,535,505	-
		(-)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
		(-)	(-)
(b)	Deferred Credits	-	-
		(-)	(-)
(c)	Term Loans	-	-
		(-)	(-)
(d)	Inter-corporate loans and borrowing	50,543,329	-
		(30,023,014)	(-)
(e)	Commercial Paper	23,433,000,000	-
		(24,595,000,000)	(-)
(f)	Other Loans (Please Specify)		
	Overdraft Accounts	1,416,538,489	-
		(2,942,786,266)	(-)
	CBLO Borrowing	-	-
		(965,000,000)	(-)
	Due under finance lease	3,614,287	-
		(1,629,740)	(-)
	Assets side		Amount outstanding
(2)	Break up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a)	Secured		21,048,373,680
			(20,100,898,348)
(b)	Unsecured		1,076,375,551
			(949,750,262)
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:		
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease		-
			(-)
	(b) Operating Lease		-
(ii)	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		(-)
			-

	(b) Repossessed Assets	(-)
		-
(iii)	Other loans counting towards AFC activities:	(-)
	(a) Loans where assets have been repossessed	-
		(-)
	(b) Loans other than (a) above	-
		(-)
(4)	Break – up of Investments:	
	<u>Current Investments:</u>	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	
	Certificate of deposits	-
		(1,613,701,100)
	2. Unquoted:	-
	(i) Shares:	(-)
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	186,554,000
		(563,446,000)
	(iii) Units of Mutual Funds	-
		(60,784,282)
	(iv) Government Securities	-
		(-)
	(v) Others (Please Specify)	-
		(-)
	<u>Long Term Investments:</u>	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)

	(iv) Government Securities		-
	(v) Others (Please Specify)		(-)
			(-)
	2. Unquoted:		
	(i) Shares:		
	(a) Equity		1,113,335,258
			(1,033,068,796)
	(b) Preference		355,420,000
			(11,000,000)
	(ii) Debentures and Bonds		0
			(86,554,000)
	(iii) Units of Mutual Funds		48,550,318
			(65,250,000)
	(iv) Government Securities		-
			(-)
	(v) Others (Please Specify)		-
			(-)
(5)	Borrower group – wise classification of assets financed as in (2) and (3) above:		
		Amount net of provisions	
	Category	Secured	Unsecured
			Total
1)	Related Parties		
	(a) Subsidiaries	-	-
		(-)	(16,214,153)
			(16,214,153)
	(b) Companies in the same group	-	197,193,396
		(-)	(-)
			(-)
	(c) Other related parties	-	-
		(-)	(-)
			(-)
2)	Other than related parties	21,048,373,680	879,182,155
		(20,100,898,348)	(933,536,109)
			(21,034,434,457)
	Total	21,048,373,680	1,076,375,551
		(20,100,898,348)	(949,750,262)
			22,124,749,231
			(21,050,648,610)
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
1)	Related Parties		
	(a) Subsidiaries #	1,910,083,171	961,499,940
		(1,881,979,940)	(1,041,499,940)
	(b) Companies in the same group *	160,266,462	160,266,462
		(-)	(-)
	(c) Other related parties	-	-
		(-)	(-)
2)	Other than related parties *	578,666,876	582,093,173
		(2,376,587,901)	(2,392,304,238)
	Total	2,649,016,509	1,703,859,575
		(4,258,567,841)	(3,433,804,178)
(7)	Other Information:		

	Particulars	Amount
(i)	Gross Non – Performing Assets	
	(a) Related Parties	-
		(-)
	(b) Other than related parties	21,273,334
		(-)
(ii)	Net Non – Performing Assets	
	(a) Related Parties	-
		(-)
	(b) Other than related parties	2,398,655
		(-)
(iii)	Assets acquired in satisfaction of debt	5,336,100
		(-)

(figures in brackets indicates previous year figures)

* In view of non availability of latest audited financial statements, in respect of certain investments, cost is considered as break-up value/ fair value.

Based on break-up value.

35 Segment Information:

Primary Segment of the Company is business segment. The Company has identified two business segments:

- Fund Based Activities: This includes Margin Funding, Initial Public Offering Funding, Loan Against Shares, etc.
- Trading in Debt Securities: This includes purchase and sale of debt securities and related interest income thereon.

Segments have been identified and reported taking into account the nature of services, the differing risks and returns and the internal reporting structure.

Segment information for primary segment reporting (by Business Segment):

Particulars	Funding based activities	Trading in Debt Securities	Total
Segment Revenue	3,158,180,043	409,721,262	3,567,901,305
	<i>2,525,841,941</i>	<i>390,101,018</i>	<i>2,915,942,959</i>
Less:			
Other Income	6,502,030	-	6,502,030
	<i>18,763,207</i>	-	<i>18,763,207</i>
Enterprise Revenue	3,151,678,013	409,721,262	3,561,399,275
	<i>2,507,078,734</i>	<i>390,101,018</i>	<i>2,897,179,752</i>
Segment Results before interest and taxes	675,719,968	106,686,474	782,406,442
	<i>530,780,146</i>	<i>(50,130,414)</i>	<i>480,649,732</i>
Unallocable Corporate Income/(Expenses) (Net)			523,764,068
			<i>492,649,316</i>
Less, Interest Expense			837,072
			<i>472,554</i>
Profit before Tax			1,305,333,438
			<i>972,826,494</i>
Tax Expense			413,023,440
			<i>241,770,217</i>
Net Profit after Tax			892,309,998
			<i>731,056,277</i>

