

PRESS RELEASE  
For Immediate Release

**JM Financial's consolidated net profit increased by 30.0% QoQ and 14.7% YoY for Q3 FY21.**

**Mumbai, January 23, 2021:** The Board of Directors of JM Financial Limited, at its meeting held today, approved the unaudited financial results for the third quarter and nine months ended December 31, 2020.

**Summary of Consolidated results FY 21 – Q3 compared to FY 20 – Q3**

**(Rs. in Cr)**

<b>Particulars</b>	<b>Quarter ended December 31, 2020</b>	<b>Quarter ended December 31, 2019</b>	<b>% Increase / (Decrease)</b>
Total income	890.99	905.45	(1.60%)
Profit before tax	330.76	304.68	8.56%
Net profit after tax and before non- controlling interest	251.00	222.82	12.65%
Net profit after tax, non-controlling interest and share of associate	180.76	157.54	14.74%
Adjusted Net Profit after tax, non- controlling interest and share of associate (on account of COVID- 19) <sup>1</sup>	214.33	157.54	36.05%

**Summary of Consolidated results FY 21 – 9M compared to FY 20 – 9M**

**(Rs. in Cr)**

<b>Particulars</b>	<b>Nine months ended December 31, 2020</b>	<b>Nine months ended December 31, 2019</b>	<b>% Increase / (Decrease)</b>
Total income	2,385.50	2,612.97	(8.71%)
Profit before tax	754.45	878.50	(14.12%)

<b>Particulars</b>	<b>Nine months ended December 31, 2020</b>	<b>Nine months ended December 31, 2019</b>	<b>% Increase / (Decrease)</b>
Net profit after tax and before non-controlling interest	574.52	614.99	(6.58%)
Net profit after tax, non-controlling interest and share of associate	413.43	414.42	(0.24%)
Adjusted Net Profit after tax, non-controlling interest and share of associate (on account of COVID-19) <sup>2</sup>	503.13	414.42	21.41%

1) Not considering the COVID-19 provision of ~Rs. 62 Cr and adjusting for taxes and non-controlling interests on such provision for the quarter ended December 31, 2020. COVID-19 provision amount is unaudited and based on management estimates.

2) Not considering the COVID-19 provision of ~Rs. 185 Cr and adjusting for taxes and non-controlling interests on such provision for the nine months ended December 31, 2020. COVID-19 provision amount is unaudited and based on management estimates.

The earnings per share for the nine months ended December 31, 2020 is **Rs. 4.48**. The consolidated net worth\* as at December 31, 2020 stands at **Rs. 6,750 Cr** and the gross debt equity (equity of **Rs. 6,750 Cr** + non-controlling interest of **Rs. 2,564 Cr**) ratio is **1.11** times\* and net debt equity of **0.72** times\* (post reducing cash and cash equivalents of **Rs. 3,716 Cr**). The book value per share is **Rs. 70.88**.

Our total loan book\*\* stood at **Rs. 10,407 crore** as of December 31, 2020 compared to **Rs. 12,662 crore** as of December 31, 2019. Gross NPA and Net NPA stood at **1.79%** and **1.16%** respectively as of December 31, 2020 compared to **1.56%** and **1.35%** respectively as of December 31, 2019. Proforma Gross NPA and Net NPA as of December 31, 2020 without considering effect of the interim order of Honourable Supreme Court of not classifying loans as NPA after August 31, 2020 would have been **3.57%** and **2.04%** respectively. We have made additional gross provisions of **Rs. 185 Cr<sup>#</sup>** on account of the uncertainties around COVID-19 for the nine months ended December 31, 2020, thereby taking the total provisions to **Rs. 360 Cr<sup>#</sup>** on account of the pandemic. During the quarter, we offered resolution plan to its customers pursuant to the RBI resolution framework for COVID-19 related stress dated

August 6, 2020. The aggregate loan book of these accounts stood at **Rs. 62 Cr** (**0.59%** of loan book as of December 31, 2020)

*\* Computed after reducing goodwill of Rs.52.44 Cr from shareholder's funds and excludes borrowings for episodic financing*

*\*\*Loan book does not include episodic financing book*

*# Unaudited and based on management estimates*

**Commenting on the results and financial performance, Mr. Vishal Kampani, Managing Director, JM Financial Group, said,**

“The economy has rebounded quite strongly from the pandemic as compared to the first two quarters of this financial year. The economy is showing strong signs of recovery, albeit some part of the recovery can be attributed to pent-up demand. It will be very interesting to watch this trend of recovery in the current and next few quarters.

In our IWS businesses, we have a very strong pipeline of investment banking transactions. We are witnessing strong traction in the institutional and non-institutional equities businesses. The equity AUA for our private wealth management business has seen robust growth. The elite wealth management and the institutional fixed income businesses are scaling up. The internal synergies amongst the various businesses are yielding strong results. We believe the IWS business is well positioned to capitalize on the multi-decade opportunity in financial markets.

