



 **JM FINANCIAL**

Annual Report 2017-18

JM Financial Capital Limited

Racing Towards Tomorrow

CORPORATE INFORMATION

Board of Directors

Non-Executive Chairman

Mr. Vishal Kampani

Non-Executive Directors

Mr. Subodh Shinkar

Mr. Vipul Shah

Ms. Sonia Dasgupta

Independent Director

(w.e.f 28/3/2018)

Dr. Anup Shah

Registered Office

JM Financial Capital Limited

7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025

Tel: +91 22 6630 3030 Fax: + 91 22 6630 3223

Website: www.jmfl.com

Corporate Identity Number

U65190MH2015PLC270754

Chief Executive Officer

(w.e.f 1/8/2017)

Mr. Rajeev Chitrabhanu

Chief Financial Officer

Mr. Mukesh Gupta

Company Secretary & Compliance Officer

Mr. Rupesh Samani

Statutory Auditors

Deloitte Haskins & Sells LLP

Chartered Accounts

Indiabulls Finance Centre

Tower 3, 27th – 32nd Floor

Senapati Bapat Marg

Elphinstone Road (West)

Mumbai 400 013

Tel: +91 22 6185 4000 Fax: + 91 22 6185 4501

Website: www2.deloitte.com/in/en

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Phone: 040-67162222 Fax: 040-23001153

Toll Free no.: 1800-345-4001

Email ID: einward.ris@karvy.com

Website: www.karvycomputershare.com

Debenture Trustee

Beacon Trusteeship Limited

Corporate Office:

4 C & D, Siddhivinayak Chambers,

Gandhi Nagar, Bandra (East), Mumbai 400 055

Registered Office:

3 Prabhat Kunj, Prabhat Colony, Santacruz (East),

Mumbai 400 055

Tel: +91 22 2655 8759

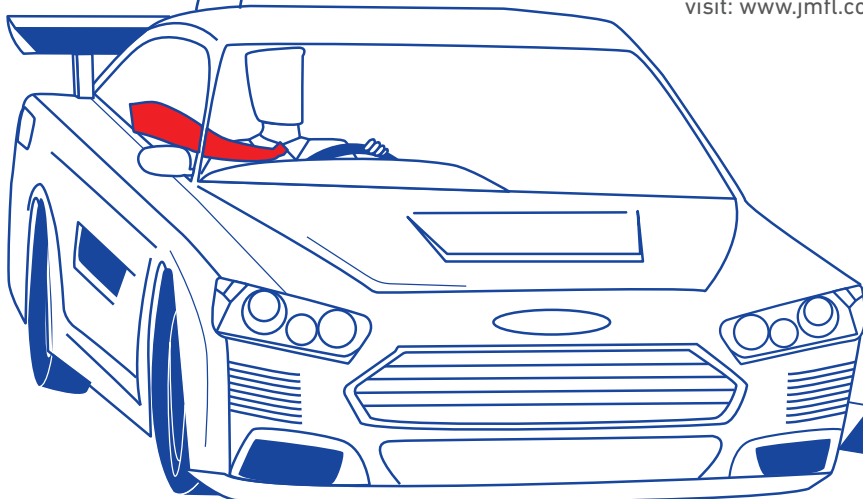
Website: www.beacontrustee.co.in

Principal Banker

HDFC Bank Limited



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



Notice

NOTICE IS HEREBY GIVEN THAT THE THIRD ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JM FINANCIAL CAPITAL LIMITED (THE COMPANY) WILL BE HELD ON MONDAY, JULY 16, 2018 AT 1.15 P.M. AT 7TH FLOOR, CNERGY, APPASAHEB MARATHE MARG, PRABHADEVI, MUMBAI 400025 TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vipul Shah (DIN: 05009363), who retires by rotation and being eligible, seeks re-appointment.
3. To ratify the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018) as the Statutory Auditors of the Company to hold office from the conclusion of the Third AGM until the conclusion of the Fourth AGM and to authorize the Board of Directors to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Anup Shah (DIN:00293207), who was appointed as an Additional (Independent) Director of the Company with effect from March 28, 2018 by the Board of Directors in terms of Section 161(1) of the Act read with Article 132 of the Articles of Association of the Company (“AOA”) and whose term of office expires at the Third Annual General Meeting (“AGM”) and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an

Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years with effect from March 28, 2018.”

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

“RESOLVED THAT in supersession of the resolution passed by the Members of the Company at the Annual General Meeting (“AGM”) held on June 14, 2017 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for borrowing from time to time, as the Board may think fit, any sum or sums of moneys, notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves PROVIDED HOWEVER THAT the aggregate of the moneys that may be thus borrowed by the Company together with the moneys already borrowed and remaining outstanding shall not at any time exceed Rs. 1,600 Crore (Rupees One Thousand Six Hundred Crore only).”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper expedient, to give full effect to above resolution and matters connected therewith or incidental thereto.”

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

“RESOLVED THAT in supersession of the resolution passed by the Members of the Company at the Annual General Meeting (“AGM”) held on June 14, 2017 and pursuant to the provisions of Sections 23, 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force and pursuant to the applicable provisions of

Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the circulars and clarifications issued by the Reserve Bank of India from time to time and to the extent applicable to the Company and subject to the Company's Memorandum and Articles of Association, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committees thereof) to offer, issue and allot secured/unsecured, listed/unlisted, rated or otherwise, redeemable Non-Convertible Debentures, in one or more series/tranches, aggregating up to ₹ 500 Crore (Rupees Five Hundred Crore only), on private placement basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and beneficial to the Company."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to this resolution and matters connected therewith or incidental thereto."

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

"**RESOLVED THAT** pursuant to Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with rules framed thereunder, consent of the Members be and is hereby accorded to the Board to amend the Articles of Association of the Company as set out under the explanatory statement annexed to the notice convening Third Annual General Meeting."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient, to give full effect to the above resolution and matters connected therewith or incidental thereto."

By Order of the Board

Rupesh Samani
Company Secretary

Date: April 30, 2018

Registered Office:

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai 400 025

(CIN: U65190MH2015PLC270754)

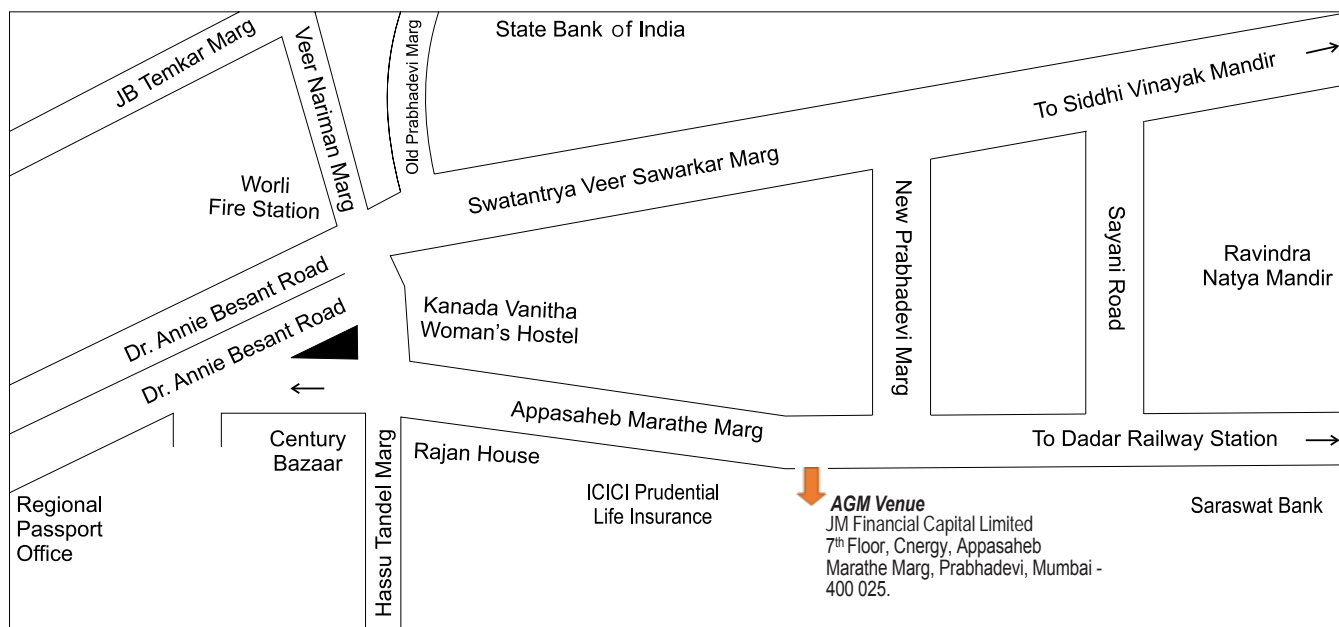
NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Pursuant to the provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder, a person can act as proxy on behalf of the Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10% (ten

percent) of the total share capital of the Company. Proxies submitted on behalf of the companies, must be supported by an appropriate resolution/authority, as applicable. A member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

3. The relevant statement to be annexed to the Notice pursuant to Section 102 of the Act, which sets out details relating to the special business at item nos. 4 to 7 of the Notice, is annexed hereto and forms part of this Notice.
4. Body Corporate Members of the Company are requested to send a certified copy of the board resolution authorising their representative(s) to attend and vote at the Meeting.

Route Map for the Third Annual General Meeting of the Company:



Annexure to Notice

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4:

Mr. Anup Shah was appointed as an Additional (Independent) Director by the Board of Directors of the Company on March 23, 2018 with effect from March 28, 2018 in accordance with the provisions of Section 161 of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company ("AOA"). Accordingly, Mr. Shah holds the office as a Director up to the date of the forthcoming Annual General Meeting ("AGM") of your Company.

In terms of Section 149 and other applicable provisions, if any, of the Act, Mr. Shah is proposed to be appointed as an Independent Director for five consecutive years. Mr. Shah has confirmed to the Board that he qualifies to be an Independent Director as per the meaning given in Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Mr. Shah fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Mr. Shah, is an eminent Chartered Accountant, and his professional experience includes Tax Advisory, Business Restructuring, Capital Markets Regulations, Foreign Investments, International Tax, PE Investments, Real Estate Structuring, Valuations and Accounting Advisory.

Mr. Shah serves as an Independent Director on the Board of some of the reputed companies in India, including JM Financial Services Limited, the holding company of the Company.

The Company has received a notice in writing under Section 160 of the Act from a member proposing Mr. Shah as a candidate for the office of Independent Director of the Company.

The Board of Directors is of the view that your Company would benefit immensely from the rich and varied experience of Mr. Shah and accordingly commends the passing of Ordinary Resolution proposed at item no. 4 of the Notice.

Save and except Mr. Shah, none of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise in the Ordinary Resolution proposed at item no. 4 of the Notice.

Item No. 5:

The Members of the Company at the Annual General Meeting ("AGM") held on June 14, 2017, had authorised the Board of Directors to borrow the moneys upto ₹ 1,330 Crore (Rupees One Thousand Three Hundred and Thirty Crore Only) apart from the temporary loans obtained from the Company's bankers in the ordinary course of its business.

Considering the business opportunity and the requirements of the funds for the financial year 2018-19, the Company would require to borrow higher amount. In view of this, the Board of Directors of the Company at its meeting held on April 30, 2018, had decided to seek the Members' consent to borrow the moneys upto Rs. 1,600 Crore (Rupees One Thousand Six Hundred Crore only) in supersession of the power to borrow the moneys upto Rs. 1,330 Crore (Rupees One Thousand Three Hundred and Thirty Crore Only) approved by them earlier. Accordingly, the consent of the Members is sought at item no. 5 under Section 180(1)(c) of the Act, as mentioned above.

The Board commends passing of the Special Resolution proposed at item no. 5 of the Notice.

None of the Directors / Key Managerial Personnel and their relatives is in any way, concerned or interested, financially or otherwise, in the Special Resolution proposed at item no. 5 of the Notice.

Item No. 6:

Our Company is a Non-Banking Financial Company registered with the Reserve Bank of India and is in the business of borrowing and lending. It inter-alia raises funds by way of issuance of Non-Convertible Debentures ("NCDs") on a private placement basis from time to time.

Pursuant to Sections 23, 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, a Company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the Members of a Company by a Special Resolution. In case of any offer or invitation to subscribe to NCDs, it shall be sufficient if such Company passes the Special Resolution only once in a year for all such offers or invitations during one year period from the date of passing the Special Resolution by the Members of the Company.

The Company had obtained the approval of Members by way of Special Resolution passed at the Annual General Meeting ("AGM") held on June 14, 2017 for raising of funds for an amount aggregating upto to Rs. 500 Crore (Rupees Five Hundred Crore only) by way of issue of NCDs, in one or more tranches. Keeping in mind the requirement of passing an enabling Special Resolution once in a year in accordance with the Act, it is now proposed to obtain approval of the Members by passing the Special Resolution set out at item no. 6 of the Notice.

The amounts raised through the issue of NCDs shall be used by the Company for providing loans to borrowers, refinancing existing borrowings, augmenting the working capital requirements of the Company, and for the general corporate purposes. Accordingly, consent of the Members is sought for issuing the NCDs aggregating up to Rs. 500 Crore (Rupees Five Hundred Crore only) by passing the Special Resolution set out at item no. 6 of the Notice.

The Board commends passing of the Special Resolution set out at item no. 6 of the Notice.

None of the Directors/Key Managerial Personnel and their relatives is in any way, concerned or interested, financially or otherwise (except to the extent of the NCDs that may be offered to, and taken up by them), in the Special Resolution proposed at item no. 6 of the Notice.

Item No. 7:

In terms of the Companies (Amendment) Act, 2015, use of Common Seal by companies have been made optional. Accordingly, it is proposed to alter the existing Articles of Association (AOA) of the Company by removing the reference of Common Seal wherever appearing in the AOA.

The Board, at its meeting held on April 30, 2018, approved making the following alterations in the existing AOA of the Company:

Sr. No.	Article No.	Existing Article of AOA	Proposed alteration
1.	Article 2: Interpretation clause "Definition of Seal"	"Seal" means the Common Seal for the time being of the Company.	To delete the definition of "Seal"
2.	Article 20 (b): Certificates of Shares in physical form	Every member or allottee of Shares shall be entitled without payment to receive one certificate specifying the name of the person in whose favour it is issued, the Shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issue of bonus Shares. Every such certificate shall be issued under the seal of the Company and shall specify the Shares to which it relates and the amount paid-up thereon, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a power of attorney and the Company Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the Share certificates, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing Director or a Whole time Director. Particulars of every Share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.	To delete the words "shall be issued under the seal of the Company and" and "which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a power of attorney and the Company Secretary or some other person appointed by the Board for the purpose", appearing in the said Article.
3.	Article 116: Appointment of Proxy	Every proxy (whether a member or not) shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an Officer or an attorney duly authorized by it, and any guardian, legal representative or attorney may appoint such proxy. The proxy so appointed shall not have right to speak in the meeting.	To delete the words "be under its seal or" appearing in the said Article.

Sr. No.	Article No.	Existing Article of AOA	Proposed alteration
4.	Article 169(v): Powers of Directors	at any time and from time to time by power of attorney under the Seal of the Company to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board thinks fit) be made in favour of the members or in favour of any company, or the Members, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection of convenience of persons dealing with such Attorneys, as the Board may think fit; and may contain powers enabling any such delegates all or any of the powers, authorities and discretions for the time being vested in them.	To delete the words "under the Seal of the Company" appearing in the said Article.
5.	Article 178: Seal	The Board shall provide a Seal for the purpose of the Company and shall have power, from time to time, to destroy the same and substitute a new Seal, in lieu thereof. The Board shall provide for the safe custody of the Seal and the Seal, except as otherwise empowered under the Act, shall never be used except under the authority of the Board or a Committee of the Board previously given. Every instrument to which the Seal is required to be affixed shall be signed either by a Director or by the Key Managerial Personnel or by any person or persons authorised by the Board of Directors or any of the Committees thereof and that the Seal shall be affixed in the presence of any one of the above persons named in this Article.	To delete the entire Article 178

A copy of the AOA of the Company will be available for inspection of the Members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting ("AGM").

The consent of the Members is sought to approve above alterations in the AOA by passing the Special Resolution as set out at item no. 7 of the Notice.

None of the Directors / Key Managerial Personnel and their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution proposed at item no. 7 of the Notice.