Other Information:			
Segment Assets	22,788,950,931	5,734,505,527	28,523,456,458
	<i>21,359,312,872</i>	<i>7,469,226,588</i>	<i>28,828,539,460</i>
Unallocable Corporate Assets			8,097,482,546
			<i>7,442,229,826</i>
Total Assets			36,620,939,004
			<i>36,270,769,286</i>
Segment Liabilities	22,387,005,220	5,718,279,778	28,105,284,998
	<i>20,950,502,499</i>	<i>7,448,740,204</i>	<i>28,399,242,703</i>
Unallocable Corporate Liabilities			544,486,555
			<i>318,045,496</i>
Total Liabilities			28,649,771,553
			<i>28,717,288,199</i>
Capital Expenditure (including CWIP)	9,343,345	-	9,343,345
	<i>10,069,965</i>	-	<i>10,069,965</i>
Depreciation/ Amortisation	10,383,608	-	10,383,608
	<i>9,985,604</i>	-	<i>9,985,604</i>
Non Cash Expenditure (Loan Funds Written Off)	2,599,347	-	2,599,347
	<i>17,430,554</i>	-	<i>17,430,554</i>

Figures in italics indicates previous year figures.

The Company operates in only one geographical segment and hence no further information is provided.

36 Employee Stock Option Scheme:

During the year, based on the request made by JM Financial Products Limited ('the Company'), JM Financial Limited, in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, has granted the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. The Stock Options have been granted on April 21, 2011. The particulars of vesting of the stock options granted to the Employees are given in the below table.

The option shall be eligible for vesting as per following schedule:

Vesting Date	No. of Stock Options	Status	Exercise Period	Exercise Price per Option (Rupees)
21st April, 2012	174,606	To be vested	Seven years from the date of Grant	1
21st April, 2013	174,606	To be vested	Seven years from the date of Grant	1
21st April, 2014	174,605	To be vested	Seven years from the date of Grant	1

The current status of the stock options granted to the Employees is as under:

Particulars	Current year No. of outstanding Options	Previous year No. of outstanding Options
Outstanding at the beginning of the year	-	-
Granted during the year	523,817	-
Lapsed during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	523,817	-
Exercisable at the end of the year	-	-

The charge on account of the above grant is included in employee benefit expense aggregating Rs.5,177,279/- (Previous year Rs. Nil). Since the options are granted by JM Financial Limited, basic and diluted earnings per share of the Company would remain unchanged.

37 Disclosure required in terms of Clause 28 of Listing Agreement of Debt Securities:

a) Loans and advances in the nature of loans given to subsidiaries and associates:

Name of the company	Particulars	Maximum Balance	Current Year	Previous Year
JM Financial Services Private Limited	Subsidiary	500,000,000	-	-
JM Financial Securities Private Limited	Subsidiary (till 10th January 2012)	500,000,000	-	-
JM Financial Commtrade Limited	Downstream subsidiary	50,000,000	-	-
JM Financial Institutional Securities Private Limited	Fellow subsidiary	1,000,000,000	-	-
CR Retail Malls (India) Limited	Associate	596,900,000	196,900,000	-

b) Loans and advances shown above are interest bearing and are repayable on demand

38 The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

For JM Financial Products Limited

Vishal Kampani
Managing Director

V. P. Shetty
Chairman

Ankur Shah
Company Secretary

Mumbai, dated: May 14, 2012

JM FINANCIAL PRODUCTS LIMITED
Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary Companies

Name of the Subsidiary Company	JM Financial GILTS Ltd	JM Financial Services Pvt Ltd	JM Financial Commtrade Ltd	JM Financial Insurance Broking Pvt Ltd
Extent of the interest of the Company in the Subsidiaries at the end of the financial year of each :	99.99%	91.00%	91.00%	91.00%
Financial year ended of the Subsidiary	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
A. The net aggregate amount of profits less losses so far as it concerns members of the Company and is not dealt within the Company's Accounts.				
1. For the financial year ended 31st March, 2012	11,935	155,588,699	7,448,913	(317,661)
2. For the previous year	(10,625,677)	335,715,833	2,228,998	2,104
B. The net aggregate amount of profits less losses so far as it concerns members of the Company and is dealt within the Company's Accounts.				
1. For the financial year ended 31st March, 2012	Nil	Nil	Nil	Nil
2. For the previous year	Nil	Nil	Nil	Nil

Notes:

1. JM Financial Securities Private Limited ceased to be a subsidiary of the Company w.e.f. 9th January 2012
2. JM Financial Commtrade Ltd and JM Financial Insurance Broking Pvt Ltd are wholly owned subsidiaries of JM Financial Services Pvt Ltd which is subsidiary of the Company

For JM Financial Products Limited
Vishal Kampani
Managing Director
V. P. Shetty
Chairman
Ankur Shah
Company Secretary

Mumbai, dated: May 14, 2012