On our mortgage lending business, the sales data for the real estate sector over the last few months has been extremely encouraging and we expect our escrow cash flows to remain strong. We believe that the asset quality impact on our loan book is transient in nature and we have not provided one-time restructuring benefit to any borrower in our wholesale mortgage segment. We believe that we have peaked out in terms of the provisions made on our existing loan book. Our wholesale mortgage loans are fully secured with robust

security covers. Our loss given defaults are likely to remain low. Our teams have started evaluating fresh proposals as we look to build a pipeline for gradually increasing the long term loan book.

On the back of recovery of economy post COVID-19 and opening up of NCLTs, our distressed credit business also witnessed few resolutions, adding to the overall profitability of the Group for the quarter.

We have emerged stronger from COVID-19 as is reflected in our strong balance sheet with adequate provisions, almost all time low leverage levels and extremely strong liquidity buffers. We believe our diversified businesses are well positioned to benefit from the post COVID-19 recovery. The key domestic events to watch out include the pace of vaccination and the Union Budget 2021.”

## **Business Update**

### **➤ Investment banking, Wealth Management and Securities business (IWS)**

The IWS segment continued the momentum during the quarter. The pipeline for our investment banking transactions continues to remain healthy.

During the quarter, our completed investment banking transactions include:

- Book Running Lead Manager (“BRLM”) to the Initial Public Offering (“IPO”) of Equity Shares of UTI Asset Management Company Limited (~Rs. 2,160 Cr), Burger King India Limited (~Rs. 1,067 Cr), Equitas Small Finance Bank Limited (~Rs. 518 Cr) and Mazagon Dock Shipbuilders Limited (~Rs. 444 Cr)
- BRLM to the Qualified Institutions Placement of Equity Shares of Canara Bank (~Rs. 2,000 Cr)
- Lead Manager to the Public Issue of Non-Convertible Debentures (“NCDs”) of Muthoot Finance Limited (~Rs. 2,000 Cr)

- Seller's Broker to the Offer for Sale of Equity Shares of Sumitomo Chemical India Limited (~Rs. 475 Cr)
- Lead Manager to the Rights Issue of Equity Shares of Shoppers Stop Limited (~Rs. 300 Cr)
- Sole Manager to the Buyback of Equity Shares of JK Paper Limited (~Rs. 100 Cr)
- Exclusive Financial Advisor to International Cargo Terminals & Infrastructure Private Limited (ICTIPL) on fund raise from Bain Capital
- Financial Advisor to India Grid Trust for acquisition of Jhajjar KT Transco from Kalpataru Power Transmission and Techno Electric & Engineering Company
- Exclusive Financial Advisor in relation to the open offer to the shareholders of Accelya Solutions India by Aurora UK Bidco together with entities belonging to the Vista Equity Partners Group

During the quarter, we acted as an arranger to the Private Placement of:

- NCDs of diversified public sector companies like IRFC, RECL, IOCL, HPCL, MRPL, FCI, etc. (~Rs. 37,700 Cr)
- NCDs in the form of Basel III compliant Additional Tier I bonds of Union Bank of India, Bank of Baroda and Indian Bank. (~Rs. 2,400 Cr)
- NCDs in the form of Basel III compliant Tier II bonds of Union Bank of India. (~Rs. 1,000 Cr)
- Subordinated Debt of NBFCs like Tata Capital Financial Services Limited and Sundaram Finance Limited (~Rs. 225 Cr)

The AUA of our private wealth management business stood at **Rs. 56,757 Cr** (excluding custody assets) as on December 31, 2020 as compared to **Rs. 46,886 Cr** as on December 31, 2019 and **Rs. 54,015 Cr** as on September 30, 2020. The AUA of our Independent Financial Distribution (IFD) business stood at **Rs. 15,731 Cr** as on December 31, 2020 as compared to **Rs. 13,161 Cr** as on December 31, 2019 and **Rs. 14,993 Cr** as on September 30, 2020.

During the quarter, the average daily trading volume stood at **Rs. 11,119 Cr.**

During the quarter, we also funded **7 public issues (including 1 NCD issue) aggregating to a funding of ~Rs. 25,246 Cr.**

➤ **Mortgage Lending**

The total mortgage lending book- (comprising of loan book of JM Financial Credit Solutions Limited and JM Financial Home Loans Limited) stood at **Rs. 7,355 Cr** as at December 31, 2020. Our wholesale mortgage lending focuses on Tier - 1 cities, viz., Mumbai, Thane, Pune, Bangalore, Chennai, Hyderabad, Kolkata and NCR.

The highlights of the quarter in respect of the wholesale mortgage lending are as under:

- SMA2 numbers increased from 3.42% as of September 2020 of the portfolio to 8.04% as of December 2020 of the portfolio, During this period the loan book has declined from Rs. 7,208 Cr in September 2020 to Rs. 6,993 Cr as of December 2020
- Debt to equity stood at 1.26x and net debt to equity at 0.92x.