ADDITIONAL INFORMATION OF DIRECTOR SEEKING RE-APPOINTMENT AT THE THIRD ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 1.2.5 OF SECRETARIAL STANDARDS ON GENERAL MEETING (SS – 2) (Information as on March 31, 2018)

Item No. 2:

Name of the Director	Mr. Vipul Prabhulal Shah
DIN	05009363
Date of Birth	November 25, 1969
Initial date of appointment	June 1, 2016
Qualifications	Mr. Shah is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India (ICAI). He is also a Chartered Financial Analyst, AIMR, USA.
Brief Profile and Expertise in specific functional area	<p>Mr. Shah possess over two decades of experience in various aspects of the financial markets, including Wealth Management, Fund Management, Equity Research and Derivatives. He heads the Private Wealth Group at JM Financial Services Limited (“JMFS”), holding Company of JM Financial Capital Limited. A combination of industry experience and academic training makes him ideally suited in catering to the unique financial planning needs of the ultra-high net worth clients of JMFS.</p> <p>Mr. Shah has worked in varied capacities with a number of organizations in the financial market space and carries varied knowledge across countries, currencies and asset classes. His professional tenure in Corporate Finance has also given him an understanding of Fund Raising, Corporate Law and Taxation.</p>
Terms and conditions of appointment/ re-appointment	Re-appointment as Non-executive Director liable to retire by rotation.
Shareholding in the Company	Nil
Relationship with other Directors, Manager or KMPs	None
No. of meetings of the Board attended during the year	3
Directorships in other Companies	Nil
Membership of Committees in other Companies (Only the memberships of the Audit and Stakeholders’ Relationship Committee shown)	None

Item No. 4:

Name of the Director	Mr. Anup Shah	
DIN	00293207	
Date of Birth	October 2, 1976	
Initial date of appointment	March 28, 2018	
Qualifications	B.Com, L.L.B, FCA, Ph.D,	
Brief Profile and Expertise in specific functional area	Mr. Shah has over 19 years of experience in the areas of tax advisory, business restructuring, capital markets regulations, foreign investments, international tax, PE investments, real estate structuring, management consultancy, valuations, property matters and Accounting.	
Terms and conditions of appointment/re-appointment	Appointed as an Independent Director for a period of five years with effect from March 28, 2018	
Shareholding in the Company	Nil	
Relationship with other Directors, Manager or KMPs	None	
No. of meetings of the Board attended during the year	Nil, as appointed with effect from March 28, 2018	
Directorships in other Companies	Knowhowhub.com Private Limited Landmark Business Service Centre Private Limited Macro Investment and Financial Consultants Private Limited Mahindra Susten Private Limited Claris Lifesciences Limited Jaicorp Limited JM Financial Services Limited JM Financial Credit Solutions Limited Marathon Nextgen Realty Limited Price Pipes and Fittings Limited Health & Education Foundation Jaicorp Welfare Foundation	
Membership of Committees in other Companies (Only the Memberships of the Audit and Stakeholders' Relationship Committee shown)	Name of the Company	Committee
	Claris Lifesciences Limited	Audit Committee
	Jaicorp Limited	Audit Committee
	JM Financial Services Limited	Audit Committee
	Marathon Nextgen Realty Limited	Audit Committee
	JM Financial Credit Solutions Limited	Audit Committee

Directors's Report

To,
The Members,

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

Financial Highlights:

The summary of the Company's financial performance for the financial year ended March 31, 2018 as compared to the previous financial year ended March 31, 2017 is given below:

Particulars	(₹ in Lakh)	
	2017-18	2016-17
Gross Income	7,611.60	697.45
Expenses	5,090.35	658.39
Profit before Tax	2,521.25	39.06
Tax	744.46	4.01
Net profit after tax	1,776.79	35.05
Balance brought forward from previous year	28.41	1.36
Transferred to Statutory Reserve	(356.00)	(8.00)
Balance carried to Balance Sheet	1,449.20	28.41

Overview of the Company's Financial Performance:

Gross Income

Total gross income earned by the Company during the financial year ended March 31, 2018 was ₹ 7,611.60 Lakh as compared to ₹ 697.45 Lakh during the previous financial year ended March 31, 2017.

Profit before tax

Profit before tax posted by the Company for the financial year ended March 31, 2018 was ₹ 2,521.25 Lakh as against ₹ 39.06 Lakh in the previous financial year ended March 31, 2017.

Profit after tax

Profit after tax was ₹ 1,776.79 Lakh for the financial year ended March 31, 2018 as against ₹ 35.05 Lakh in the previous financial year ended March 31, 2017.

The Debt Equity Ratio of the Company as at March 31, 2018 was 3.36 times.

Dividend:

The Board is of the view that it is prudent to conserve the resources for the Company's growing business and hence it has decided to not recommend any dividend on the equity share capital for the financial year ended March 31, 2018.

Appropriations:

Following appropriations have been made from the profits of the Company:

Particulars	(₹ in Lakh)	
	2017-18	2016-17
Net Profit	1,776.79	35.05
Add: Balance profit brought forward from previous year	28.41	1.36
Profit available for appropriation	1,805.20	36.41
Less: Appropriations		
Transferred to statutory reserve	(356.00)	(8.00)
Surplus carried to balance sheet	1,449.20	28.41

Share Capital:

The authorized share capital of the Company as on March 31, 2018 stood at ₹ 300,00,00,000/- (Rupees Three Hundred Crore only) divided into 22,50,00,000 equity shares of ₹ 10/- each and 7,50,00,000 preference shares of ₹ 10/- each.

During the financial year ended March 31, 2018, JM Financial Services Limited (the Holding Company of the Company) subscribed to 2,50,00,000 equity shares of ₹ 10/- each on rights basis. Hence, paid up share capital of the Company post the said issue increased from ₹ 200,00,00,000/- (Rupees Two Hundred Crore only) to ₹ 225,00,00,000/- (Rupees Two Hundred Twenty Five Crore only).

Subsidiary Company:

As on March 31, 2018, the Company did not have any Subsidiary Company.

Deposits:

The Company being a "Systemically Important Non-Deposit taking Non-Banking Financial Company" has neither invited nor accepted or held any deposits from the public during the financial year ended March 31, 2018.

Credit Rating:

During the financial year ended March 31, 2018, ICRA Limited, CRISIL and CARE have assigned the following credit ratings to the borrowing programmes of the Company:

Facility	ICRA Limited	CRISIL	CARE
Commercial Paper Programme	ICRA A1+	CRISIL A1+	CARE A1+
Non-Convertible Debentures	ICRA AA/Stable PP-MLD ICRA AA/Stable	CRISIL AA/Stable	-

Overview of Business Performance of the Company:

The Company commenced its operations in March 2017 with the focus on lending business offering products like loan against properties, loan against securities which inter-alia include margin funding, ESOP financing, loan against commodities/bonds/mutual funds, financing clients for applications in select primary issuances in the equity and debt markets etc.

Operationally the processes and technology platform was put in place to ramp up the loan book. With the change in the CP Guidelines effective from August 10, 2017, the Company has obtained dual credit rating from ICRA Limited and CARE Limited with ratings assigned as "ICRA A1+" and "CARE A1+" for the Short Term Debt Programme (including Commercial Paper) for ₹ 1,000 Crore respectively and "ICRA AA/ Stable" for Non-Convertible Debentures for ₹ 200 Crore from ICRA Limited.

During the year the focus to ramp up the steady state financing continued. SME financing mainly loan against property and financing to NBFC's was initiated and the total SME Book as at March 31, 2018 stood at ₹ 89 Crore. The overall capital market book stood at ₹ 663 Crore as at March 31, 2018. Corporate Funding also commenced during the financial year and the book as at March 31, 2018 stood at Rs 110 Crore.

IPO financing though sluggish in the last quarter, totally 29 IPO's were funded during the year aggregating to ₹ 6,853 Crore.

As on March 31, 2018 the total loan book stood at ₹ 862 Crore as compared to ₹ 164 Crore at the end of the previous financial year,

Board of Directors and Key Managerial Personnel:

The Company has the following 5 (five) Directors on its Board, one of whom is an Independent Director.

Name of the Director	Position held on the Board during the financial year 2017-18
Mr. Vishal Kampani	Non-Executive Chairman
Mr. Subodh Shinkar	Non-Executive Director
Mr. Vipul Shah	Non-Executive Director
Ms. Sonia Dasgupta	Non-Executive Director
Mr. Anup Shah	Additional (Independent) Director

Independent Director:

During the financial year ended March 31, 2018, the Board on recommendation of the Nomination and Remuneration Committee (hereinafter referred to as "NRC Committee") appointed Mr. Anup Shah as Additional (Independent) Director on the Board of the Company with effect from March 28, 2018. Mr. Shah holds office as Additional (Independent) Director upto the date of the Third Annual General Meeting (hereinafter referred to as "AGM") and is eligible for appointment as Independent Director of the Company. Further, in accordance with section 149 and other applicable provision, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act"), the Company is seeking appointment of Mr. Shah as an Independent Director of the Company for five consecutive years. Brief profile of Mr. Shah is stated in the notice of Third AGM of the Company.

Cessation of Director:

During the financial year ended March 31, 2018, Mr. Manish Sheth resigned as a Director with effect from July 19, 2017. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr. Sheth during his tenure as a Director of the Company.

Retirement of rotation of the Directors:

Mr. Vipul Shah, a Non- Executive Director will retire by rotation at the Third AGM of the Company to enable compliance by the Company with the provisions of Section 152 of the Act. Being eligible, Mr. Vipul Shah has offered himself for re-appointment at the ensuing AGM.

There are no pecuniary transactions between Non-Executive Directors and the Company.

During the financial year ended March 31, 2018, the Board appointed Mr. Rajeev Chitrabhanu as the Chief Executive Officer (hereinafter referred to as "CEO") of the Company with effect from August 1, 2017. Further, in accordance with the provisions of section 203 of the Act, Mr. Chitrabhanu has also been designated as the Key Managerial Personnel (hereinafter referred to as "KMP") of the Company.

The details of the KMP in the Company as per Sections 2(51) and 203 of the Act are given below:

Name of the KMP	Designation
Mr. Rajeev Chitrabhanu	Chief Executive Officer
Mr. Mukesh Gupta	Chief Financial Officer
Mr. Rupesh Samani	Company Secretary & Compliance Officer

Declaration by Independent Director:

Mr. Anup Shah has confirmed to the Board that he meets the criteria of independence as specified under Section 149 (6) of the Act and that he qualifies to be an Independent Director pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The above confirmation was placed before the Board and duly noted.

Fit and Proper Declarations given by the Directors:

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2016 issued by the RBI, the Company has received the requisite declaration and undertaking from all the Directors of the Company.

The same were also placed before the Board and duly noted.

Board Meetings:

The Board meets at regular intervals to *inter-alia* discuss the Company's policies and strategy apart from the other Board matters. The tentative annual calendar of the Board and Committee meetings is circulated in advance to enable the Directors to plan their schedule and to ensure participation in the meetings. The notice for the Board /Committee meetings is also given well in advance to all the Directors.

During the financial year ended March 31, 2018, 5 (five) Board Meetings were held on April 18, 2017, July 19, 2017, October 13, 2017, January 16, 2018 and March 23, 2018. The maximum time period between the two Board Meetings did not exceed 120 days. The Company adheres to the applicable provisions of the Act and Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. Agenda papers containing all the necessary information/documents are made available to the Board /Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions.

The attendance at the Board meetings during the financial year 2017-18 is given below:

Name of the Director	Category	No. of meetings held	No. of meetings attended
Mr. Vishal Kampani [#]	Non-Executive Chairman	4	4
Mr. Subodh Shinkar	Non-Executive Director	5	5
Mr. Manish Sheth [*]	Non-Executive Director	2	2
Mr. Vipul Shah	Non-Executive Director	5	3
Ms. Sonia Dasgupta	Non-Executive Director	5	3
Mr. Anup Shah ^{\$}	Additional (Independent) Director	-	-

[#]Mr. Vishal Kampani was appointed as Additional Director w.e.f. April 18, 2017

^{*}Mr. Manish Sheth resigned as a Director w.e.f. July 19, 2017

^{\$}Mr. Anup Shah was appointed as Additional (Independent) Director w.e.f. March 28, 2018.

Policies on Directors' Appointment and Remuneration:

The Policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act, is appended as **Annexure I** to this Report.

Evaluation of the Board of Directors:

The Board carried out the formal annual evaluation of its own performance and that of its Committees viz., Audit Committee and Nomination & Remuneration Committee (NRC). The Board also carried out the evaluation of all the individual directors including Chairman of the Company. Additionally, the NRC Committee also carried out the evaluation of the performance of all the individual directors and Chairman of the Company. The performance evaluation was carried out by way of obtaining feedback from the directors through a structured questionnaire prepared in accordance with the policy adopted by the Board and after taking into consideration the Guidance Note on Board Evaluation issued by Securities Exchange Board of India (hereinafter referred to as "SEBI").

The structured questionnaire prepared to evaluate the performance of individual directors and Chairman inter-alia contained, parameters such as professional conduct, roles and functions, discharge of duties, and their contribution to Board/Committee/Senior Management. The questionnaire prepared for evaluation of the Board and its Committees, inter alia, covered various aspects such as structure and composition, effectiveness of board process, information and roles, responsibilities and functioning of the Board and its Committees, establishment and determination of responsibilities of Committees, the quality of relationship between the board and the management and professional development.

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

Board Committees:

The Board committees play an important role in the governance and focus on specific areas and make informed decisions within the terms of reference and authority delegated. The Board Committees are guided by their respective terms of reference. The Board of Directors of the Company has constituted the following committees.

Audit Committee:

The Audit Committee comprises of well qualified directors. The composition of the Audit Committee is in accordance with the RBI guidelines for NBFs and the Act and the rules made thereunder. During the financial year ended March 31, 2018, the Audit Committee comprised of 3 (three) Directors viz., Mr. Vishal Kampani, Mr. Anup Shah and is chaired by Mr. Subodh Shinkar.

During the financial year ended March 31, 2018, 4 (four) Audit Committee meetings were held on April 18, 2017, July 19, 2017, October 13, 2017 and January 16, 2018.

The attendance at the Audit Committee Meetings during the Financial year ended March 31, 2018 is given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Subodh Shinkar	Chairman	4	4
Mr. Vishal Kampani*	Member	2	2
Mr. Anup Shah [#]	Member	--	--

* Mr. Vishal Kampani was appointed as member of Audit Committee w.e.f. July 19, 2017.

Mr. Anup Shah was appointed as member of Audit Committee w.e.f. from March 28, 2018.

Mr. Vipul Shah and Mr. Manish Sheth ceased to be the members of the Audit Committee with effect from March 28, 2018 and July 19, 2017 respectively. Further, Mr. Shah attended three (3) meetings and Mr. Sheth attended two (2) meetings of the Committee during their tenure as members of the Committee.

Brief Scope and Function:

The Audit Committee inter-alia recommends appointment, remuneration and terms of appointment of Statutory Auditors and/or Internal Auditors of the Company, reviews and monitors the auditors' independence and performance and effectiveness of audit process, examines the financial statement and the auditors' report thereon.

All members of the Committee are financially literate. The Company Secretary of the Company acts as the Secretary to the Committee. The Chief Financial Officer along with Internal Auditors and Statutory Auditors and other senior officials of the JM Financial Group are invited to attend the meetings of the Committee.

Nomination and Remuneration Committee:

The Board of the Company has constituted a Nomination and Remuneration Committee (NRC) in accordance with the provisions of Section 178 of the Act and the RBI guidelines for Non-Banking Finance Companies (NBFCs). During the financial year ended March 31, 2018, the Committee comprised of 3 (three) Directors viz., Mr. Vishal Kampani, Mr. Anup Shah, and is chaired by Mr. Subodh Shinkar.

During the financial year ended March 31, 2018, 3 (three) NRC meetings were held on April 10, 2017, April 18, 2017 and March 23, 2018.

The attendance at the NRC Committee meetings during the financial year ended March 31, 2018, is given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Subodh Shinkar	Chairman	3	3
Mr. Vishal Kampani*	Member	1	1
Mr. Anup Shah#	Member	–	–

* Mr. Vishal Kampani was appointed as member of NRC Committee w.e.f. July 19, 2017.

Mr. Anup Shah was appointed as member of NRC Committee w.e.f. March 28, 2018.

Mr. Vipul Shah and Mr. Manish Sheth ceased to be member of NRC Committee with effect from March 28, 2018 and July 19, 2017 respectively. Further, Mr. Shah attended two (2) meetings and Mr. Sheth attended two (2) meetings of the Committee during their tenure as members of the Committee.

Brief Scope and Function:

The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director, evaluates the performance of Directors, recommends to the Board of Directors, a policy relating to the remuneration for the Directors, KMP and other employees of the Company and approving the remuneration of the KMP and other employees of the Company, from time to time.

Sponsorship and Credit Committee:

During the financial year ended March 31, 2018, the Sponsorship and Credit Committee comprised of 2 (two) Directors viz., Mr. Subodh Shinkar and is chaired by Mr. Vishal Kampani.

During the financial year ended March 31, 2018, 15 (fifteen) meetings of the Sponsorship and Credit Committee were held on April 18, 2017, May 5, 2017, May 31, 2017, June 13, 2017, June 29, 2017, August 24, 2017, September 20, 2017, September 25, 2017, October 11, 2017, October 25, 2017, October 31, 2017, November 22, 2017, December 13, 2017, February 13, 2018 and March 5, 2018.

The attendance at the Sponsorship and Credit Committee Meetings during the financial year ended March 31, 2018 are given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Vishal Kampani*	Chairman	10	10
Mr. Subodh Shinkar	Member	15	15

* Mr. Vishal Kampani was appointed as member of Sponsorship and Credit Committee w.e.f. July 19, 2017.

