

PRESS RELEASE  
For Immediate Publication

## **JM Financial announces unaudited financial results for the quarter ended June 30, 2013.**

**Mumbai, July 31, 2013:** The Board of Directors of JM Financial Limited, at its meeting held today, considered and approved the unaudited financial results for the quarter ended June 30, 2013.

### **Consolidated Results – Key Highlights:**

#### **FY 14 – Q1 compared to FY 13 – Q1 (YoY)**

- Total income increased by 12.56 % to Rs. 281.91 crore from Rs. 250.46 crore.
- The profit before tax increased by 36.83 % to Rs. 79.08 crore from Rs. 57.80 crore
- Net profit after tax, minority interest and share of associates rose by 57.30 % to Rs. 55.53 crore from Rs. 35.31 crore.

The Earnings per share and Diluted Earnings per share, for the quarter ended June 30, 2013 is Re. 0.74 and 0.72 respectively (not annualised).

### **Commenting on the results, Mr. Nimesh Kampani, Chairman, JM Financial Group said,**

"The economic environment continues to be under stress. While certain policy announcements have been made by the Government in recent times, the results will take time to show subject to effective implementation of the policy decisions.

Concerned with the domestic indicators such as widening Current Account Deficit, depreciating currency increasing inflation and slow policy actions, Reserve Bank of India continued with tight liquidity measures.

In this background, fund raising activity is almost at standstill. M & A activity is also slow given the uncertainty in the environment and increased cost of funds coupled with tight liquidity in the system. . Broking activity is continuously under pressure with reduced volume on the stock exchanges and continued skew of activity in favor of Future and Options trades and against cash trades.

Lending business continues to be the major contributor in the revenue. We have taken a very careful stance on asset quality and monitoring of loans.

Given the challenging business environment, we are pleased to have maintained profitability on consolidated basis. We will continue to put in strong efforts in coming months to improve value for shareholders."

## **Business Update**

### **Investment banking and securities business:**

During the quarter, the Investment banking business closed the QIP issue of ING Vysya Bank for Rs.881 crore. We also announced investment by ChrysCapital Management Company into Cavinkare, wherein we acted as financial advisor to Cavinkare. We also acted as the advisor to Aditya Birla Nuvo Limited for the tender offer to public shareholders of Pantaloons Fashions & Retail Limited as part of the scheme of demerger of Pantaloon format business from Future Retail Limited. During the quarter, we also closed certain important transactions announced earlier such as acquisition of stake in United Spirits Limited by Diagio Plc., demerger of non-IT business of Wipro, RHI AG's open offer for Orient Refractories and structuring of 'Trust Mechanism' for meeting the minimum public shareholding requirements in Wipro.

The Institutional Equities business continues to work towards its goals in a constantly challenging scenario. We continue to focus on the needs of the clients and have increased research coverage and corporate access.

In equity brokerage business the major focus was on advisory based services where brokerage yields are higher. We have a presence in 268 locations spread across 116 cities through a network of branches and franchisees.

In the wealth management business, we retained our focus on providing complete financial and custody solutions to high net worth families and advising large corporate treasuries for their investments and fund raising requirements. Our wealth management business assets under advice stand at around Rs.19,500 crore as on June 30, 2013. During the quarter, focus for corporate clients was on mobilization of Fixed Income investments through various products like Short Term Funds, Income Funds, Structured Fixed Maturity Plans, Commercial Papers, Certificate of Deposits and Bonds. For High Net worth clients focus was on mobilization of Equity Advisory Assets, Real Estate and related products.

In the distribution business, we continued our focus on mobilization of mutual funds, public issues, fixed deposits and corporate bonds. We have a large network of over 8,000 active IFAs who are distributing various financial products across the country. During the quarter we have mobilised more than Rs.800 crore in fixed deposit schemes and fixed income products of various companies.

#### **Fund based activities:**

The level of fund based activities in the quarter ended June 30, 2013 was subdued as compared to the previous quarter typically representing a slow start to the year. Our funding book stood at Rs. 2,780 Crore. The treasury book for the fixed income securities stood at Rs. 473 Crore. During the period, RBI reduced Repo rate and Reverse Repo rate by 25 bps to 7.25% & 6.25% respectively, and kept Cash Reserve Ratio stable at 4.00%. The margin earned on assets funded has improved on QoQ basis due to a lower borrowing rate. The Company continued its business activities in the form of offering loan against capital market instruments which includes products like IPO Funding, Loan against Shares (LAS), Margin Funding, ESOP Financing and Sponsor Financing and Loans against commercial real estate.

Indian banks continued to face multiple challenges on the NPA front. Most Indian banks saw an increase in NPA levels along with an increase in restructured assets. As expected, during the quarter, the Asset Reconstruction business saw an increase in the year-on-year acquisition activity. Resolution strategies initiated for majority of assets in the portfolio led to increased recoveries. With increased thrust on controlling the rising level of NPAs in the banking industry, the outlook for the Asset Reconstruction business looks better going forward.

#### **Alternative Asset Management:**

The combined AUM/ AUA of the Private Equity Fund and Real Estate Fund stood at around Rs.1,300 crore at the end of the quarter.

The Private Equity Fund and the Real Estate Fund continue to work closely with portfolio companies in helping them grow their businesses as well as in seeking exit opportunities.

#### **Asset Management:**

The average AUM of JM Financial Mutual Fund for the quarter ended June 30, 2013 stood at Rs. 6,755 crore. The average AUM under Equity schemes was at Rs. 488 crore and under Debt Schemes was at Rs. 6,267 crore.

#### **Application for new bank license:**

The group has submitted its application to RBI for seeking new bank license.

## Awards and Accolades

At the 'India's Best Companies To Work For' 2013 awards by the Great Places to Work® in India in partnership with The Economic Times, team JM Financial had a strong showing with a number of group companies winning accolades:

- JM Financial Limited (representing the Institutional Securities Business, the Asset Reconstruction business and the Private Equity business) featured amongst the Top 100 'India's Best Companies To Work For'
- JM Financial Services Limited was recognised among the Top 50 'India's Best Companies To Work For'
- JM Financial Asset Management Private Limited ranked among the Top 100 in 'India's Best Companies to Work For' and also among the best in the industry (Financial Services) in the same awards.

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The Unaudited financial results are attached. Both, 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 financial services group offering a wide range of capital market services to its corporate and individual clients. The Group's businesses include investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, commodity broking, fixed income broking, non-banking finance products, private equity and asset reconstruction. For more information, log on to [www.jmfl.com](http://www.jmfl.com)

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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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