We continue to be in a challenging environment accelerated by the COVID-19 crisis and the lockdown that has been initiated since mid-March 2020. However various efforts have been made by the central and some of the state governments to encourage the demand in the residential sector. This had led to an increase in sales across geographies since August 2020 onwards. The last quarter has only seen the sales numbers strengthen and we have seen significant momentum in sales and collections during this period. Most of this demand is has come in from end users and we see the momentum continuing in the near future. This quarter also witnessed good sales in the luxury space which also signals towards the positive sentiments of buyers towards real estate purchase decisions. Given this scenario we expect a turnaround in the sector

and will also witness fresh money by way of debt and equity coming into the sector in the next few quarters.

The consolidation process in the sector is playing out rapidly and we continue to witness large players gaining more market share. The markets seem to have played out positively in the last six months in line with our expectations and we are keeping ourselves prepared to make the most of the turn in the cycle which we are witnessing right now.

#### ➤ **Distressed Credit**

Until December 31, 2020, we have acquired total outstanding dues of **Rs. 60,590 Cr** at a gross consideration of **Rs. 17,130 Cr**. Security Receipts worth **~Rs. 559 Cr** were redeemed during the quarter. The outstanding Security Receipts stood at **Rs. 10,915 Cr** as on December 31, 2020 as compared to **Rs. 11,429 Cr** as on September 30, 2020. The contribution of JM Financial Asset Reconstruction Company Limited stood at **Rs. 2,923 Cr** as on December 31, 2020 as compared to **Rs. 3,244 Cr** as on September 30, 2020. During the quarter, we closed 2 deals as a part of debt aggregation of one large account. Higher focus on recoveries yielded results and recoveries during quarter were much higher at **~Rs. 751 Cr** as against **~Rs. 120 Cr** in previous quarter. Higher recoveries were affected by implementation of approved resolution plans by NCLT, successful sale of assets under SARFAESI and settlements. Our focus continues to be on recoveries and resolution with a cautious approach towards acquisitions.

#### ➤ **Asset Management**

The average AUM of our Mutual Fund schemes during the quarter ended December 31, 2020 stood at **Rs. 3,700 Cr**; comprising of **Rs. 815 Cr** in equity schemes (including hybrid schemes) and **Rs. 2,885 Cr** in debt schemes (including liquid scheme). The average AUM of our Mutual Fund schemes

during the quarter ended September 30, 2020 stood at **Rs. 4,182 Cr**; comprising of **Rs. 905 Cr** in equity schemes (including hybrid schemes) and **Rs. 3,277 Cr** in debt schemes (including liquid scheme). In addition, we have commitments aggregating to **Rs. 159 Crore** under JM Financial Yield Enhancer (Distressed Opportunity) Fund I.

### **Borrowing Profile**

We continued our focus on diversifying our sources and maturities for our borrowing profile. As on December 31, 2020 our long term borrowing as a proportion of total borrowing stood at **approximately 86%**. Borrowing through Commercial paper (CP) consisted **approximately 9%** of the total borrowing as on December 31, 2020. These CP's were utilised primarily towards the short term liquid assets.

### **Awards & Recognitions**

- BSE Awards 2020 - JM Financial Services has been recognized by BSE Ltd., amongst the Top Performers in Primary Market Segment (Equity – IPO/FPO Bids - Members)

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*The press release and unaudited financial results are available on our website [www.jmfl.com](http://www.jmfl.com)*

### **About JM Financial**

JM Financial is an integrated and diversified financial services group. The Group's primary businesses include (a) Investment banking, wealth management and securities business (IWS) which includes fee and fund based activities for its clients (b) Mortgage Lending which includes both wholesale mortgage lending and retail mortgage lending (home loans, education institutions lending and LAP) (c) Distressed credit which includes the Asset Reconstruction business (d) Asset Management which includes the mutual fund business.

As of December 31, 2020, the consolidated loan book stood at **~Rs. 104.1 BN**, distressed credit business AUM at **~Rs. 109.1 BN**, wealth management AUA at **~Rs. 567.6 BN**, mutual fund AAUM at **~Rs. 37.0 BN**.



The Group is headquartered in Mumbai and has a presence across **518** locations spread across **166** cities in India. The equity shares of JM Financial Limited are listed in India on the BSE and NSE.

For more information, log on to [www.jmfl.com](http://www.jmfl.com) or **contact:**

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#### **Forward - Looking statements**

This press release ('document') containing JM Financial Group's activities, projections and expectations for the future, may contain certain forward-looking statements based upon the information currently available with the Company or any of its subsidiaries and associate companies. The financial results in future may vary from the forward-looking statements contained in this document due to uncertainties and unforeseen events that may impact the businesses of the JM Financial Group. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

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