Mr. Manish Sheth ceased to be member of the Sponsorship and Credit Committee w.e.f. from July 19, 2017. Further, Mr. Sheth attended five (5) meetings of the Committee during his tenure as a member of the Committee.

Brief Scope and Function:

The Sponsorship and Credit Committee *inter-alia* scrutinizes the loan proposals and if satisfied approves the sanction of the loan proposal. Further, it approves the amounts to be borrowed from Banks/Financial Institutions and the amount to be borrowed by issuing Non-Convertible Debentures of varied maturities.

Allotment Committee:

During the financial year ended March 31, 2018, the Allotment Committee comprised of 3 (three) Directors viz., Mr. Vipul Shah, Ms. Sonia Dasgupta and is chaired by Mr. Subodh Shinkar.

During the financial year ended March 31, 2018, 1 (one) meeting of the Allotment Committee was held on September 29, 2017.

The attendance at the Allotment Committee meeting during the financial year ended March 31, 2018, is given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Subodh Shinkar	Chairman	1	1
Mr. Vipul Shah*	Member	1	1
Ms. Sonia Dasgupta*	Member	1	1

* Mr. Vipul Shah and Ms. Sonia Dasgupta were appointed as Members of the Allotment Committee w.e.f from July 19, 2017. Further, Mr. Manish Sheth ceased to be member of the Allotment Committee w.e.f. July 19, 2017.

Brief Scope and Function:

The Allotment Committee *inter-alia* allots the securities that are issued by the Company from time to time, issues new certificates/ duplicate certificates for equity shares, NCDs and such other securities that may be issued and allotted by the Company from time to time.

Asset Liability Management Committee:

The Board of the Company has constituted an Asset Liability Management Committee (hereinafter referred to as "ALM Committee") in accordance with the RBI Guidelines for NBFCs. During the financial year ended March 31, 2018, the ALM Committee comprised of 2 (two) Directors viz., Ms. Sonia Dasgupta and is chaired by Mr. Subodh Shinkar.

During the financial year ended March 31, 2018, 3 (three) meetings of the ALM Committee were held on July 19, 2017, October 25, 2017 and January 16, 2018.

The attendance at the ALM Committee meetings during the financial year ended March 31, 2018, are given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Subodh Shinkar	Chairman	3	3
Ms. Sonia Dasgupta*	Member	2	2

*Ms. Sonia Dasgupta was appointed as member of ALM Committee w.e.f. July 19, 2017.

Mr. Manish Sheth ceased to be member of ALM Committee w.e.f July 19, 2017. Further, Mr. Sheth attended one (1) meeting of Committee during his tenure as a member of the Committee.

Brief Scope and Function:

The ALM Committee *inter-alia* reviews the asset-liability profile of the Company, reviews risk monitoring system, ensures payment of liability and its due dates, manages liquidity risk, and analyzes 'what if scenario' and prepares contingency plans, if required.

Risk Management Committee:

The Board of the Company has constituted a Risk Management Committee in accordance with the RBI Guidelines for NBFCs. During the financial year ended March 31, 2018, the Risk Management Committee comprised of 2 (two) Directors viz., Mr. Vishal Kampani and is chaired by Mr. Subodh Shinkar.

During the financial year ended March 31, 2018, 2 (two) Risk Management Committee meetings were held on November 7, 2017 and January 16, 2018.

The attendance at the Risk Management Committee meetings during the financial year ended March 31, 2018, are given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Subodh Shinkar	Chairman	2	2
Mr. Vishal Kampani*	Member	2	2

* Mr. Vishal Kampani was appointed as member of Risk Management Committee w.e.f. July 19, 2017.

Mr. Manish Sheth ceased to be member of Risk Management Committee w.e.f. from July 19, 2017.

Brief Scope and Function:

The Risk Management Committee inter-alia reviews, identifies, monitors and measures the risk profile and risk measurement system of the Company.

Information Technology Strategy Committee:

During the financial year ended March 31, 2018, the Board constituted an Information Technology Strategy Committee (hereinafter referred to as "IT Strategy Committee") in accordance with the Master Direction on Information Technology (IT) Framework for the Non-Banking Financial Companies (hereinafter referred to as "NBFCs") issued by RBI.

During the financial year ended March 31, 2018, the IT Strategy Committee comprised of Mr. Anup Shah, Mr. Titus Gunaseelan and Mr. Rajeev Chitrabhanu as members of the Committee.

During the financial year ended March 31, 2018, 1 (one) IT Strategy Committee meeting was held on January 16, 2018.

The attendance at the IT Strategy Committee meeting during the financial year ended March 31, 2018 is given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Anup Shah#	Member	-	-
Mr. Titus Gunaseelan	Member	1	1
Mr. Rajeev Chitrabhanu	Member	1	1

Mr. Anup Shah was appointed as member of IT Strategy Committee w.e.f. March 28, 2018.

Mr. Vipul Shah ceased to be member of IT Strategy Committee w.e.f. March 28, 2018. Further Mr. Shah attended one (1) meeting of committee during his tenure as a Chairman of the Committee.

Brief Scope and Function:

The IT Strategy Committee inter-alia approves the IT strategy and policy documents, ensures IT investments represent a balance of risks and benefits and that budgets are acceptable, monitors the method that management uses to determine the IT Resources needed to achieve strategic goals and insures institute effective governance mechanism and risk management process for all IT outsourced operations.

Information Technology Steering Committee:

During the financial year ended March 31, 2018, the Board constituted an Information Technology Steering Committee (hereinafter referred to as "IT Steering Committee") in accordance with the Master Direction on

Information Technology (IT) Framework for NBFCs issued by the RBI. During the financial year ended March 31, 2018, the IT Steering Committee comprised of Mr. Sachchidanand Muchandi, Mr. Mukesh Gupta, Mr. Rupesh Samani, Ms. Sanji Aswani and is chaired by Mr. Titus Gunaseelan.

During the financial year ended March 31, 2018, 2 (two) IT Steering Committee meetings were held on August 24, 2017 and December 19, 2017.

The attendance at the IT Steering Committee meeting during the financial year ended March 31, 2018 is given below:

Name of the Member	Position	No. of meetings held	No. of meetings attended
Mr. Titus Gunaseelan	Chairman	2	2
Mr. Sachchidanand Muchandi	Member	2	2
Mr. Mukesh Gupta	Member	2	2
Mr. Rupesh Samani	Member	2	2
Ms. Sanji Aswani	Member	2	2

Policies and Procedures:

The Company conducts its business in a fair, transparent and ethical manner within the existing rules and regulations prescribed for NBFCs. The Board of the Company has interalia adopted following policies in accordance with the RBI guidelines for NBFCs /SEBI Regulations and/or the Act:

Internal Guidelines on Corporate Governance

The Internal Guidelines on Corporate Governance is formulated to set strategic objectives for the management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound corporate governance.

Fair Practice Code

The Fair Practice Code is formed with the objective to act fairly and reasonably in all the dealings with borrowers, to assist its customers in understanding as to what are the broad features of its financial products, services and what are the benefits, risks involved in availing the same and to make every attempt to ensure that its customers would have trouble-free experience in dealing with it.

Interest Rate Policy

The Interest Rate Policy is laid down to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

Know Your Customer/Prevention of Money Laundering Policy

The Know Your Customer/Prevention of Money Laundering Policy is adopted to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

Asset Liability Management Policy

The Asset Liability Management Policy (hereinafter referred to as "ALM Policy") is laid down to establish guidelines to ensure prudent management of assets and liabilities for the Company. ALM policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks.

Loan Policy

The Loan Policy is laid down to have a loan portfolio which generates adequate risk adjusted returns; to ensure all deal managers have a clear understanding of the composition of the incremental portfolio and to define clearly the size and nature of deals that must be brought to the Sponsorship and Credit Committee for approval before disbursement.

Resource Planning Policy

The Resource Planning Policy lays down a broad framework for resource raising activities through various sources in a manner that ensures a strategic and smooth management of interest rate and liquidity risk.

Treasury and Investment Policy

The Treasury and Investment Policy lay down a framework for deployment of funds of the Company with a view to optimise return on investments.

Credit Information Policy

The Company, being a member of credit information companies namely, Credit Information Bureau (India) Limited, Equifax Credit Information Services Private Limited, Experian Credit Information Company of India Private Limited, and CRIF Highmark Credit Information Services Private Limited has in place a credit information policy in accordance with the Credit Information Companies (Regulation) Act, 2005 and the Rules/Regulations made thereunder.

Outsourcing Policy

During the financial year ended March 31, 2018, the Company has adopted an Outsourcing Policy in accordance with the RBI circular dated November 9, 2017, inter-alia containing the selection of outsourcing activities as well as service providers, delegation of authority depending on risks and materiality and systems to monitor and review the operations of these activities

Fit and Proper Criteria Policy

The Company has adopted the Fit and Proper Criteria Policy to lay down the fit and proper criteria for the Directors of the Company. It is prepared for ascertaining the fit and proper criteria for newly appointed Directors as well as for those Directors who are continuing on the Board of the Company.

Policy for Preservation of Documents

The Policy for Preservation of Documents define the guidelines to identify, classify, retain and protect all types of documents for sufficient length of time so as to comply with the regulatory requirements and also to have records for use in events of disputes, litigation, investigation, etc. This policy intends to provide necessary guidance for preservation, custody and disposal of documents maintained/filed by the Company.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy in accordance with Section 177 of the Act.

Information Technology Policies

During the financial year ended March 31, 2018, the Company adopted the following Information Technology Policies in view of the Master Direction issued by RBI dated June 8, 2017 numbered DNBS.PPD.No.04/66.15.001/2016-17, to ensure availability of sufficient, competent and capable human resources:

- **Information Security Policy**
The Information Security Policy is laid down to provide IS Framework with basic tenets like identification/classification of assets, segregation of duties and functions, role based access control, security (personal and physical), maker-checker system, incident management, trails and Public Key Infrastructure.
- **Cyber Security Policy**
The Cyber Security Policy is adopted to devise a strategy to combat cyber threats given the level of complexity of business and acceptable levels of risk.
- **Cyber Crisis Management Plan**
The Cyber Crisis Management Plan is laid down in order to be well prepared to face emerging cyber threats such as zero day attacks, remote access threats and targeted attacks. It addresses aspects like Detection, Response, Recovery, and Containment and is a part of overall Board approved strategy.

- **Change Management Policy**

The Change Management Policy is laid down to realign Information Technology systems on a regular basis in lines with the changing needs of our customers and business.

- **Business Continuity Planning and Disaster Recovery**

The Business Continuity Planning and Disaster Recovery is designed to minimize the operational, financial, legal, reputational and other material consequences arising from any disaster. It has features like Business Impact Analysis and Recovery strategy/ Contingency Plan.

Other Policies

The Company has also adopted following policies as recommended by the NRC Committee of the Board:

- Policy on selection of Directors;
- Policy on Performance Evaluation and Remuneration of Directors; and
- Policy on Performance Evaluation and Remuneration Framework for the Key Managerial Personnel and other employees

Directors' Responsibility Statement:

Pursuant to the requirements under Section 134(3)(c) read with Section 134(5) of the Act with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- a. in the preparation of the annual accounts the applicable accounting standards have been followed and that no material departures have been made in following the same;
- b. appropriate accounting policies have been selected and applied consistently by the Directors and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Act have been taken by the Directors for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared by the Directors on a going concern basis;
- e. internal financial controls to be followed by the Company have been laid down by the Directors and that such internal financial controls are adequate and were operating effectively; and
- f. proper systems have been devised by the Directors to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors:

Statutory Auditors:

Deloitte Haskins & Sells LLP, Mumbai, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Act, for a period of five years viz., 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

In accordance with Section 139 of the Act and the Companies (Audit and Auditors), Rules 2014, the appointment of Statutory Auditors needs to be ratified by the members at every AGM. The Company has received a confirmation from Deloitte Haskins & Sells LLP that their appointment, if ratified, at the Third AGM will be in accordance with Sections 139 and 141 of the Act and rules made thereunder. Accordingly, the members are requested to ratify the appointment of the Statutory Auditors at the Third AGM of the Company.

Comments on Auditors Report:

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors, in their Audit Report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year ended March 31, 2018.

Secretarial Auditors:

Pursuant to the requirements of Section 204 of the Act, and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report in prescribed form MR-3 as received from Mr. Rakesh Sanghani, a Company Secretary in Practice is appended to this Report as **Annexure II**. There are no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditor in the Audit Report.

Internal Auditors:

Pursuant to the requirements of Section 138 of the Act and Rule 13 of Companies (Accounts) Rules, 2014, M/s. Aneja Associates, Chartered Accountants were appointed as Internal Auditors of the Company for the financial year ended March 31, 2018.

Secretarial Standards:

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

Registrar and Share Transfer Agents:

Karvy Computershare Private Limited acts as the Registrar and Share Transfer Agent of the Company.

Borrowings:

During the financial year ended March 31, 2018, the Company met its funding requirements through Non-Convertible Debentures (hereinafter referred to as "NCDs"), Bank Lines and Commercial Papers (hereinafter referred to as "CPs").

Non - Convertible Debenture & Debenture Trustee:

During the financial year ended March 31, 2018, the Company has issued and allotted 300 NCDs of the face value of ₹ 10,00,000/- each (Rupees Ten Lakh only) aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crore only) on private placement basis. As on March 31, 2018, 300 NCDs of the face value of ₹ 10,00,000/- each (Rupees Ten Lakh only) aggregating to ₹ 30,00,00,000/- (Rupees Thirty Crore only) were remaining outstanding. The issued NCDs are listed on the Wholesale Debt Market Segment of BSE Limited. The Debt Equity Ratio of the Company as at March 31, 2018 was 3.36 times.

Beacon Trusteeship Limited are the Debenture Trustee for the NCDs issued by the Company.

Bank Lines:

During the financial year ended March 31, 2018, the Company had availed overdraft against fixed deposit facility through HDFC Bank and YES Bank for an amount aggregating upto ₹ 23.25 Crore. As on March 31, 2018, there was no outstanding overdraft facility.

Commercial Papers:

During the financial year ended March 31, 2018, the Company had issued CPs for an amount aggregating to ₹ 8625 Crore and an amount aggregating to ₹ 7850 Crore were duly redeemed upon their maturity.

The Company has been regular in repayment of its borrowings and payment of interest thereon.

Report On Management Discussion & Analysis:

The report on Management Discussion and Analysis for the year under review, as stipulated under the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the RBI, forms part of this Report.

Risk Management and Internal Controls:

The Company has a well-defined risk management framework in place. Further, it has established procedures to periodically place before the Board, the risk assessment and management measures. The details of the risks faced by the Company and the mitigation thereof are discussed in detail in the Management Discussion and Analysis report that forms part of the Annual Report.

Particulars of Remuneration of Directors/KMPs:

In accordance with the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing disclosures pertaining to the remuneration and other details as required under the Act and the above Rule are appended to this Report as **Annexure III**.

As per the provisions of Section 136 (1) of the Act, the reports and accounts are being sent to all the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The same is available for inspection by Members at the registered office of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Third AGM. Any Member interested in obtaining such information may write to the Company and the same will be furnished on such request.

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

The policy against sexual harassment is embodied both in the Code of Conduct of JM Financial Group as also in a specifically written policy in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended March 31, 2018, no cases in the nature of sexual harassment were reported at any workplace of the Company.

Particulars of Contracts or Arrangements With Related Parties during the financial year ended March 31, 2018:

The related party transactions, that were entered into during the financial year ended March 31, 2018, were on arm's length basis and in the ordinary course of business Pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions that are required to be reported under Section 188(1) of the Act, as prescribed in Form AOC-2.

Pursuant to Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015, a policy on Related Party Transactions is given in this Report as **Annexure IV**. The detailed policy on the Related Transactions has been uploaded on the Company's website. The link for the same is <https://jmfl.com/who-we-are/group-companies>.

Material Changes and Commitments affecting the Financial Position of the Company:

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Details of Significant and Material Orders:

During the financial year ended March 31, 2018, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future. Further, no penalties have been levied by RBI/ any other regulators during the financial year 2017-18.

Particulars of Loans, Guarantees or Investments:

The particulars of loans, guarantees or investments under Section 186 of the Act are not furnished since the provisions of the said Section are not applicable to the Company, being a Non-Banking Financial Company registered with RBI.

Extract of Annual Return:

Pursuant to the requirements of Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return as on March 31, 2018, in prescribed Form MGT-9 is given in this Report as **Annexure V**.

Vigil Mechanism / Whistle Blower Policy:

The Company has established a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the Management, their genuine concerns, of employees..

During the financial year ended March 31, 2018, no cases under this mechanism were reported to the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

In view of the nature of activities being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption, and research and development are not applicable to the Company.

During the financial year ended March 31, 2018, the Company has neither earned nor spent any foreign exchange for any of the transactions.

