

PRESS RELEASE
For Immediate Release

JM Financial's consolidated revenue is up by 16.9% and consolidated net profit is up by 12.6% for Q1 FY19 as per Ind AS.

Mumbai, July 18, 2018: The Board of Directors of JM Financial Limited, at its meeting held today, approved the unaudited financial results for the quarter ended June 30, 2018.

From the current quarter, the unaudited financial results have been reported under Ind AS. The key implications of migration to Ind AS on our financial statements are as follows:

1.Accounting: The key accounting implications on our financial statements are as under:

- a. **Expected Credit Loss (ECL):** Under the ECL model, the loan loss provision is made on the basis of the loan book's historical loss experience and future expected credit loss depending on the credit quality assessment. ECL adjustment has had a negative impact on our networth and on this quarter's profits.
- b. **Amortization of fee income and cost under effective interest rate (EIR):** Fees generated on loans originated and the corresponding costs including processing fees incurred on borrowings have been amortized over the life of the loan / period of service. This has resulted in temporary deferral of revenue and cost recognition. This has resulted in a negative impact on our networth and a marginal negative impact on our profits for this quarter.
- c. **Fair value implications on financial assets (FVTPL):** On the date of transition, all financial assets have been recorded in the balance sheet at fair value. The impact of fair valuation of financial assets, post initial recording in the balance sheet has been accounted through the statement of profit and loss. FVTPL has had a positive impact on our networth.
- d. **Consolidation of trusts in the Distressed Credit Business:** The trusts where we have a controlling interest have been consolidated after fair valuing the assets held by each of those trusts. This has had a positive impact on our networth.

2. Segment reclassification: In the past, we have reported our key segments as (i) Investment banking and securities business (ii) fund based activities (iii) alternative asset management and (iv) asset management.

As per Ind AS, considering that the views of the management have precedence over the erstwhile risks and rewards model, segments have been reported based on management's evaluation of financial information for allocating resources and assessing performance. Accordingly, we have reclassified our key business segments as follows:

- i. Investment Banking, Wealth Management and Securities Business which inter-alia includes fees as well as fund based businesses related to this segment
- ii. Mortgage Lending which comprises of wholesale mortgage lending (real estate developers) and retail mortgage lending (home loans, loan against property and education institution loans)
- iii. Distressed Credit which comprises of asset reconstruction business
- iv. Asset Management which comprises of mutual fund business

Summary of Consolidated results FY 19 – Q1 compared to FY 18 – Q1

(Rs. in Cr)

Particulars	Quarter ended June 30, 2018	Quarter ended June 30, 2017	% Increase
Total income	855.34	731.63	16.9%
Profit before tax	316.39	284.27	11.3%
Net profit after tax and before minority interest	199.23	183.08	8.8%
Net profit after tax, minority interest and share of associates	142.72	126.77	12.6%

The Earnings per share and Diluted Earnings per share, for the three months ended June 30, 2018 is Rs.1.70 and Rs.1.69 respectively. The consolidated net worth* as at June 30, 2018 stood at Rs.4,646 Cr and the debt equity (equity + minority Interest) ratio is 2.73 times*. The book value per share is Rs 55.34.

* Computed after reducing goodwill of Rs.73.36 Cr from shareholder's funds

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

“While India’s long term economic fundamentals look attractive, global factors such as crude oil prices, tightening monetary conditions in US and anticipated further rate hikes in the US are adding pressure on the macro economy. We are witnessing a lot of opportunities in the distressed credit space and are focused on resolution of the acquired assets and on adding new ones. We continue to diversify our liabilities franchise and have successfully concluded the first ever public issue of secured Non-Convertible Debentures by JM Financial Credit Solutions Ltd. of Rs.750 Cr. Looking forward, we remain confident about our business mix and are well positioned to capitalise the opportunities ahead of us.”

