

PRESS RELEASE  
For Immediate Release

**JM Financial's consolidated revenue increased by 0.48% and consolidated net profit is decreased by 10.81% for Q1 FY20.**

**Mumbai, July 19, 2019:** The Board of Directors of JM Financial Limited, at its meeting held today, approved the unaudited financial results for the first quarter ended June 30, 2019.

**Summary of Consolidated results FY 20 – Q1 compared to FY 19 – Q1**

(Rs. in Cr)

Particulars	Quarter ended June 30, 2019	Quarter ended June 30, 2018	% Increase / (Decrease)
Total income	856.57	852.47	0.48%
Profit before tax	302.37	316.39	(4.43%)
Net profit after tax and before non-controlling interest	195.03	199.23	(2.11%)
Net profit after tax, non-controlling interest and share of associates	127.29	142.72	(10.81%)
Adjusted Net Profit after tax, non- controlling interest and share of associates <sup>1,2</sup>	144.28	163.39	(11.70%)

1. Includes diminution (net of tax and non-controlling interest) in fair value of investments (excluding security receipts held by ARC) amounting to ~ Rs.16.99 Cr for Quarter ended June 30, 2019 and ~Rs. 20.67 Cr for quarter ended June 30, 2018.
2. Adjusted for diminution / (gain) in fair value of investments (excluding security receipts held by ARC) & is based on management estimates & have not been subjected to audit or review.

The Earnings per share and Diluted Earnings per share, for the quarter ended June 30, 2019 is Rs.1.51. The consolidated net worth\* as at June 30, 2019 stands at Rs.5,208.94 Cr and the gross debt equity (equity + non-controlling interest) ratio\*\* is **1.92** times\* and net debt equity of **1.65** times\*. The book value per share is Rs. 61.95. Our total loan book stood at **Rs. 13,926\*\* crore** as of June 30, 2019 compared to **Rs. 16,442 crore** as of June 30, 2018. Gross NPA

and Net NPA stood at **0.90%** and **0.80%** respectively as of June 30, 2019 compared to **0.56%** and **0.51%** respectively as of June 30, 2018.

*\* Computed after reducing goodwill of Rs.52.44 Cr from shareholder's funds*

*\*\*Loan book does not include IPO Financing book and Borrowings do not include borrowings for IPO Financing*

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

“The NBFC and HFC sectors have been facing headwinds since last September. Given the situation we are maintaining high liquidity levels in the group. The liquidity starvation since last September and the negative carry on account of the high liquidity maintained in the group are getting reflected in the numbers. During this period, we have demonstrated resilience and will continue to remain prudent. Our pipeline for investment banking transactions continues to remain robust.”

**Business Update**

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

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

- Left Lead Coordinator & Book Running Lead Manager to the Initial Public Offer of Metropolis Healthcare Limited (~Rs. 1,200 Cr).
- Manager to buy back of equity shares of Cyient Limited (~Rs. 200 Cr).
- Manager and Selling Broker to the Offer for Sale of equity shares of Reliance Nippon Life Asset Management Company Limited (~Rs. 1,069 Cr), L&T Technology Services Limited (~Rs. 639 Cr) and Xchanging Solutions Limited (~Rs. 79 Cr).
- Lead Manager to the public issue of Non-Convertible Debentures of JM Financial Products Limited (~Rs. 387 Cr).
- Book Running Lead Manager to the REIT Listing of Embassy Office Parks (~Rs. 4,750 Cr).

The AUM/AUA of our wealth management business stood at **Rs. 43,038 Cr** (excluding custody assets) as on June 30, 2019 as compared to **Rs. 42,808 Cr** as on June 30, 2018 and **Rs. 41,886 Cr** as on March 31, 2019.

During the quarter, the average daily trading volume stood at **Rs. 8,205 Cr.**

During the quarter, in IPO financing business, we funded **6 public issues (including 2 NCD issues)** wherein the aggregate amount of funding was around **Rs. 5,757 Cr.**

Our loan book in the IWS segment stood at **Rs. 5,320\* Cr** as on June 30, 2019.