Acknowledgement:

The Directors acknowledges the support extended by the Reserve Bank of India, Securities and Exchange Board of India, Ministry of Corporate Affairs, Registrar of Companies, Maharashtra, Mumbai, other government and regulatory authorities.

The Directors also place on record the gratitude for the guidance and support extended by The BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited.

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

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

For and on behalf of the Board

Date: April 30, 2018
Place: Mumbai

Vishal Kampani
Chairman

ANNEXURE I

Selection of Directors

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of a company is required formulate the criteria for determining the qualifications, positive attributes and independence of a director proposed to be appointed as an independent director on the board of the company.

This document accordingly records the policy for selection of Directors for appointment on the Board of Directors.

Following criteria will inter alia, be kept in mind while assessing the suitability of an individual as a director on the Board of Directors of the Company:

- Demonstrated independence, integrity, high personal and professional ethics;
- Ability and willingness to commit sufficient time to the responsibilities as Board member;
- Understanding of the Company's business and related industry;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Assessment of conflicts of interest, if any;
- Personal accomplishments and ability to influence policies.

The above are the broad parameters for assessing the candidate. The Committee may apply additional or different criteria as it may deem fit.

The Committee may also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

The Nomination and Remuneration Committee will also keep in mind regulatory requirements in this regard.

Persons to be considered for appointment as directors will be selected by the Nomination and Remuneration Committee in accordance with the policies and principles above and under the Companies Act, 2013. The invitation to join the Board may be extended by the Chairman/Vice-Chairman of the Board.

Performance Evaluation and Remuneration of Directors**Scope:**

- All members of the Board of Directors

Objectives

- To assist in the process of assessing the participation and contribution in the Board level deliberations by the directors of JM Financial Credit Solutions Limited
- To monitor and evaluate the achievement of the Board objectives
- To provide the Directors an opportunity to reflect on and assess their areas of strength and development

Evaluation Process for Directors:

JM Financial Group follows annual 360° evaluation for its Key Managerial Persons and senior management team. A process modelled on this method can be designed for evaluation of Directors. Under this option, the Company's Management team will:

- help define criteria for evaluations (including 360° process)
- formulate the process for evaluating and rating each Director
- design the Evaluation templates and implementation process
- coordinate and collate feedback received for each Director
- analyze feedback received for each Director and prepare evaluation summary
- share the evaluation summary along with suggestions and recommendations for consideration of individual director
- share the feedback with the Chairman

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the individual directors in confidence.

Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at and active engagement in the discussion of business performance, competitive landscape and strategies
- Development and monitoring of leadership teams
- Compliance focus and insistence on ethical business practices
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc
- Management of conflicts in Board discussion
- Management of Conflict of Interest

Criteria for determination of Remuneration

The remuneration of directors including independent directors will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

Performance Evaluation and Remuneration Framework for Key Managerial Personnel (KMP) and Other Employees

This document records the policy and process for evaluation and determination of remuneration of Key Managerial Personnel and senior executives of JM Financial Credit Solutions Limited. This document is prepared on the basis of the practice followed by all

companies in JM Financial Group for over a decade

Scope:

- All Key Managerial Personnel (KMPs) – include CEOs, Business Unit Heads, senior and critical managerial staff.

Objectives

- To monitor and evaluate the performance as well as achievement of the annual goals and objectives;
- To provide KMPs an opportunity to reflect on and assess their areas of strength and development;
- To assist in the process of establishing goals and initiatives that are consistent with the vision and strategic directions of JM Financial Group.

Key Evaluation Criteria

- Achieving financial and operational target results
- Spearheading strategic initiatives
- Providing clear and thorough reports to the Board
- Development focus for self and teams
- Maintaining interactive relationship with regulators
- Creating and achieving business development goals
- Assessing and managing conflicts of interest
- Participating in corporate image building by active participation in industry forum, recruitment process, etc

Annual Evaluation Process

- Step 1: 180° Assessment

The KMP and the Reporting Manager review and comment on the self-assessment for respective KMPs.

- Step 2: 360° Assessment

KMPs to seek and get feedback from Evaluators (peers, seniors, and subordinates) on behavioral attributes. The Reporting Manager approves the 360° evaluators list proposed by KMP and suggests change as appropriate.

- Step 3: Feedback Report

Reporting Manager summarizes feedback received (based on 180° + 360° assessment) for respective KMPs and discusses with him Performance & Development Summary and both agree on assessment results and development plan. In deserving cases, a co-evaluation director is made part of the discussion to make the process free from subjectivity.

Remuneration Framework

The compensation structure for KMPs consists of two parts – Fixed and Variable:

- Fixed compensation

The Firm has salary bands across levels which are used to decide the fixed compensation. The objective of this structure is to ensure internal and external parity. The fixed component is reviewed annually and a market aligned fixed compensation structure is proposed.

- Variable compensation

Apart from the fixed component, KMPs are eligible for a performance linked variable compensation component i.e. 'Discretionary Bonus'. The payout of this component depends on KMP's individual performance and performance of the Company.

The compensation strategy of the Firm is meritocracy-based and the remuneration policy is designed to encourage high performance culture while aligning itself to the highly competitive business environment.

The compensation structure is being reviewed regularly and at least once annually to ensure retention and also provide ability to attract talent.

The fixed and variable compensation of KMPs will be determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Firm and the respective business / department

Compensation Review Process

Post the Performance Evaluation, Human Resources team to coordinate with business the compensation review process and broadly follows below steps:

- Preparation of individual compensation summary with historical data
- Discussions with CEO on the compensation recommendations received on each individual basis their performance
- Review with Firm Management / Group Chairman
- Proposal to the nomination and remuneration committee for its approval
- Implementation of approved revised fixed compensation as well as disbursement of variable compensation

Training and Development

Based on the feedback report prepared by the reporting manager, the training and developmental needs are identified for the KMPs and the Human Resource department records such requirements in its database. The Human Resource department then in consultation with the CEO/reporting manager and provides the same either in house or deutes them for external training during the year that follows the completion of evaluation cycle.

Form No. MR-3 Secretarial Audit Report

for the financial year ended March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Jm Financial Capital Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JM Financial Capital Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- 1) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- 2) Securities Contracts (Regulation) Act, 1956 and Rule made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 applicable in respect of Non-Convertible Debentures of the Company listed on the stock exchanges.

ANNEXURE II

- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **Not applicable to the Company for the financial year under review;**
- c) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable to the Company for the financial year under review;**
- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable to the Company for the financial year under review;**
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable to the Company;**
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable to the Company for the financial year under review;** and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable to the Company for the financial year under review**

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

- a) Reserve Bank of India Act, 1934 and its circulars, Master circulars, notifications;
- b) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- c) Prevention of Money Laundering Act, 2002 and its circulars, notifications;
- d) The Income Tax Act, 1961;
- e) The Employees' Provident Funds and Miscellaneous Provisions, Act, 1952;
- f) Employees' State Insurance Act, 1948;

- g) The Payment of Gratuity Act, 1972;
- h) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the Secretarial Standard – 1 and Secretarial Standard – 2 as issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned except that the Company is in the process of identifying and appointing an Independent Director and subsequently convening separate meeting of the Independent Directors as per the requirements of the provisions of Section 149 of the Companies Act, 2013.

I report that:

The Board of the Company is duly constituted subject to the observation made above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, the Company has complied with the proviso of Section 173(3) of the Companies Act, 2013 and provisions of Secretarial Standard – 1, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no instances where dissenting members' views were required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has passed the following Special Resolutions at Annual General Meeting dated June 14, 2017:

- a) Section 180(1)(c) – In supersession of resolution passed by Members of the Company at the Extra-Ordinary General

Meeting held on March 3, 2017, Members authorized the Board of Directors for borrowing money from time to time, any sum or sums of money, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed aggregate of its paid-up share capital and free reserves, PROVIDED HOWEVER THAT the aggregate of the moneys that may be thus borrowed by the Company together with the moneys already borrowed and remaining outstanding shall not at any time exceed Rs. 1,330 Crores (Rupees One Thousand Three Hundred and Thirty Crores only);

- b) Section 23, 42 and 71 – In supersession of resolution passed by Members of the Company at the Extra-Ordinary General Meeting held on March 3, 2017, to offer, issue and allot secured/unsecured, listed/unlisted, rated, or otherwise, redeemable Non-Convertible Debentures, in one or more series/tranches aggregating up to Rs. 500 Crores (Rupees Five Hundred Crore only) on private placement basis on such terms and conditions as the Board may, from time to time, determine and consider proper and beneficial to the Company.

However, during audit period, there were no instances of:

- i) Public / Preferential issue of shares / sweat equity.
- ii) Redemption / buy-back of securities
- iii) Merger / amalgamation / reconstruction, etc.
- iv) Foreign technical collaborations

Place: Mumbai

Date: April 30, 2018

Signature:

Rakesh Sanghani

FCS No.: 7647

C P No.: 6302

This Report is to be read with my letter of even date which is annexed as 'Annexure – I' and forms an integral part of this report.

ANNEXURE I

To,
The Members,
Jm Financial Capital Limited

My report of even date is to be read along with this letter.

1. The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.
2. My responsibility is to express an opinion on secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and for the same I have relied on the report of Statutory Auditors.
5. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Rakesh Sanghani
FCS No.: 7647
C P No.: 6302

Place: Mumbai
Date:

ANNEXURE IV

Policy on Dealing with Related Party Transactions**1. Introduction**

JM Financial Capital Limited ('the Company') recognises that Related Party Transactions (as defined below) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This policy regarding the review and approval of Related Party Transactions has been formulated in compliance with the Companies Act 2013, Reserve Bank of India Act 1934, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and other applicable laws meant to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted.

2. Purpose

The Institute of Chartered Accountants of India has issued Accounting Standard 18 (AS-18) for disclosures of related party relationships and transactions between a company and its related parties. Accordingly, the Company discloses the details of related party transactions, both on standalone and consolidated basis, in accordance with AS-18. Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which inter alia, provides that a company shall formulate a policy on dealing with Related Party Transactions. This policy intends to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with applicable laws.

3. Definitions

“Act” means Companies Act, 2013 including amendments, re-enactments, modifications, notifications, circulars and orders from time to time.

“Audit Committee” or “Committee” means Audit Committee of the Company as constituted by the Board.

“Board of Directors” or “Board” means Board of Directors of the Company

“Company” means JM Financial Capital Limited;

“Directors” means Directors of the Company for the time being occupying the position as such.

“Key Managerial Personnel” (KMP) means:

- a. Chief Executive Officer or Managing Director;
- b. Whole-time Director;
- c. Chief Financial Officer;
- d. Company Secretary;
- e. Such other officer as may be prescribed, from time to time.

“Material Related Party Transaction” means any Related Party transaction being contracts or arrangements with value (taken individually or together with previous transactions during the year) exceeding limits as prescribed in Rule 15(3) of The Companies (Meeting of Board and its Powers) Rules, 2014 read with Section 188 of the Act.

“Ministry” means the Ministry of Corporate Affairs, India.

“Policy” means this Policy on dealing with Related Party Transactions.

“Relative” in reference to an individual means and includes:

- a. members of HUF
- b. Spouse
- c. Father including step-father
- d. Mother including step-mother
- e. Son including the step-son
- f. Son's wife
- g. Daughter
- h. Daughter's husband
- i. Brother including the step-brother
- j. Sister including the step-sister

“**Related Party**” means a person/entity which is a related party under Section 2(76) of the Act or under applicable accounting standards. Accordingly, on the date of this policy, Related Party means:

- a. A director of the Company or his/her relative
- b. A Key Managerial Personnel of the Company or his/her relative
- c. A firm in which a Director or Manager of the Company or his/her relative is a partner
- d. A private company in which Director or Manager of the Company is a member or director
- e. A public company in which Director or manager of the Company is a director and holds, along with his/ her relatives, more than 2% of its paid up share capital
- f. Anybody corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company
- g. Any person on whose advice, directions or instructions a director or manager of the Company is accustomed to act
- h. A company that is a holding, subsidiary or associate company of such a company or subsidiary of a holding company of which it is also a subsidiary
- i. A director or key managerial personnel of the holding company or his / her relative
- j. A party which has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions
- k. Such other person as may be prescribed from time to time.

“**Related Party Transaction**” shall mean any transaction or contract or arrangement with Related party with respect to:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;

- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company;

4. Procedures

This Policy will operate within the framework of the Companies Act, 2013 read with its rules, Accounting Standards, RBI Act 1934 and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 including amendments, modifications, re-enactments thereof including all notifications, circulars, orders, clarifications and directions issued from time to time.

A. Approval of Related Party Transaction

Audit Committee Approval

All Related Party Transactions shall require prior approval of the Audit Committee, if any, in accordance with the provisions of Section 177 of the Act. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify (i) the name of the related party and nature of relationship (ii) nature, duration, maximum amount and particulars of transaction or contract or arrangement; (iii) the indicative base price/current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
- d. Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by it on a quarterly basis;
- e. Such omnibus approvals shall be valid for a period of one year from the date of the Audit Committee meeting where such approval is granted or such other lesser

period as may be specified by the Audit Committee and shall require fresh approval after its expiry.

Information to be placed before the Committee for granting approval to Related Party Transaction:

The following information may be placed before the Audit Committee:

- Name of the Related Party and nature of relationship;
- Name of the director or Key Managerial Personnel who is related;
- Nature, material terms and monetary value of the contract or arrangement along with justification; and
- Any other information relevant or important for the members to take a decision on the proposed Related Party Transaction.

Factors to be considered by the Committee while approving a Related Party Transaction:

- Whether the terms of Related Party Transaction are fair and on arm's length basis?
- Whether the Related Party Transaction is in the ordinary course of business of the Company or Related Party?
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
- Any other factors the Committee deems relevant.

Board of Directors Approval

The Company entering into Related Party Transactions needs to take approval of the Board of Directors if required and applicable as per provisions of the Act.

B. Members' Approval

Where member's approval is required on any Material Related Party Transactions as per the provisions of the Act, if any, such approval shall be prior and obtained through special resolution.

The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the resolution to approve a Material Related Party Transaction shall inter alia contain the following particulars:

- Name of the related party;
- Name of the director or key managerial personnel who is related, if any;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;
- Any other information relevant or important for the members to take a decision on the proposed resolution.

5. Exception to obtain the required approvals:

No approval of the Audit Committee and the Members shall be required for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the members at the general meeting.

6. Disclosures

This policy shall be uploaded on the website of the Company and a web link thereto shall be provided in its annual report.

7. Amendment:

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

ANNEXURE V

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2018

[Pursuant to section 92(3) of the Act and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i)	CIN	:	U65190MH2015PLC270754
ii)	Registration Date	:	December 4, 2015
iii)	Name of the Company	:	JM Financial Capital Limited
iv)	Category / Sub-Category of the Company	:	Company Limited by Shares / Indian Non-Government Company
v)	Address of the registered office and contact details	:	7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai – 400025 Tel No.: 91-22-6630 3030/ F: 91-22-6630 3223 Email ID: rupesh.samani@jmfl.com Website: www.jmfl.com
vi)	Whether listed company	:	The Equity Shares of the Company are not listed on any of the stock exchanges. However, the Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market Segment of BSE Limited.
vii)	Name, Address and Contact details of Registrar and Transfer Agent (RTA), if any	:	Karvy Computershare Private Limited Karvy House, 46, Avenue 4, Street no. 1, Banjara Hills, Hyderabad – 500 034 Tel. No.: 040 23312454 / 23320751 Fax no. 040 23311968 Email ID: einward.ris@karvy.com Website: www.karvycomputershare.com
			24-B, Raja Bahadur Mansion Gr. Flr., Ambalal Doshi Marg Behind BSE, Fort, Mumbai 400 023 Tel No.: 022 6623 5454/412/427 Fax. No.: 022 66331135 Email ID: ir@irkcpl.com

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Lending Activities	6492	90.3%

III. Particulars of Holding, Subsidiary and Associate Companies -

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares Held	Applicable Section
1	JM Financial Services Limited	U67120MH1998PLC115415	Holding	100	2(46)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp. JM Financial Services Limited	19,99,99,400	600	20,00,00,000	100.00	22,49,99,400	600	22,50,00,000	100.00	12.5
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	19,99,99,400	600	20,00,00,000	100.00	22,49,99,400	600	22,50,00,000	100.00	12.5
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	19,99,99,400	600	20,00,00,000	100.00	22,49,99,400	600	22,50,00,000	100.00	12.5
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	19,99,99,400	600	20,00,00,000	100.00	22,49,99,400	600	22,50,00,000	100.00	12.5

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in equity shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	JM Financial Services Limited	20,00,00,000	100	NIL	22,50,00,000	100	NIL	12.5
	Total	20,00,00,000	100	NIL	22,50,00,000	100	NIL	12.5

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company
	JM Financial Services Limited	No. of shares	% of total shares of the company
	At the beginning of the year	20,00,00,000	100.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	Increase - 2,50,00,000 Date: March 28, 2018 Reason - Allotment pursuant to issue of equity shares on rights basis	-
	At the End of the year	22,50,00,000	100.00