Business Update

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

During the quarter, some of our investment banking transactions were as follows:

- Lead Financial & Transaction Advisor to Adani Enterprises Limited on the demerger of its Renewable Energy Business into Adani Green Energy Limited
- Fairness Opinion to the board of directors of Century Textiles and Industries Limited on the share entitlement ratio for the demerger of its cement business undertaking into Ultratech Cement Limited through a composite scheme of arrangement
- Fairness Opinion to the board of directors of Merck Limited on valuation of biopharma, performance materials and life sciences business division for transfer to MLS Private Limited
- Manager to the Open Offer by Xchanging Technology Services India Private Limited along with Computer Sciences Corporation India Private Limited and DXC Technology Company to the shareholders of Xchanging Solutions Limited
- Book running lead manager to the IPOs of Indostar Capital Limited (~Rs. 1,844 Cr) and Fine Organics Limited (~Rs. 600 Cr)

- Book running lead manager to the Qualified Institutions Placement (“QIP”) of Oberoi Realty Limited (~Rs. 1,200 Cr)
- Lead manager to the public issue of secured non-convertible debentures of JM Financial Credit Solutions Limited (~Rs.750 Cr)

The AUM/AUA of our wealth management business stood at **Rs.42,808 Cr** (excluding custody assets) as on June 30, 2018 as compared to **Rs. 31,808 Cr** as on March 31, 2018 and **Rs. 24,203 Cr** as on June 30, 2017.

During the quarter, the average daily trading volume stood at **Rs. 5,586 Cr.**

Our loan book in the IWS segment stood at **Rs. 7,997 Cr** as on June 30, 2018.

During the quarter, in IPO financing business, we funded **13 IPOs** wherein the aggregate amount of funding was around **Rs. 4,149 Cr.**

At the end of the quarter, the combined AUM of our private equity and real estate funds stood at around **Rs. 716 Cr** of which our new private equity fund has announced a first close of **~Rs.225 Cr** and it is in the process of raising additional capital.

➤ **Mortgage Lending**

The total mortgage lending book stood at **Rs. 8,504 Cr** as on June 30, 2018 including wholesale mortgage lending book of **Rs. 8,475 Cr.** Our wholesale mortgage lending focuses on Tier - 1 cities, viz., Mumbai, Thane, Pune, Bangalore, Chennai, Hyderabad, Kolkata and NCR. We are at the initial stages of our retail mortgage lending and are currently focused on acquiring the right talent, employing technology and processes before we ramp up our presence in terms of products and geography.

➤ **Distressed Credit**

During the quarter, Banks/NBFCs announced various NPA portfolio auctions and we continued to actively participate in the same. We closed 2 deals during the quarter, both (for 2 accounts) as part of debt aggregation. During the quarter, the Asset Reconstruction business also saw recoveries from various accounts.

Also we see a big opportunity arising out of Companies undergoing Corporate Insolvency Resolution Process in IBC-NCLT. We are actively evaluating various opportunities of our interest.

The outstanding Security Receipts (SRs) stood at **Rs.13,294 Cr** as on June 30, 2018 as compared to **Rs.12,965 Cr** as on March 31, 2018.

➤ **Asset Management**

The average AUM of our Mutual Fund schemes during the quarter ended June 30, 2018 stood at **Rs.12,073 Cr**; comprising of **Rs.7,955 Cr** in equity schemes (including arbitrage and balanced schemes) and **Rs.4,118 Cr** in debt schemes (including liquid scheme). The average AUM of our Mutual Fund schemes during the quarter ended March 31, 2018 stood at **Rs.16,365 Cr**; comprising of **Rs.11,313 Cr** in equity schemes and **Rs.5,052 Cr** in debt schemes.

Borrowing Profile

We continued our efforts of diversifying our sources and maturities for our borrowing profile. Our long term borrowing as a proportion of total borrowing stood at **approximately 63%** on June 30, 2018. During the quarter, we successfully concluded the first ever public issue of secured Non-Convertible Debentures by JM Financial Credit Solutions Ltd. of **Rs.750 Cr**.

Awards & Recognitions

- JM Financial Group has been accredited as Great Place to Work-Certified™ by the Great Place to Work Institute.
- JM Financial Services ranked amongst top 100 in 'India's Best Companies To Work For 2018'.

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The unaudited financial results are attached. The press release and unaudited financial results are available on our website 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, wealth management and securities business; mortgage lending; distressed credit and asset management business (mutual fund). For more information, log on to 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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