*\*Does not include IPO Financing book*

### ➤ **Mortgage Lending**

The total mortgage lending book stood at **Rs. 8,455 Cr** as on June 30, 2019. 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.

The real estate sector is currently majorly affected due to liquidity crunch being faced by the sector. This has been due to various factors starting from the introduction of RERA to demonization to GST. The final blow came in the form of the recent liquidity issues being faced by NBFCs and HFCs. This has also impacted the pace of the ongoing projects as most NBFCs have slowed down disbursements to committed sanctions and almost stopped any new sanctions. Moreover, some of the HFCs have also slowed down home loan disbursements leading to difficulties in new sales and collections. However, sales continue to be healthy in the affordable and mid segments, completed inventory and in projects being developed by reputed developers.

In the backdrop of the above mentioned scenario our portfolio has largely been unaffected due to the below mentioned reasons:

- Majority of the portfolio is cashflow backed. Even since September 2018, we have not been witnessing a slowdown in the weekly collections in our escrow accounts. This demonstrates that sales and collections are still

happening at the right price point at good locations and in projects being developed by reputed builders.

- Low concentration risk and geographic diversification – We have always focused on keeping the average exposure to each group below INR 100 crs and have avoided concentration to any one geography.
- 22% of the portfolio are loans given against ready inventory which witnesses robust sales and collection.

We have carried out stress tests under multiple scenarios on our loan book and have realized that though developers might face liquidity mismatch, the portfolio has healthy security / cashflow covers to enable us to recover our entire loan even if the situation were to worsen.

#### ➤ **Distressed Credit**

During the quarter, Banks/NBFCs announced various NPA portfolio auctions. We closed 2 deals during the quarter for one of our accounts as part of debt aggregation. During the quarter, the focus of Asset Reconstruction business was primarily on recoveries and resolution and we saw recoveries from various accounts.

The outstanding Security Receipts (SRs) stood at **Rs. 14,191 Cr** as on June 30, 2019 as compared to **Rs. 14,044 Cr** as on March 31, 2019. The contribution of JM Financial Asset Reconstruction Company Limited stood at **Rs. 3,140 Cr** as on June 30, 2019 and **Rs. 2,939 Cr** as on March 31, 2019.

#### ➤ **Asset Management**

The average AUM of our Mutual Fund schemes during the quarter ended June 30, 2019 stood at **Rs. 7,710 Cr**; comprising of **Rs. 4,642 Cr** in equity schemes (including hybrid schemes) and **Rs. 3,068 Cr** in debt schemes (including liquid scheme). The average AUM of our Mutual Fund schemes during the quarter ended March 31, 2019 stood at **Rs. 8,712 Cr**; comprising of

**Rs. 5,659 Cr** in equity schemes (including hybrid schemes) and **Rs.3,053 Cr** in debt schemes (including liquid scheme).

### **Borrowing Profile**

We continued our efforts of diversifying our sources and maturities for our borrowing profile. During the quarter, we raised **Rs.387 Cr** in the public issue of secured Non-Convertible Debentures in JM Financial Products Limited. Our long term borrowing as a proportion of total borrowing stood at **approximately 72%\*** as on June 30, 2019.

*\* Does not include short term borrowings related to IPO financing*

### **Awards & Recognitions**

- JM Financial Services Limited has been recognized among India's 20 Best Workplaces in BFSI – 2019 by Great Place to Work®.

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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](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 (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 includes the mutual fund business.

As of June 30, 2019, the consolidated loan book stood at **~Rs. 139.3 BN**, distressed credit business AUM at **~Rs. 141.9 BN**, wealth management AUM at **~Rs. 430.4 BN**, mutual fund AAUM at **~Rs. 77.1 BN**.

The Group is headquartered in Mumbai and has a presence across **343** locations spread across **120** 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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