**(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
None**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year				
Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):	Not Applicable			
At the end of the year (or on the date of separation, if separated during the year)				

v. Shareholding of Directors and Key Managerial Personnel: None

Sr. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company
For Each of the Directors and KMP			
At the beginning of the year			
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		NOT APPLICABLE	
At the End of the year			

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	55,42,827	20,00,00,000	-	20,55,42,827
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	55,42,827	20,00,00,000	-	20,55,42,827
Change in Indebtedness during the financial year				
· Addition	17,70,90,15,533	91,24,59,51,022	-	1,08,95,49,66,555
· Reduction	(17,40,09,96,361)	(83,49,59,51,022)	-	(1,00,89,69,47,383)
Net Change	30,80,19,172	7,75,00,00,000	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	30,00,00,000	7,95,00,00,000	-	8,25,00,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,35,61,999	-	-	1,35,61,999
Total (i+ii+iii)	31,35,61,999	7,95,00,00,000	-	8,26,35,61,999

VI. Remuneration of Directors and Key Managerial Personnel : None
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - As % profit Others, specify ...	NOT APPLICABLE	
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other directors: None

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Vishal Kampani ^	Mr. Subodh Shinkar	Mr. Vipul Shah	Ms. Sonia Dasgupta	Mr. Anup Shah#	Mr. Manish Sheth\$	
3.	Independent Directors							(in ₹)
	• Fee for attending board committee meetings	-	-	-	-	-	-	-
	• Commission							
	• Others, please specify							
	Total (1)						-	-
4.	Other Non-Executive Directors							
	• Fee for attending board committee meetings							
	• Commission							
	• Others, please specify		-					
	Total (2)	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-	-
	Total Managerial Remuneration						-	-
	Overall ceiling as per the Act							

*Total remuneration of Managing Director and other Directors (being total of A and B)

^Appointed with effect from April 18, 2017

#Appointed as Additional Director with effect from March 28, 2018

\$Ceased as Director with effect from July 19, 2017

C. Remuneration to Key Managerial Personnel Other than MD/Manager

(in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Rajeev Chitrabhanu* Chief Executive Officer	Mr. Rupesh Samani Company Secretary	Mr. Mukesh Gupta Chief Financial Officer	
1.	Gross Salary (d) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (e) Value of perquisites u/s 17(2) Income Tax Act, 1961 (f) Profits in lieu of salary under section 17(3) Income Tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - As % profit - Others, specify ...				
5.	Others, please specify				
Total					

*Appointed with effect from August 1, 2017

VII. Penalty/Punishment/Compounding Of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

On behalf of the Board of Directors

Place: Mumbai
Date: April 30, 2018

Vishal Kampani
Chairman

Management Discussion and Analysis Report

GLOBAL ECONOMY:

Prompted by the recovery in investment in advanced economies, sustained growth in emerging Asia, a rebounding emerging Europe and revival of several commodity exporters, global growth is expected to record 3.9% Year over year (YOY) in the year 2019 vs. 3.2% during the year 2016. This momentum is expected to sustain because of expansionary fiscal policies in the United States and its international spillovers, accommodative financial conditions and favourable market sentiment.

Recent fears of global trade wars and its implications on global growth have been downplayed after the International Monetary Fund (IMF) not only retained the global growth forecast for the year 2018 but also raised world trade volume growth estimate to 5.1% YoY. The IMF highlighted the need for policies and reforms to strengthen global growth in the medium-term in light of downside risks like reversal of the pro-cyclical policies, recent threat to international trade and on-going geopolitical tensions.

The growth forecast for the years 2018 and 2019 has been revised up for other advanced economies, reflecting in particular robust growth in advanced Asian economies, which are more particularly sensitive to the outlook for global trade and investment. The aggregate growth forecast for the emerging markets and developing economies for the years 2018 and 2019 has remained unchanged, with some differences in the outlook across regions.

Global growth is projected to edge up to 3.1% during the year 2018, as the cyclical momentum continues, and then slightly moderate to an average of 3% in financial year 2019-20.

On the other hand, growth in Emerging Markets and Developing Economies (EMDEs) is expected to accelerate to reach 4.5% during the year 2018 and an average of 4.7% in the financial year 2019-20. This is pursuant to further pickup of growth in commodity exporters, which is expected to rise to 2.7% in the year 2018 and to an average of 3.1% in the financial year 2019-20. Within the broader group of EMDEs, growth in low-income countries is projected to rise to 5.4% during the year 2018 and to 5.6% on average in the financial year 2019-20, as conditions gradually improve in oil and metals-exporting economies.

INDIAN ECONOMY:

Due to the events like Demonetization and GST, the Indian economy was overtaken by China as the fastest growing economy among the Emerging and Developing Asian economies during

the year 2018. According to the Central Statistical Office's (CSO) second advanced estimates, India's growth rate is expected to be at 6.6% during the year 2018, which would be slower than 7.1% during the year 2017. This is mainly because of moderation of growth in private consumption (6% YoY vs. 7.3% during the year 2017) and government spending (11% vs. 12% during the year 2017). As per the IMF, India would regain its spot as the fastest growing economy in the world in financial year 2018-19, with growth at 7.4% YoY. The consolidated Gross Fiscal Deficit (GFD) to Gross Domestic Product (GDP) ratio target is estimated to be at 5.9% for the financial year 2018-19.

Favorable indicators such as moderate levels of inflation, anticipated growth of the industrial sector, expectation of greater stability in GST, expected recovery in investment levels and ongoing structural reforms is expected to push India's economy to grow at an accelerated pace.

Further, the expected growth in global economy during the year 2018 is likely to push India's exports, which has already shown acceleration in the current financial year. However, the country's growth could be impacted by the increase in crude oil prices along with protectionist tendencies in some of the countries. Considering the growth potential and downside risks, the government expects India's GDP to expand at a growth rate between 7.0% – 7.5% during the financial 2018-19. However, aggressive revenues assumptions along with fiscal profligacy in a pre-election year may threaten government's fiscal credibility.

OVERVIEW ON NON-BANKING FINANCIAL COMPANIES (NBFCs):

Non-Banking Financial Companies (NBFCs) in India made a humble beginning way back in the 1960's to serve the need of the saver and investor whose financial requirements were not sufficient covered by the existing banking system in India. NBFCs began to invite fixed deposits from investor and work out leasing deal for big industrial firms. Initially, they operated on a limited scale and could not make a significant impact on the financial system. However, between 1980's and 1990's, NBFCs gained good ground and started to inveigle a huge number of investors owing to them customer friendly reputation.

The NBFC sector forms a vital part of the Indian financial system. The sector plays an integral role in India's economic growth and development. It aids in boosting 'Financial Inclusion' initiative by lending services to the unbanked population in rural/semi-rural or few urban areas also provide services to the Micro, Small

and Medium Enterprises (MSMEs) segment. It provides various products and services such as personal loans, housing loan, gold loan, insurance and loan for purchasing commercial vehicles, machinery, and farm equipment amongst others. NBFCs ability to understand their customer profile, their credit portfolio and deliver on customised products/services makes them as one of the fastest growing sectors providing innovation in financial products.

Although, few of the products and services provided by NBFCs are similar to those of banks, NBFCs are still at a disadvantage in comparison as they work under certain regulatory constraints which restrict their business portfolio. In the time, when now all banks are forced to clean up their balance sheets especially in terms of lending activities, the role of NBFCs becomes more important as the push towards entrepreneurship is increasing creating further job opportunities.

The share of non-banks (comprising NBFCs and housing finance companies) in India's credit pie is seen rising 300 basis points to 19% till the year 2020. While non-banks would continue to do well in their traditional stronghold of retail finance, they are expected to grow fast in the wholesale finance segment.

Home loans, the largest business segment for non-banks, is expected to grow at a steady CAGR of around 18% over the next three financial years, owing to sharper focus of housing finance companies on the self-employed customer segment and lower ticket sizes. While the loan against property (LAP) segment is witnessing stronger-than-expected headwinds amid intensified competition from banks, and rising delinquencies, yield compression has been sharper and happened sooner than expected. Consequently, growth in LAP is expected to be slower than before.

On the other hand, vehicle finance is expected to rebound from recent lows on the back of higher investments in roads and expected improvement in industrial activity. The underlying asset quality in this segment is also getting better and we expect profitability metrics to tick up post the current transition period.

Wholesale finance is an evolving area where a number of NBFCs have entered over the past five years, many of which have strong parentage. Consequently, the share of wholesale credit in the overall NBFC credit pie is expected to increase to 19% by the year 2020 from 12% in the year 2014.

The Reserve Bank of India also introduced a new category of NBFC called NBFC-P2P (NBFC- Peer to Peer Lending Platform) to widen the scope of financial inclusion through direct interaction between small lenders and small borrowers.

It is estimated that the loan book of NBFCs may post 15% CAGR between the year 2018 and year 2019.

CAPITAL MARKET FINANCING

The Company commenced its operations in March 2017 with the focus on lending business offering products like loan against properties, loan against securities which inter-alia include margin funding, ESOP financing, loan against commodities/ bonds/mutual funds, financing clients for applications in select primary issuances in the equity and debt markets etc.

IMPORTANT REGULATORY FRAMEWORK PASSED BY RESERVE BANK OF INDIA (RBI):

During the financial year 2017-18, RBI inter-alia passed the following important framework governing NBFCs:

1. Directions on Information Technology Framework for the NBFC Sector

To enhance the safety, security, efficiency in processes leading to benefits for NBFCs and their customers, RBI on June 8, 2017 introduced the Master Direction – Information Technology Framework for the NBFC Sector. All the NBFCs which are Systemically Important are required to comply with the said Master Directions by June 30, 2018 and other NBFCs (asset size below ₹ 500 crore) are required to comply by September 30, 2018.

2. Introduction of LEI for Large Corporate Borrowers

RBI on November 2, 2017 decided that the banks should make it mandatory for existing large corporate borrowers having total exposures of ₹ 50 crore and above to obtain Legal Entity Identifier (LEI). Borrowers who do not obtain LEI as per the schedule, will not to be granted renewal/ enhancement of credit facilities. The LEI code is conceived as a key measure to improve the quality and accuracy of financial data systems for better risk management post global financial crisis.

3. Managing Risks and Code of Conduct by NBFCs:

RBI on November 9, 2017, has put in place necessary safeguards in its directions on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs'

in public interest. These directions cover a wide range of regulatory issues, such as, material outsourcing, NBFC's role and regulatory and supervisory requirements, role of the Board, responsibilities of the senior management, evaluation of the risks, reporting of transactions to Financial Intelligence Unit (FIU) or other competent authorities, outsourcing within a group/conglomerate and off-shore outsourcing of financial services.

4. Ombudsman Scheme for NBFC

With a view to providing customers of NBFCs with a cost-free and expeditious grievance redress mechanism, RBI on February 23, 2018 decided to introduce an Ombudsman Scheme for NBFCs. The scheme applies to all deposit taking NBFCs and those with customer interface having asset-size of Rupees One Billion and above. The Scheme is to ensure that a suitable mechanism exists for receiving and addressing complaints from their customers with specific emphasis on resolving such complaints expeditiously and in a fair manner.

ABOUT JM FINANCIAL CAPITAL LIMITED:

JM Financial Capital Limited ("the Company") is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and is one of India's prominent financial services groups. The Company is specializing in lending business offering products like loan against properties, loan against securities which inter-alia include margin funding, ESOP financing, loan against commodities/bonds/mutual funds, financing clients for applications in select primary issuances in the equity and debt markets etc.

The Company has obtained dual credit rating from ICRA Limited and CARE Limited with ratings assigned as "ICRA A1+" and "CARE A1+" for the Short Term Debt Programme (including Commercial Paper) for ₹ 1,000 Crore respectively and "ICRA AA/ Stable" for Non-Convertible Debentures for ₹ 200 Crore from ICRA Limited.

With a skilled team of professionals who bring varied talents, knowledge and experience to the workplace, contributing greatly to the growth of our businesses. We are driven to give back to society by supporting causes in various segments.

This management's discussion and analysis (MD&A) contains information which can help the reader for making investment decisions. It discusses our business, operations, financial position, risks and other factors for the year ended March 31, 2018.

The Company offers the following products to its clients:

Margin Funding/Loan against Share (LAS)/ESOP Financing (ESOP)

The overall capital market financing book size stood at ₹ 663 Crore, as on March 31 2018

SME-Loan against Property (LAP)

The overall SME-LAP book stood at ₹ 67 Crore as on March 31, 2018.

SME-NBFC Funding

The overall SME-NBFC funding book stood at ₹ 22 Crore as on March 31, 2018

FID-Corporate Funding

The overall corporate funding book stood at ₹ 110 Crore as on March 31, 2018.

The total assets of the Company stood at ₹ 1,068 Crore as on March 31, 2018 as against ₹ 222 Crore as on March 31, 2017. The gross income earned by the Company during the financial year under review is ₹ 7,611.60 Lakh as compared to ₹ 697.45 Lakh earned by it during the previous year. The Company reported the profit before tax of ₹ 2,521.25 Lakh as against ₹ 39.06 Lakh recorded in the previous year. The profit after tax posted by the Company is ₹ 1,776.79 Lakh as against ₹ 35.05 Lakh in the previous financial year.

During the year the focus to ramp up the steady state financing continued. SME financing mainly loan against property and financing to NBFC's was initiated and the total SME Book as at March 31, 2018 stood at ₹ 89 crore. The overall capital market book stood at ₹ 663 crore as at March 31, 2018. Corporate Funding also commenced during the financial year and the book as at March 31, 2018 stood at ₹ 110 crore.

IPO financing though sluggish in the last quarter, totally 29 IPO's were funded during the year aggregating to ₹ 6,853 crore.

As on March 31, 2018 the total loan book stood at ₹ 862 Crore as compared to ₹ 164 Crore at the end of the previous financial year.

OPPORTUNITIES AND THREATS:

As stated above, various initiatives and steps are being undertaken by Government to improve the business climate. This would help improve the GDP and overall economy.

Following factors presents specific opportunities, considering the business model of the Company:

- Long-term economic outlook is positive, which would lead to opportunity for NBFC sector;
- Growing share of wallet available to financial services industry in disposable income of the people;
- Regulatory reforms would aid greater participation by all classes of investors;
- Ability to leveraging technology to implement best practices and processes for client servicing as well as risk management;
- The Company is a NBFC, with main business of lending, the Company can widely tap the potential of market and serve its clients with a concentrated approach;
- The Company has a large untapped market to explore. Considering the expertise and experience available with us, we hope to do well in coming years.

Despite the above opportunities, our performance could be affected by following perceived threats to our businesses:

- Impact of abnormal monsoon, rising fiscal deficit, sustained high interest rates and high inflation;
- Geopolitical tensions across the globe;
- Regulatory changes impacting the landscape of business including economic and financial landscape of major global economies;
- Increased intensity of competition from players across the segment/industry;
- Attrition of employees caused by strong demand from ever increasing number of market participants;
- Entry of corporate heavy weights and global players in the lending business as their capital strength as well as access to cheaper global sources of capital will increase pressure on the Company to remain competitive and impact margins;

- Short-term economic slowdown impacting investor sentiments and business activities;

- Slowdown in global liquidity flows.

OUTLOOK:

NBFCs continue to be an integral part of the country's financial service ecosystem. The expected reforms and drive towards various core sectors will provide more opportunities to the NBFCs to create significant financial inclusion and employment opportunities across the country.

A stable and pro-reforms government at the center has helped revive investment and consumption demand. Interest rates in the economy remain high due to persistent inflation. The RBI has consistently aimed to target inflation. A consistently contained inflation may allow interest rates to start softening in the later part of this fiscal leading to growth in loan demand and reduced asset quality risks. We also hope to see improved liquidity conditions, reduced borrowing costs and improved availability of funds for NBFCs. The Company is adequately positioned to seize these opportunities.

The Company shall continue to increase its loan book and monitor its margins to ensure sustainable stakeholder returns. Considering the growth in real estate sector and potential untapped real estate market, the Company is confident of increasing its lending portfolio at reasonable spreads as also maintain its track record of high recoveries.

GEOGRAPHICAL COVERAGE:

The Company is presently focused on Mumbai, Pune, Bangalore, Chennai, Kolkata and National Capital Region Delhi. Going forward the Company may plan to selectively enter into new geographies.

RISK & CONCERNS:

In order to ensure that the impact of risks is minimal, the Company lays utmost importance on scanning the external macroeconomic environment, market conditions, and governmental policies regularly. The Company has adequate risk identification, risk management and mitigation processes in place. The Company has built robust systems and processes to address the risks associated with its business.

As an NBFC, the Company is exposed to both external risks and internal risks. Some of our key risks, their likely impact on our business and our risk mitigation strategy is described below.

Key Risk	Description/Impact of Risk	Risk Mitigation/Strategy
Credit Risk	<p>The risk associated with the failure of the borrower to meet financial obligations to the lender in accordance with the agreed terms is known as Credit Risk. It is the risk that any of our borrowers will fail to discharge their obligation to us and cause us a financial loss. We are in the business of providing integrated financial solutions by funding. Any material unexpected credit losses or failure of the borrowers to repay debt on time, may have an adverse and negative effect on our business.</p>	<p>A comprehensive review exercise is conducted for credit approvals, ensuring proper documentation, carrying out extensive credit appraisal, conducting periodic reviews etc., is done as a part of credit risk mitigation. Various norms for customer identification and evaluation procedure for prospective credit proposals have been stipulated as a part of risk mitigation. Regular portfolio risk analysis is done on various financial and policy parameters, for making required changes in the credit policy as a proactive approach to risk management.</p>
Market Risk	<p>Market risk is the risk of losses arising from the movements in market price of various securities, which may impact our earnings and capital. The risk may pertain to interest bearing securities (interest rate risk), equities (equity price risk) and property that we hold as security against loans.</p> <p>We are exposed to potential changes in the value of financial instruments held by us caused by fluctuations in interest rates, equity and property prices and/or other risks. Any decline in the price of our investments in quoted securities may affect our financial performance and position.</p>	<p>Our portfolios and collaterals/ securities are continuously monitored to minimize the impact of market risk.</p>
Liquidity Risk	<p>The risk associated with difficulty in raising the funds at short notice by selling our assets or borrowing from the market is recognised as Liquidity Risk. It also refers to the risk that arises from the difficulty of selling an asset without a high impact cost. Our liquidity may be impaired due to severe liquidity crunch in the market, general market disruptions or disruptions for any specific class of assets or an industry event. Our clients' inability to arrange liquidity to honour their commitments to us in such situation can also impact our ability to meet our obligations.</p>	<p>We have a strong financial position and our business is adequately capitalised, have good credit rating and appropriate credit lines are set up to address liquidity risks. We also maintain a part of our capital in liquid assets to manage any sudden liquidity needs.</p>
Operational Risk	<p>The risks arising due to inadequate control or insufficient check of the controls in the internal processes, people and systems or from the external factors or a combination of internal as well as external factors is known as Operational Risk.</p> <p>Our businesses are dependent on people and processes. Shortcomings or failure in internal processes or systems may have material adverse impact on the financial position as well as affect its operation.</p>	<p>Well defined policies, operational processes and systems have been devised for operations. Regular audit are done by internal auditors to monitor the adherence of policies and processes. We also get systems audit carried out periodically by competent external audit firms.</p> <p>Maker/Checker mechanism has been put in place to ensure compliance with laid down systems and procedures in all areas of functioning of the Company.</p> <p>Also the Company's key management team consists of professionals of high level of commitment. They have a good understanding of all the Company's business helping it to grow in a compliant manner.</p>
Reputation Risk	<p>Reputation Risk is the current or prospective risk to business, earnings and capital arising from adverse perception of the organisation on the part of customers, counterparties, shareholders, investors or regulators.</p> <p>Reputation risk is a very high risk and can cause long term and sometime irreparable loss of business/ revenue.</p>	<p>We conduct our business with diligence keeping in mind the stakeholders and their needs.</p> <p>Adequate training is provided to employees to conduct their activities with utmost care and diligence keeping in mind the first class reputation and status enjoyed by the Company.</p>

Key Risk	Description/Impact of Risk	Risk Mitigation/Strategy
Regulatory & Compliance Risk	<p>The risk arising out of a change in laws and regulation governing our business. It could also arise on account of inadequate addressal of regulatory requirements or differences in interpretation of regulations vis-à-vis the regulators.</p> <p>In recent times, these risks have spread to tax laws and unexpected demands being raised by various tax authorities.</p> <p>New laws or regulations or changes in the enforcement of existing laws and regulations may adversely affect the business/revenue/profits.</p> <p>Non-compliance with regulations may invite strictures, penalties and even punitive action from the Regulators.</p>	<p>We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Secretarial which takes care of compliance with applicable laws, rules, regulations and guidelines affecting our businesses.</p> <p>We also take external advice and appoint well qualified professionals in respective functions, as and when required. All the new guidelines, circulars, notifications are complied with. Formulation of the policies as well as its implementation is taken due care of.</p> <p>Internal audit is carried out by external professional firms to monitor compliance with best practices, approved policies and applicable regulations.</p> <p>Our business team is strongly supported by our Corporate Functions team to quickly calibrate our actions in event of change in regulatory environment.</p>
Competition Risk	<p>The industry in which the Company operates is growing at a rapid pace and is exposed to tremendous competition at the national as well as international level. Strong growth prospects combined with liberalization of financial services sector have prompted the entry of newer foreign and domestic financial services companies.</p> <p>Entry of new players has increased the competition faced by us. It may also lead to attrition of our key personnel.</p>	<p>Diversified and innovative products and services are offered to keep the customers and other stakeholder's intact as well as continuous research and development helps in mitigating the competition risk.</p> <p>Fair and transparent practices helps the entity gain competitive advantage over other entities.</p> <p>Our human resource policies and a healthy positive work environment help us attract and retain best talent on a continuous basis.</p>
Business Continuity Risk	<p>In the event of disruption in the conduct of business in the event of incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. We are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.</p>	<p>We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same. The records with respect to confidential data are preserved and are secured.</p>

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

- orderly and efficient conduct of business,
- adherence to company's policies and procedures;
- safeguarding of all our assets against loss from
- unauthorised use or disposal;
- prevention and detection of frauds and errors,
- accuracy and completeness of accounting records,
- timely preparation of reliable financial information; and
- compliance with applicable laws and regulations.

Policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provide for adequate checks and balances.

Adherence to these processes is ensured through frequent internal audits. The internal control system is supplemented by an extensive program of internal audit and reviews by the senior management. We have appointed independent internal audit firm for the Company to assess and improve the effectiveness of risk management, control and operations and processes. To ensure independence, the internal audit function has a reporting line to the Audit Committee of the Board.

Internal audit team is empowered to examine the adequacy of and compliance with policies, plans and statutory requirements. The senior management regularly review the findings and recommendations of the internal auditors so as to continuously monitor and improve internal controls to match the organisation's pace of growth and increasing complexity of operations as well as to meet the changes in statutory and accounting requirements.

The Audit Committee of the Board reviews the performance of the audit and the adequacy of internal control systems and compliance with regulatory guidelines. Significant deviations are brought to the notice of the Audit Committee of the Board and corrective measures are recommended for implementation.

The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken. This system enables us to achieve efficiency and effectiveness of operations, reliability and completeness of financial and management information and compliance with applicable laws and regulations.

ASSET LIABILITY MANAGEMENT:

In line with the requirement of RBI, the Board of Directors has set up Asset Liability Management Committee (ALM Committee).

The terms of reference of ALM Committee include:

- a. reviewing the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company;
- b. safeguarding the recovery positions at any point of time;
- c. reviewing risk monitoring system, ensure payment of liability on its due dates, liquidity risk management, funding and capital planning, profit planning and growth projections, forecasting and analyzing different scenarios and preparation of contingency plans;

HUMAN RESOURCES

At JM Financial, talent is our most valuable asset and we believe that the ultimate identity and success of our Firm lies in the quality of our people and their commitment towards attaining the Organizational goal.

Human Resources function is responsible for building the Group Human Resources strategy and is supporting all our businesses by delivering best in class business partnership. Human Resources Business Partners are responsible for individual business units and support employee engagement, talent management, data analysis, employee relations & guidance, performance management, compensation & benefits and learning & development effort.

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

HR Promise

- This year we launched the Human Resources Tagline

HUMAN RESOURCES
Pragmatic | Professional | Progressive

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

Pragmatic

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

Professional

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

Progressive

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

Human Resources team's broad range of activities includes:

- Talent Management
- Employee engagement
- Performance Management
- Learning & Development
- Compensation and benefits
- Succession planning
- Rewards & Recognition
- Workforce diversity

Talent Management

Building and developing our talent pool is our continuous and top priority and we have been successful in attracting diverse

talent with sound expertise, new perspectives and experience. JM Financial has a strong brand presence in the market and our empanelled service partners help us study, survey and attract superior talent in the market.

Employee Engagement

A) Culture Club:

With an endeavor to foster & develop the JM Financial culture we have set up JM Financial culture club. The objective is to achieve high level of engagement amongst our employees through extra-curricular activities. We aim to have an environment where employees feel connected and in tune with the organization's culture by encouraging communication and creating a bond with their colleagues. We have been successful in initiating three culture clubs: Music Club, Photography Club & Yoga Club.

B) Celebrations:

At JM Financial, we firmly believe that celebration is a part of our work culture. Several occasions are celebrated, including Women's Day, Independence Day, Diwali, Christmas, Navratri, Friendship Day or employees' birthdays. Festivals bring employees closer and help improve work relationships. Celebrations provide a well-deserved break and help employees to remain engaged.

C) Sports Club

JM Financial Sports Club has been set up with the objective of creating a platform for employees to get-together and enjoy various sporting activities, foster a habit of teamwork and healthy competition by using sports as a medium, promote a healthy work-life balance and an opportunity to de-stress by engaging in sports. We participated in some exciting sports events. Our Men's and Women's soccer teams participated in inter-corporate events like – Saran Corporate Soccer 5s 2017 and IW Corporate Football league 2017 at JIO Gardens, where the Men's soccer team won the 'Bowl Division 2' title. JM Financial Cricket Championship 2017-18 was a huge success & saw participation from 23 teams from within our businesses.

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

D) Vendor Helpdesk Activities:

We also have vendors setting up kiosks / helpdesks offering special packages / plans to JM Financial employees.

Performance Management

At JM Financial, we follow a comprehensive performance evaluation process for annual reviews. Employees across levels benefit from the development oriented approach of this system. This practice helps us to identify the capabilities of the employees and leverage on the same. It also helps employees to suggest and plan development in the identified areas through training.

Learning & Development

At JM Financial, we have an environment supporting continuous learning which we have enabled through various forums, databases and online resources. Through internal and external resources, employees are given opportunities to develop their skills and this includes various behavioural and technical trainings. Training is necessary for the employees' development and progress, this motivates them to work not only at an individual level but also at an organisational level. A training feature has been initiated on the intranet where all the training programmes are posted, for easy access.

Compensation and benefits

JM Financial's compensation framework is structured to align the interests of our employees with the long-term interests of the Firm and its other stakeholders. Our compensation framework is designed to retain & motivate our human capital, reward them for their performance and attract superior talent from the industry. JM Financial also offers various benefits designed to meet the needs of our employees. These benefits are an integral part of our company and provide employees and their families' valuable support during employment with JM Financial.

Succession Planning

At JM Financial, we promote an atmosphere of inclusion by encouraging the next level of employees to take higher responsibilities. Managers along with HR formulate a customized grooming and orientation of high potentials by carefully planning their work experiences. Their skills and capabilities are developed through further training and mentoring.

Rewards & Recognition

At JM Financial, we pride ourselves in our people and their

achievements. It is therefore important to us that we recognize their hard work, dedication and commitment. Our Rewards and Recognition program provides a framework for encouraging and recognizing long service and exemplary performance of our employees. The organization has an annual Reward and Recognition Program which appreciates and recognizes talent, silent yet valuable efforts and initiatives. The reward is non-monetary in nature.

Workforce diversity

At JM Financial, we have employees from extremely diverse backgrounds in terms of experience, culture and heritage. This goes a long way in building our inclusive culture as people from different background bring with them fresh ideas and innovations, unique styles and methods. Through this we aspire to develop a flexible, agile and high performing workforce.

Campus Hiring

HR has instituted the Management Analyst (MA) program for the Group. The program focuses on building a strong pool of professional talent, whose competencies are further developed by a 9 months orientation and rotation with various businesses. The batch of 2017-18 comprised of Management graduates from premier schools of Business professionals.

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

Engagement Surveys

- Great Place to Work

As part of our endeavor to rank as an employer of choice and also identify our developmental areas, we internally conducted a dipstick study to understand our employees

- what motivates them to go the extra mile, what drives loyalty and what genuinely makes and keeps them happy.

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

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

- People Matters Award

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

The total employee strength of the Company stood at 39 as on March 31, 2018, while the total employee strength of JM Financial Group stood at 1,583

SAFE HARBOUR

This report describing our activities, projections and expectations for the future, may contain certain 'forward looking statements' within the meaning of applicable laws and regulations. The actual results of business may differ materially from those expressed or implied due to various risk factors and uncertainties. These risk factors and uncertainties include the effect of domestic as well as global economic and political events, volatility in interest rates and in the securities market, new regulations and government policies that may impact our businesses as well as ability to implement our strategies. We are under no obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events and assume no liability for any action taken by anyone on the basis of any information contained herein.

Independent Auditors' Report

REF: AAD/VLP/3418/18-19/03
INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF JM FINANCIAL
CAPITAL LIMITED

Introduction

1. We have verified the audited books of account and other relevant records of JM FINANCIAL CAPITAL LIMITED (the "Company") for the year ended March 31, 2018 to report on matters specified in paragraph 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, DNBS. PPD.03/66.15.001/2016-17 ("RBI Auditors Report Direction") dated 29 September 2016, for submission to the Reserve Bank of India (the "RBI").

Management's Responsibility for the Compliance

2. Management of the Company is responsible for maintenance of books of account and other relevant records and documents maintained under the Companies Act, 2013, the Reserve Bank of India Act, 1934 (the "RBI Act") and compliance with the RBI Auditors Report Direction, requirements of the applicable RBI Circular/Master Directions and for providing all the relevant information to the RBI. This includes collecting, collating and validating data and the design, implementation and maintenance of internal controls relevant to ensuring compliance.

Auditors' Responsibility

3. Our responsibility is to report on matters specified in paragraph 3 and 4 of the RBI Auditors Report Directions for the year ended March 31, 2018 based on our assurance procedures.
4. We conducted our procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Engagement Standards issued by the Institute of Chartered Accountants of India ("ICAI"), in so far as applicable for the purpose of this Report which includes the concepts of test checks and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India and plan and perform the assurance procedures on matters covered by paragraph 3 and 4 of the RBI Auditors Report Direction.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical

Financial Information, and Other Assurance and Related Services Engagements.

6. Our assurance procedures were performed to obtain audit evidence about matters covered by paragraphs 3 and 4 of the RBI Directions. The procedures selected depend on the auditor's judgement, including the assessment of material misstatement of the assertions on matters covered by paragraphs 3 and 4 of the RBI Directions, whether due to fraud or error. In making the risk assessments, the auditor considers the internal control relevant to the entity's monitoring of the compliance process in respect of matters covered by paragraphs 3 and 4 of the RBI Directions in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our work was planned to verify how each item specified in paragraphs 3 and 4 of the RBI Directions within our assurance scope was complied with by the Management of the Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Criteria

7. The criteria against which the matters specified in paragraph 3 and 4 of the RBI Auditors Report Direction were verified are:
 - Certificate of Registration("CoR")
 - Master Direction DNBR.PD.008/03.10.119/2016-17 - Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 updated as on February 23, 2018 ("RBI Direction");
 - Audited books of account for the year ended March 31, 2018; and
 - Certified true copy of resolution passed at the meeting of the Board of Directors of the Company held on regarding non-acceptance / holding of Public Deposits.

Opinion

8. On the basis of our assurance procedures carried out as aforesaid, we report as follows:

Independent Auditors' Report (Contd.)

- i. The Company is engaged in the business of Non - Banking Financial Institution as defined in Section 45 I(a) of the Reserve Bank of India Act, 1934 and has obtained revised CoR bearing No. N-13. 02140 dated 03 November 2016 from the RBI.
- ii. The company is entitled to hold CoR based on its asset/ income pattern as on March 31, 2018, which has been computed in the manner laid down in the RBI Circular No. DNBS (PD) C.C. NO. 81 / 03.05.002 /2006-07 dated October 19, 2006.
- iii. The Company has met the required net owned fund requirement as laid down in the RBI Direction.
- iv. The Board of Directors of the Company has passed a resolution on April 18, 2017 for non-acceptance / holding of public deposits.
- v. The Company has not accepted any public deposit during the year ended March 31, 2018.
- vi. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it during the financial year ended March 31, 2018 in terms of the RBI Direction.
- vii. The Capital Adequacy Ratio (CRAR) of the Company as on March 31, 2018 has been correctly computed and is in compliance with the requirements of maintaining minimum CRAR of 15% as prescribed by the RBI.
- viii. The annual statement of capital funds, risk assets / exposures and risk asset ratio (NBS-7) as on March 31, 2018 due for submission on or before June 30, 2018 is pending submission.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(ICAI Registration No.117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

Place: Mumbai,
Dated: April 30, 2018

To The Members of JM FINANCIAL CAPITAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JM FINANCIAL CAPITAL LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations, as at the year-end which would impact its financial position.
- ii) The Company did not have any long-term contracts including derivative contracts, as at the year-end for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(ICAI Registration No.117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

Place: Mumbai,
Dated: April 30, 2018

Annexure “A” to the Independent Auditors’ Report

(referred to in paragraph 1f under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of JM FINANCIAL CAPITAL LIMITED (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(ICAI Registration No.117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

Place: Mumbai,
Dated: April 30, 2018

Annexure “B” to the Independent Auditors’ Report

(referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) In respect of fixed assets
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified during a year. In accordance with this programme, all the fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the physical verification is reasonable having regards to the size of the Company and the nature of its assets.
- c) With respect to immovable property of land which is freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed of such immovable property is held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the company does not have inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
- b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- c) There is no amount overdue for more than 90 days at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments. The Company has not provided any guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in this regard in the case of the Company.
- (vi) According to the information and explanations given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has been regular in depositing undisputed statutory dues, including Provident fund, Employees’ State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, GST, Value Added Tax, Works Contract Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident fund, Employees’ State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, GST, Value Added Tax, Works Contract Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise duty and Value Added Tax as on March 31, 2018 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or dues to debenture holders. The Company has not taken loans or borrowings from government and financial institutions.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the

Annexure “B” to the Independent Auditors’ Report (contd.)

(referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid / provided managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly

convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with the directors and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and is has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(ICAI Registration No.117366W/W-100018)

G. K. Subramaniam
(Partner)
(Membership No. 109839)

Place: Mumbai,
Dated: April 30, 2018

Balance Sheet

as at March 31, 2018

	Note No.	As at March 31, 2018	(₹ in Lakh) As at March 31, 2017
Equity and Liabilities			
Shareholders' funds			
Share capital	2	22,500.00	20,000.00
Reserves and surplus	3	1,813.20	36.41
		24,313.20	20,036.41
Non-current liabilities			
Long-term borrowings	4	3,000.00	-
Other non current liabilities	5	1.78	-
Long term provisions	6	385.61	60.00
		3,387.39	60.00
Current liabilities			
Short-term borrowings	7	78,593.75	2,033.10
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		73.42	29.98
Other current liabilities	8	248.96	2.81
Short-term provisions	9	203.21	15.20
		79,119.34	2,081.09
Total		106,819.93	22,177.50
Assets			
Non-current assets			
Fixed Assets	10		
Tangible assets - Property, Plant and Equipment		151.96	-
Intangible assets		10.23	-
Intangible assets under development		2.73	-
		164.92	-
Deferred tax assets (net)	11	166.52	100.99
Long-term loans and advances	12	9,742.27	0.02
		9,908.79	101.01
Current assets			
Current investments	13	2,534.91	3,100.00
Cash and bank balances	14	16,508.66	2,504.35
Short-term loans and advances	15	77,695.67	16,470.31
Other current assets	16	6.98	1.83
		96,746.22	22,076.49
Total		106,819.93	22,177.50
Notes to the financial statements	1 to 35		

In terms of our report attached

For Deloitte Haskins & Sells LLP
 Chartered Accountants

G. K. Subramaniam
 Partner

For JM Financial Capital Limited

Vishal Kampani
 Director
 DIN - 00009079

Subodh Shinkar
 Director
 DIN - 00095541

 Place : Mumbai
 Date : April 30, 2018

Mukesh Gupta
 Chief Financial Officer

Rupesh Samani
 Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2018

	Note No.	For the year ended March 31, 2018	(₹ in Lakh) For the year ended March 31, 2017
Revenue from operations	17	7,169.59	596.76
Other Income	18	442.01	100.69
Total Revenue		7,611.60	697.45
Expenses			
Employee benefit expenses	19	378.57	8.19
Finance costs	20	4,140.23	278.11
Depreciation and amortization expense	10	15.23	-
Provision for standard assets	21	300.00	60.00
Other expenses	22	256.32	312.09
Total Expenses		5,090.35	658.39
Profit Before Tax		2,521.25	39.06
Tax Expense:			
Current tax		810.00	105.00
Deferred tax		(65.54)	(100.99)
Total		744.46	4.01
Profit After Tax		1,776.79	35.05
Earning Per Share			
(Face value of ₹ 10/- each)			
Basic and Diluted (in Rupees)	28	0.89	0.19
Notes to the financial statements	1 to 35		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Place : Mumbai
Date : April 30, 2018

For JM Financial Capital Limited

Vishal Kampani
Director
DIN - 00009079

Mukesh Gupta
Chief Financial Officer

Subodh Shinkar
Director
DIN - 00095541

Rupesh Samani
Company Secretary

Statement of Cash Flow

for the year ended March 31, 2018

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
A Cash Flow from Operating Activities		
Net Profit before tax	2,521.25	39.06
Adjustment for :		
Depreciation and amortization expense	15.23	-
Provision for standard assets	300.00	60.00
Interest Income on fixed deposits with Banks and others	(4.41)	(15.36)
Dividend on current investments	-	(21.90)
Profit on sale of current investments	(437.02)	(63.42)
Operating Profit before Working Capital Changes	2,395.05	(1.62)
Changes in working capital		
Adjustment for:		
(Increase) in long term loans and advances	(9,719.96)	-
(Increase) in short term loans and advances	(61,187.03)	(16,470.31)
(Increase) in other current assets	(61.81)	-
Increase in Trade payables	188.90	28.94
Increase in other current liabilities	8.70	2.71
Increase in accrued interest expenses related to operating activities	135.62	-
Cash (used in) operations	(68,240.53)	(16,440.28)
income taxes paid (net)	(638.21)	(90.12)
Net Cash (used in) Operating Activities (A)	(68,878.74)	(16,530.40)
B Cash flow from Investing Activities		
Purchase of fixed assets	(180.14)	-
Sale / (Purchase) of current investments (net)	1,002.10	(3,036.58)
Increase in deposits placed (net)	(990.00)	(1,500.00)
Interest received	0.44	13.84
Dividend received	-	21.90
Net Cash (used in) Investing Activities (B)	(167.60)	(4,500.84)
C Cash flow from Financing Activities		
Proceeds from long term borrowings	3,000.00	-
Proceeds from issue of equity share capital	2,500.00	19,800.00
Proceeds from short term borrowings (net)	76,560.65	2,033.10
Net Cash generated from Financing Activities (C)	82,060.65	21,833.10
Net increase in cash and cash equivalents (A+B+C)	13,014.31	801.86
Cash and cash equivalents at the beginning of the year	1,004.35	202.49
Cash and cash equivalents at the end of the year (refer note 14)	14,018.66	1,004.35

In terms of our report attached

For Deloitte Haskins & Sells LLP
 Chartered Accountants

G. K. Subramaniam
 Partner

 Place : Mumbai
 Date : April 30, 2018

For JM Financial Capital Limited

Vishal Kampani
 Director
 DIN - 00009079

Mukesh Gupta
 Chief Financial Officer

Subodh Shinkar
 Director
 DIN - 00095541

Rupesh Samani
 Company Secretary

Significant Accounting Policies

Notes to the Financial Statements

Note 1 Significant Accounting Policies

Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). Further, the Company follows the Directions issued by the RBI for Non-Banking Financial Companies ("NBFC's") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 year in which the results are known / materialised.

Fixed Assets

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

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
Office Equipments	5 years
Furniture and Fixtures	10 years
Servers and networks	6 years
Other EDP machines	3 years
Leasehold Improvements	Period of lease or 10 years, whichever is lower

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

Assets taken on finance lease are depreciated over a period of lease.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are depreciated over the period of lease or useful life of the asset whichever is lower.

Assets acquired under finance lease are depreciated over the period of lease.

Assets costing ₹ 5,000/- or less are depreciated at 100%.

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.

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.

Investments

Investments are classified as long term and current investments. Long term investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments. In terms of the prudential norms specified by Reserve Bank of India for non-banking finance companies, quoted current investments are valued at lower of cost and market value. Unquoted current investments in units of Mutual Funds are valued at the Net Asset Value of each particular scheme. On disposal of an investment, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Significant Accounting Policies (Contd.)

Notes to the Financial Statements

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.

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 three 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 "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016" by the Reserve Bank of India (RBI). Additional provisions (over and above the provisioning requirements under the Directions as specified by RBI) are made as per guidelines prescribed by the Board of Directors.

Employee 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 financial year 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 statement of profit and loss.

(b) Short term employee benefits:

Short term employee benefits are recognized as expense at the

undiscounted amount in the statement of profit and loss of the year in which the related services are rendered.

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.

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. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of existence of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that deferred tax assets can be realised against future taxable profits.

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.

Notes

to the Financial Statements

	As at March 31, 2018	(₹ in Lakh) As at March 31, 2017
2. Share Capital		
Authorised		
225,000,000 (Previous year 225,000,000) Equity Shares of ₹ 10/- each	22,500.00	22,500.00
75,000,000 (Previous year 75,000,000) Preference Shares of ₹ 10/- each	7,500.00	7,500.00
Total	30,000.00	30,000.00
Issued, Subscribed and Paid-up		
225,000,000 (Previous year 200,000,000) Equity Shares of ₹ 10/- each fully paid up	22,500.00	20,000.00
Total	22,500.00	20,000.00
2.1 Reconciliation of number of shares:	Number of shares	
At the beginning of the year	200,000,000	2,000,000
Add: Issued during the year	25,000,000	198,000,000
At the end of the year	225,000,000	200,000,000
2.2 Details of Shareholding in excess of 5%:	Number of shares & % of holding	
Names of the Shareholders		
JM Financial Services Limited (600 shares jointly held with certain individuals)	225,000,000	200,000,000
	100.00%	100.00%
2.3 JM Financial Limited is the ultimate holding company.		
3. Reserves and Surplus		
Statutory Reserve		
(under section 45-IC of The Reserve Bank of India Act, 1934)		
As per last balance sheet	8.00	-
Add: Transfer from balance in the Statement of Profit and Loss	356.00	8.00
	364.00	8.00
Balance in the Statement of Profit and Loss		
As per last balance sheet	28.41	1.36
Add: Profit for the year	1,776.79	35.05
Less: Transferred to statutory reserve	(356.00)	(8.00)
	1,449.20	28.41
Total	1,813.20	36.41
4. Long-term Borrowings		
Secured		
Non-Convertible Debentures (refer note 4.1 and 4.2)	3,000.00	-
Total	3,000.00	-
4.1 Non-Convertible Debentures are secured by way of first charge on freehold land and pari-passu charge on the loans and receivables of the Company.		

Notes (Contd.)

to the Financial Statements

Particulars	As at March 31, 2018	As at March 31, 2017
4.2 Maturity profile and rate of interest of Non-Convertible Debentures (NCDs) of face value of ₹ 1,000,000/- each:		
8.85% NCD redeemable in the year 2020-21	3,000.00	-
Total	3,000.00	-
5. Other Non-current liabilities		
Interest accrued but not due on borrowings	1.78	-
Total	1.78	-
6. Long-term Provisions		
For Standard Assets (refer note 32)	360.00	60.00
For employee benefits:		
Gratuity (refer note 25)	25.61	-
Total	385.61	60.00
7. Short-term Borrowings		
Loans repayable on demand		
From banks		
Secured		
Overdraft accounts (refer note 7.1)	-	55.43
Other loans and advances		
Unsecured		
Commercial paper (refer note 7.2 and 7.3)	79,500.00	2,000.00
Less: Unamortised interest on commercial paper	(906.25)	(22.33)
	78,593.75	1,977.67
Total	78,593.75	2,033.10
7.1 Secured against fixed deposits pledged with the banks.		
7.2 The maximum amount of commercial paper outstanding at any time during the year was ₹111,100/- lakh (Previous year ₹100,000/- lakh).		
7.3 Interest rate of commercial paper issued during the year range from 6.80% to 9.00% p.a.		
8. Other Current Liabilities		
Interest accrued but not due on borrowings	133.84	-
Employee benefits payable	103.61	-
Statutory dues	11.51	2.81
Total	248.96	2.81
9. Short-term Provisions		
For Taxation (net of advance tax)	186.97	15.20
For employee benefits:		
- Compensated absences	15.36	-
- Gratuity (refer note 25)	0.88	-
Total	203.21	15.20

10. Fixed Assets									
Particulars	Gross Block (At cost)				Depreciation / Amortisation				(₹ in Lakh)
	As at	Additions	Deductions / Adjustments	As at	Up to	For the	Up to	Net Block	
	March 31, 2017			March 31, 2018					March 31, 2017
									As at
Tangible assets - Property, Plant and Equipment Own Assets									
Freehold Land (refer note 10.1)	-	7.02	-	7.02	-	-	-		7.02
Furniture and Fixtures	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Office Equipments	-	6.61	-	6.61	-	0.28	0.28		6.33
Leasehold Improvements	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
	-	21.69	-	21.69	-	1.52	1.52		20.17
	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
	-	129.31	-	129.31	-	10.87	10.87		118.44
	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
TOTAL	-	164.63	-	164.63	-	12.67	12.67		151.96
	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Intangible assets (Acquired)									
Software	-	12.79	-	12.79	-	2.56	2.56		10.23
	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
TOTAL	-	12.79	-	12.79	-	2.56	2.56		10.23
	(-)	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Intangible assets under Development									2.73
									(-)

10.1. Mortgaged as security against secured non-Convertible Debentures.(refer note 4.1)

(Previous years figures are denoted in brackets)

Notes (Contd.)

to the Financial Statements

	As at March 31, 2018	(₹ in Lakh) As at March 31, 2017
11. Deferred Tax Assets (Net)		
Provision for standard assets	103.82	20.77
Disallowances under section 43B and 35D of the Income Tax Act, 1961	62.70	80.22
Total	166.52	100.99
12. Long Term Loans and Advances		
(Unsecured and considered good unless otherwise stated)		
Secured loans	9,719.96	-
Advance tax (net of provision for tax)	-	0.02
Security deposits	21.86	-
Staff loans	0.45	-
Total	9,742.27	0.02
13. Current Investments		
Investment in Mutual Fund units (Unquoted)		
Nil (Previous year 6,966,166.90 units) JM High Liquidity Fund - Growth Option @ NAV of ₹ 44.5008	-	3,100.00
Investment in Debentures (Quoted)		
230 (Previous year Nil) Non Convertible Debentures - JM Financial Products Ltd of ₹ 1,000,000/- each, fully paid-up (refer note 13.1)	2,534.91	-
Total	2,534.91	3,100.00
13.1 Market Value of quoted Investments	2,539.14	-
14. Cash and Bank Balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	1,618.66	4.35
- in deposit accounts	12,400.00	1,000.00
	14,018.66	1,004.35
Other bank balances		
In deposit accounts (refer note 14.1)	2,490.00	1,500.00
	2,490.00	1,500.00
Total	16,508.66	2,504.35

14.1 Other bank balances includes deposit account under lien of ₹ 2,490 lakh, (Previous year ₹ 1,500 lakh) against which overdraft facilities are availed.

	As at March 31, 2018	(₹ in Lakh) As at March 31, 2017
15. Short Term Loans and Advances		
(Unsecured and considered good unless otherwise stated)		
Loan funds:		
Secured *	76,342.13	16,066.61
Unsecured	187.73	320.00
	76,529.86	16,386.61
Accrued Interest on loan funds	1,127.48	83.70
Others**	38.33	-
Total	77,695.67	16,470.31
*includes loan funds of ₹4,500 lakh (previous year Nil) in the form of Non-convertible debentures		
**includes prepaid expenses, GST input credit receivable etc.		
16. Other Current Assets		
Accrued interest on deposits with banks	6.98	1.83
	6.98	1.83

Notes (Contd.)

to the Financial Statements

	For the year ended March 31, 2018	(₹ in Lakh) For the year ended March 31, 2017
17. Revenue from Operations		
Interest Income from funding activities	6,869.87	424.73
Interest income on Bonds /NCDs	55.68	-
Advisory and other fees	244.04	172.03
Total	7,169.59	596.76
18. Other Income		
Interest on:		
- Fixed deposits with banks	4.41	15.36
- Others	0.06	-
	4.47	15.36
Dividend income from current investments	-	21.90
Profit on sale of current investments	437.01	63.42
Miscellaneous Income	0.53	0.01
Total	442.01	100.69
19. Employee Benefits Expense		
Salaries, bonus, other allowances and benefits	339.97	7.70
Contribution to provident and other funds (refer note 25)	13.18	0.49
Gratuity (refer note 25)	23.13	-
Staff welfare expenses	2.29	-
Total	378.57	8.19
20. Finance Costs		
Interest on fixed loans (CPs, NCDs and ICDs)	4,109.72	278.09
Interest on bank overdraft	30.48	0.02
Interest on others	0.03	-
Total	4,140.23	278.11
21. Provision for Standard Assets		
Provision for standard assets (refer note 32)	300.00	60.00
Total	300.00	60.00
22. Operating and Other Expenses		
Electricity	1.31	-
Manpower cost	3.83	-
Space and other related costs (refer note 27)	25.94	-
Repairs and maintenance - others	0.03	-
Insurance	0.37	-
Rates and taxes	148.99	304.53
Communication expenses	0.09	-
Printing and stationery	4.76	0.45
Travelling and conveyance	0.73	-
Professional and consultancy charges	40.52	5.15
Auditors' remuneration (refer note 24)	3.31	1.15
Membership and subscription	0.19	-
Miscellaneous expenses	26.25	0.81
Total	256.32	312.09

	For the year ended March 31, 2018	(₹ in Lakh) For the year ended March 31, 2017
23. Contingent Liabilities and commitments		
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	7.50	-
24. Payment to Auditors': (Including taxes)		
Audit Fees	1.50	1.15
In any other manner (Certifications, limited reviews, etc.)	1.81	-
Total	3.31	1.15

25. Employee Benefits:

The Company provides for accumulated compensated absences as at balance sheet date using full cost method to the extent leave remains utilised. The charge for the current year of ₹ 15.42 lakh (Previous year ₹ Nil) is disclosed under Salaries and Bonus.

Defined Contribution Plan:

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. While both the employees and the Company make predetermined contributions to the provident fund, contribution to the family pension fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate ₹ 13.18 lakh (Previous period ₹ 0.49 lakh).

Defined Benefit Plan: [Gratuity (Unfunded)]

	March 31, 2018	(₹ in Lakh) March 31, 2017
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	26.49	-
Net liability in the Balance Sheet	26.49	-
II. Movement in net liability during the year		
Net liability as at the beginning of the year	-	-
Net expense recognised in the statement of profit and loss	23.13	-
Liabilities Assumed on Acquisition / (Settled on Divestiture)	3.76	-
Payments during the year	(0.40)	-
Net liability as at the end of the year	26.49	-
III. Expense recognised in the statement of profit and loss (Under the head employee benefit expenses)		
Current Service Cost	23.13	-
Interest Cost	-	-
Past Service Cost	-	-
Actuarial Losses/ (Gains)	-	-
Expenses charged to statement of profit and loss	23.13	-
IV. Reconciliation of defined benefit obligation during the year		
Obligation at the beginning of the year	-	-
Current Service Cost	23.13	-
Interest Cost	-	-
Past Service Cost	-	-
Actuarial Losses/ (Gains)	-	-
Liabilities Assumed on Acquisition / (Settled on Divestiture)	3.76	-
Benefits Paid	(0.40)	-
Settlement Cost	-	-
Obligation at the year end	26.49	-

Notes (Contd.)

to the Financial Statements

					(₹ in Lakh)
V. Experience Adjustments	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Present Value of Defined Benefit Obligation	-	-	-	-	26.49
Fair of Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	-	-	-	-	(26.49)
Experience Adj. on Plan Liabilities	-	-	-	-	1.94
Experience Adj. on Plan Assets	-	-	-	-	-
					March 31, 2018
VI. Actuarial Assumptions					March 31, 2017
Mortality table					Indian Assured Lives (2006-08) Ultimate
Discount rate (per annum)					7.85%
Rate of escalation in salary (per annum)					7.00%

Rate of Leaving services at specimen ages are considered at 10% for younger ages reducing to 2% for older ages.

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.

26 Related Party Disclosure:

Names of related parties and description of Relationship

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

Ultimate Holding Company

JM Financial Limited

Holding Company

JM Financial Services Limited

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

(A) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprises.

Holding Company

JM Financial Services Limited

Fellow Subsidiaries and partnership firm

JM Financial Products Limited

JM Financial Properties & Holdings Limited

JM Financial Commtrade Limited

JM Financial Assets Reconstruction Company Limited

Astute Investments (Partnership Firm)

(iii) Details of transactions with related parties

Name of the related party	Nature of relationship	(₹ in Lakh)	
		March 31, 2018	March 31, 2017
JM Financial Services Limited	(A)		
Issue of equity shares		2,500.00	19,800.00
Inter Corporate Deposits given		2,000.00	2,800.00
Inter Corporate Deposits repaid		2,000.00	2,800.00
Interest income on Inter Corporate Deposits given		0.38	4.45
Arrangers fees		17.47	-
Transfer of staff loan liability (paid)		1.12	-
Demat Charges paid		-	0.04
JM Financial Products Limited	(A)		
Inter Corporate Deposits given		13,700.00	-
Inter Corporate Deposits repaid		13,700.00	-
Interest income on Inter Corporate Deposits taken		3.00	-
Inter Corporate Deposits taken		34,900.00	270.00
Inter Corporate Deposits repaid		34,900.00	270.00
Interest expenses on Inter Corporate Deposits taken		35.78	0.53
Transfer of Gratuity liability (received)		3.76	-
Transfer of staff loan liability (paid)		0.17	-
JM Financial Properties & Holdings Limited	(A)		
Inter Corporate Deposits given		-	2,800.00
Inter Corporate Deposits repaid		-	2,800.00
Interest income on Inter Corporate Deposits given		-	6.08
JM Financial Commtrade Limited	(A)		
Inter Corporate Deposits given		-	1,000.00
Inter Corporate Deposits repaid		-	1,000.00
Interest income on Inter Corporate Deposits given		-	4.62
JM Financial Assets Reconstruction Company Limited	(A)		
Purchase of market linked Debentures		2,500.00	-
Astute Investments	(A)		
Loan given		4,056.00	-
Loan repaid		4,056.00	-
Interest income on loan given		2.62	-

26.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

26.2 The transactions disclosed above are exclusive of GST / Service Tax.

27. The Company has taken assets (Premises and Furniture and Fixtures) on cancellable operating lease for the period of 60 months. Expenses recognised during the year is ₹25.94 lakh (Previous year ₹ Nil)

Notes (Contd.)

to the Financial Statements

- 28.** 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	March 31, 2018	March 31, 2017
Profit after tax	1,776.79	35.05
Weighted average number of shares outstanding during the year	200,273,973	18,273,973
Basic and Diluted Earnings per share (Rupees)	0.89	0.19
Nominal value per share (Rupees)	10.00	10.00

- 29.** Business segment is the primary reporting segment. The Company has only one business segment, which is Fund based activities i.e. margin funding, Initial Public Offer funding, Loan against Shares, Loan against property, SME funding etc carried out in India. Consequently there are no reportable business or geographical segments.
- 30.** Disclosure required in terms of Regulation 34(3) and 53(f) Of Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015:

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

Name of the company	Relationship	(₹ in Lakh)	
		Maximum Balance	Closing Balance
JM Financial Services Limited	Holding Company	2,000.00	-
		(2,800.00)	(-)
JM Financial Products Limited	Fellow Subsidiary	2,950.00	-
		(-)	(-)
JM Financial Properties & Holdings Limited	Fellow Subsidiary	-	-
		(2,800.00)	(-)
JM Financial Commtrade Limited	Fellow Subsidiary	-	-
		(1,000.00)	(-)
Astute Investments	Fellow Subsidiary	1,225.00	-
		(-)	(-)

Loans and advances shown above are interest bearing, repayable on demand and are utilised for their business purposes. (Previous years figures are denoted in brackets).

31. Corporate Governance and Disclosure Norms for NBFCs:

(As stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014)

31.1 Capital Risk Adequacy Ratio (CRAR):

Particulars	(₹ in Lakh)	
	March 31, 2018	March 31, 2017
CRAR (%)	27.00%	101.14%
CRAR - Tier I capital (%)	26.60%	100.84%
CRAR - Tier II capital (%)	0.40%	0.30%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt instruments	-	-

31.2 Exposures:

I Exposure to Real Estate Sector

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 ₹ 15 lacs may be shown separately)

2,936.86

-

(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;

13,319.24

-

(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).

-

-

Total Exposure to Real Estate

16,256.10

-

II Exposure to Capital Market

(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;

-

-

(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;

32,608.14

10,414.03

(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;

32,898.08

5,652.58

(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;

-

-

(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;

573.64

-

(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;

-

-

(vii) Bridge loans to companies against expected equity flows / issues;

-

-

(viii) All exposures to Venture Capital Funds (both registered and unregistered)

-

-

Total Exposure to Capital Market

66,079.86

16,066.61

Notes (Contd.)

to the Financial Statements

Particulars	(₹ in Lakh)	
	March 31, 2018	March 31, 2017
III Details of financing of parent company products	Nil	Nil
IV Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil
V Unsecured Advances		
Amount of advances given against intangible securities	Nil	Nil

31.3 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

Particulars	(₹ in Lakh)								
	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks	-	-	-	-	-	-	-	-	-
	(55.43)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(55.43)
Market Borrowings	27,354.54	16,810.42	34,428.79	-	-	3,000.00	-	-	81,593.75
	(-)	(1,977.67)	(-)	(-)	(-)	(-)	(-)	(-)	(1,977.67)
Foreign currency liabilities	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Assets									
Advances	24,743.52	18,144.63	12,445.31	13,415.08	8,947.13	4,078.27	4,044.76	1,619.24	87,437.94
	(4,816.92)	(2,833.22)	(2,633.22)	(2,633.22)	(2,633.22)	(920.52)	(-)	(-)	(16,470.31)
Deposits	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Investments	2,534.91	-	-	-	-	-	-	-	2,534.91
	(3,100.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,100.00)
Foreign currency assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(Previous years figures are denoted in brackets).

Notes:

- Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
- The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.

Particulars	(₹ in Lakh)	
	Amount outstanding	Amount overdue
31.4 Liabilities side		
(I) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures *		
(i) Secured	3,000.00	-
	(-)	(-)
(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
	(-)	(-)
(b) Deferred Credits	-	-
	(-)	(-)
(c) Term Loans	-	-
	(-)	(-)
(d) Inter-corporate loans and borrowing	-	-
	(-)	(-)
(e) Commercial Paper (net of unamortised discount)	78,593.75	-
	(1,977.67)	(-)
(f) Other Loans (Please Specify)		
Overdraft Accounts	-	-
	(55.43)	(-)
Cash Credits	-	-
	(-)	(-)
CBLO Borrowing (net of unamortised discount)	-	-
	(-)	(-)
Working capital demand loan	-	-
	(-)	(-)
Due under finance lease	-	-
	(-)	(-)

* Does not include interest accrued but not due of ₹135.62 lakh (Previous year ₹ Nil)

Particulars	Amount outstanding
	Assets side
(II) Break up of Loans and Advances including bills receivables (other than those included in (IV) below):	
(a) Secured	86,062.09
	(16,066.61)
(b) Unsecured	187.73
	(320.00)
(III) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:	
(a) Lease assets including lease rentals under sundry debtors:	
(i) Financial Lease	-
	(-)
(ii) Operating Lease	-
	(-)
(b) Stock on hire including hire charges under sundry debtors:	-
(i) Assets on hire	(-)
	-
(ii) Repossessed Assets	(-)
	-
(c) Other loans counting towards AFC activities:	(-)
(i) Loans where assets have been repossessed	-
	(-)

Notes (Contd.)

to the Financial Statements

Particulars	Amount outstanding
(ii) Loans other than (a) above	-
	(-)
(IV) Break – up of Investments:	
(a) Current Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	2,534.91
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)
2. Unquoted:	
(i) Shares:	(-)
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(3,100.00)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)
(b) Long Term Investments:	
1. Quoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)

Particulars	Amount outstanding
2. Unquoted:	
(i) Shares:	
(a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)

(V) Borrower group – wise classification of assets financed as in (II) and (III) above:

Category	Amount net of provisions		Total
	Secured	Unsecured	
(a) Related Parties			
(i) Subsidiaries	-	-	-
	(-)	(-)	(-)
(ii) Companies in the same group	-	-	-
	(-)	(-)	(-)
(iii) Other related parties	-	-	-
	(-)	(-)	(-)
(b) Other than related parties	86,062.09	187.73	86,249.83
	(16,066.61)	(320.00)	(16,386.61)
	86,062.09	187.73	86,249.83
	(16,066.61)	(320.00)	(16,386.61)
Less: Provision for non-performing assets			-
			(-)
Total			86,249.83
			(16,386.61)

(VI) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
(a) Related Parties		
(i) Subsidiaries	-	-
	(-)	(-)
(ii) Companies in the same group	2,539.14	2,534.91
	(-)	(-)
(iii) Other related parties	-	-
	(-)	(-)
(b) Other than related parties	-	-
	(-)	(-)
Total	2,539.14	2,534.91
	(-)	(-)

Notes (Contd.)

to the Financial Statements

(VII) Other Information:

Particulars			Amount
(a) Gross Non-Performing Assets			
(i) Related Parties			-
			(-)
(ii) Other than related parties			-
			(-)
(b) Net Non-Performing Assets			
(i) Related Parties			-
			(-)
(ii) Other than related parties			-
			(-)
(c) Assets acquired in satisfaction of debt			-
			(-)

(Previous years figures are denoted in brackets)

31.5 There are no restructured advances as on March 31, 2018, hence disclosure of information as required in terms of sub-Para 9 of Paragraph 27 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (issued vide Notification No. DNBR.009/CGM(CDS)-2015 dated March 27, 2015) is not warranted.

Particulars	March 31, 2018	March 31, 2017
31.6 Investments		
(a) Value of Investments		
(i) Gross Value of Investments		
(a) in India	2,534.91	3,100.00
(b) outside India	-	-
(ii) Provision for depreciation		
(a) in India	-	-
(b) outside India	-	-
(iii) Net Value of Investments		
(a) in India	2,534.91	3,100.00
(b) outside India	-	-
(b) Movement of provisions held towards depreciation on investments		
(i) Opening balances	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

31.7 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators		
Company has not registered with other financial sector regulators except with Reserve Bank of India		
(II) Disclosure of Penalties imposed by RBI and other regulators	Nil	Nil

(III) Ratings assigned by credit rating agencies and migration of ratings during the year:

Rating particulars	Rating Agency	Rating assigned
Short Term Debt Programme		
Commercial Paper	CRISIL Limited	Crisil A1+
	ICRA Limited	ICRA A1+
	CARE Limited	CARE A1+
Long Term Debt Programme		
Non-Convertible Debentures	CRISIL Limited	Crisil AA / Stable
	ICRA Limited	[ICRA] AA (stable)
Long term market linked debentures (principal protected)	ICRA Limited	PP-MLD [ICRA] AA (stable)

Ratings from ICRA Limited and CARE Limited have been obtained during the financial year 2017-18.

(IV) Net Profit or Loss for the period, prior period items and changes in accounting policies:

There are no prior period items and changes in accounting policies impacting net profit for the year.

(V) Revenue Recognition:

Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties in respect of any revenue streams of the Company.

(VI) Provisions and Contingencies

Particulars	March 31, 2018	March 31, 2017
Break up of 'Provisions and Contingencies' shown under the head expenses in the Statement of Profit and Loss		
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	810.00	105.00
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	360.00	60.00

(VII) Draw Down from Reserves

	Nil	Nil
--	-----	-----

(VIII) Concentration of Deposits, Advances, Exposures and NPAs
(a) Concentration of Deposits (for deposit taking NBFCs)

Total Deposits of twenty largest depositors (Rupees in Lakh)	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA

(b) Concentration of Advances

Total advances to twenty largest borrowers (Rupees in Lakh)	41,517.96
Percentage of advances to twenty largest borrowers to total advances of the NBFC	48.14%

(c) Concentration of Exposures

Total exposure to twenty largest borrowers / customers (Rupees in Lakh)	41,853.66
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	47.90%

(d) Concentration of NPAs

Total exposure to top four NPA accounts (Rupees in Lakh)	Nil
--	-----

Notes (Contd.)

to the Financial Statements

(e) Sector-wise NPAs	Percentage of NPAs to Total Advances in that sector	
Sector		
Agriculture & allied activities	-	
MSME	-	
Corporate borrowers	-	
Services	-	
Unsecured personal loans	-	
Auto loans	-	
Other personal loans	-	
Other loans	-	

(IX) Movement of NPAs

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iii) Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	-	-
(c) Reductions during the year	-	-
(d) Closing balance	-	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	-	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	-	-

(X) Disclosure of Complaints

Customer Complaints

Particulars	March 31, 2018	March 31, 2017
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
No. of complaints pending at the end of the year	-	-

(XI) Disclosure in respect of derivatives, securitisation transactions, consolidated financial statements, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

32. Provision for Standard Assets

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 0.40 per cent of the outstanding standard assets. Movement in the said provision is as under :

Particulars	March 31, 2018	March 31, 2017
(a) Opening balance as at the beginning of the year	60.00	-
(b) Provisions made during the year	300.00	60.00
(c) Closing balance as at the end of the year	360.00	60.00

(₹ in Lakh)

33. Unhedged Foreign Currency Exposure

Particulars	March 31, 2018	March 31, 2017
Foreign Currency Exposures (FCE) as on 31.03.2018	Nil	Nil
Total credit exposures (sanctioned) from banking system on 31.03.2018 (in foreign currency)	Nil	Nil

- 34.** The Company obtained the registration as a Non-Banking Finance Company on November 04, 2016 and commenced its operations thereafter. Consequently, the figures of the previous year are not comparable with those of the current year.
- 35.** Previous year's figures have been rearranged / regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

For JM Financial Capital Limited

Vishal Kampani

Director
DIN - 00009079

Subodh Shinkar

Director
DIN - 00095541

Place : Mumbai
Date : April 30, 2018

Mukesh Gupta
Chief Financial Officer

Rupesh Samani
Company Secretary



7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India