

PRESS RELEASE  
For Immediate Release

**JM Financial's consolidated revenue decreased by 19.32% and consolidated net profit decreased by 26.46% for Q1 FY21.**

**Mr. P S Jayakumar, a veteran in financial services, has been appointed by the Board as an Independent Director effective July 30, 2020**

**Mumbai, July 30, 2020:** 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, 2020.

**Summary of Consolidated results FY 21 – Q1 compared to FY 20 – Q1**

Particulars	(Rs. in Cr)		
	Quarter ended June 30, 2020	Quarter ended June 30, 2019	% Increase / (Decrease)
Total income	691.11	856.57	(19.32%)
Profit before tax	184.17	302.37	(39.09%)
Net profit after tax and before non- controlling interest	139.61	195.03	(28.42%)
Net profit after tax, non-controlling interest and share of associate	93.61	127.29	(26.46%)
Adjusted Net Profit after tax, non- controlling interest and share of associate (on account of COVID- 19) <sup>1</sup>	121.36	127.29	(4.66%)

1) Not considering the COVID-19 provision of ~Rs. 66 Cr and adjusting for taxes and non-controlling interests on such provision for the quarter ended June 30, 2020. COVID-19 provision amount is unaudited and based on management estimates.

The earnings per share for the quarter ended June 30, 2020 is **Rs. 1.01**. The consolidated net worth\* as at June 30, 2020 stands at **Rs. 6,445 Cr** and the gross debt equity (equity + non-controlling interest of **Rs. 2,453 Cr**) ratio is **1.17 times\*** and net debt equity of **0.79 times\*** (post reducing cash and cash equivalents of **Rs. 3,394 Cr**). The book value per share is **Rs. 67.71**. Our total loan book\*\* stood at **Rs. 10,833 crore** as of June 30, 2020 compared to **Rs. 13,926 crore** as

of June 30, 2019. Gross NPA and Net NPA stood at **1.80%** and **1.22%** respectively as of June 30, 2020 compared to **0.90%** and **0.80%** respectively as of June 30, 2019. We have made additional gross provisions of **Rs. 66 Cr<sup>#</sup>** on account of the uncertainties around COVID-19 for the quarter ended June 30, 2020, thereby taking the total provisions to **Rs. 241 Cr<sup>#</sup>** on account of the pandemic.

*\* 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 headwinds due to the COVID-19 induced economic disruptions continue to impact the group’s businesses. During these challenging times, we are maintaining liquidity buffers and healthy leverage ratios. The cash and cash equivalent as on June 30, 2020 stood at Rs. 3,394 Crore and our net debt-equity ratio stands at 0.79x. In June 2020, we successfully concluded our QIP issue of Rs. 770 Crore which further helped strengthen our balance sheet amid the COVID-19 uncertainties. We are intensifying our efforts to steer our businesses through these uncertain times to ensure we continue to serve our clients in the best possible way”

**Commenting on the appointment of Mr. P S Jayakumar on the Board of the Company, Mr. Vishal Kampani said,**

“The Company has further strengthened its board by inducting Mr. Jayakumar as an independent director and we welcome Mr. Jayakumar to the board of JM Financial Limited.”

**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 Global Coordinator & Lead Manager to the Rights Issue of Reliance Industries Limited (~Rs. 53,124 Cr)
- Sole Manager to the Buyback of equity shares of NIIT Technologies Limited (~Rs. 338 Cr)
- Exclusive Financial Advisor to L&T Finance Holdings for sale of 100% shareholding in L&T Capital Markets to IIFL Wealth Group
- Arranger to the Private Placement of Non-Convertible Debentures of diversified public sector companies like IREDA, REC, PFC, NHAI, IRFC, NEEPCO and EXIM Bank (~Rs. 19,298 Cr)

The AUA of our wealth management business stood at **Rs. 47,579 Cr** (excluding custody assets) as on June 30, 2020 as compared to **Rs. 43,038 Cr** as on June 30, 2019 and **Rs. 44,883 Cr** as on March 31, 2020.

During the quarter, the average daily trading volume stood at **Rs. 11,175 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. 7,428 Cr** as at June 30, 2020. Our wholesale mortgage lending focuses on Tier - 1 cities, viz., Mumbai, Thane, Pune, Bangalore, Chennai, Hyderabad, Kolkata and NCR.

*\*excluding episodic financing book*

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

- Our SMA2 numbers decreased from 2.10% of the portfolio to 1.82% of the portfolio.
- Our debt equity stood at 1.43x and net debt equity at 1.18x.

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. We believe the residential sales will continue to be under pressure due to uncertainty among prospective buyers about the economy and the path to

recovery. Commercial real estate and retail sectors will also be impacted due to the lockdown. Most geographies have witnessed commencement of construction activities albeit at a slow pace. After the easing of the lockdown we had witnessed increase in footfalls to sites by prospective buyers. However repeated lockdowns in some geographies has slowed down that process again significantly. The sites continue to struggle with limited availability of labour and lack of movement of material.

We continue to believe that completed projects will sell faster as there will still be end user demand looking for value deals. New launches and acquisitions will be deferred thus reducing the gap between the supply and demand situations. There have been some positive actions by the RBI and RERA to provide some relief to the struggling sector.

Having said that, these conditions will continue to affect the liquidity in the sector as credit availability will be limited. The current scenario will expedite the consolidation in the sector which would lead to larger players acquiring more market share. We will witness reduction of interest rates for home loans which coupled with attractive prices might lead to end user demand coming back to the residential space. However, the next six to twelve months continue to be uncertain in light of the current lockdown situation and uncertainty about the COVID-19 crisis.

We would remain cautious in our underwriting of new transactions and would continue to support our existing clients to complete their respective ongoing projects.

➤ **Distressed Credit**

Until June 30, 2020, we have acquired total outstanding dues of **Rs. 60,363 Cr** at a gross consideration of **Rs. 17,069 Cr**. Security Receipts worth **~Rs. 48 Cr** were redeemed during the quarter. The outstanding Security Receipts stood

at **Rs. 11,441 Cr** as on June 30, 2020 as compared to **Rs. 11,489 Cr** as on March 31, 2020. The contribution of JM Financial Asset Reconstruction Company Limited stood at **Rs. 2,982 Cr** as on June 30, 2020 as compared to **Rs. 3,012 Cr** as on March 31, 2020. This quarter, the focus was on recoveries however the COVID-19 pandemic has cast a shadow over the recoveries. The lock down has also impacted the NCLT processes and consequently our recoveries have been delayed further. The delays in recoveries have increased the carrying costs of the assets under resolution and thereby impacting the returns from these assets.

### ➤ **Asset Management**

The average AUM of our Mutual Fund schemes during the quarter ended June 30, 2020 stood at **Rs. 4,049 Cr**; comprising of **Rs. 964 Cr** in equity schemes (including hybrid schemes) and **Rs. 3,085 Cr** in debt schemes (including liquid scheme). The average AUM of our Mutual Fund schemes during the quarter ended March 31, 2020 stood at **Rs. 6,109 Cr**; comprising of **Rs. 3,285 Cr** in equity schemes (including hybrid schemes) and **Rs. 2,824 Cr** in debt schemes (including liquid scheme).

JM Financial Credit Alternatives, our credit alternatives arm, completed first close of its maiden "JM Financial Yield Enhancer (Distressed Opportunity) Fund I" with commitments aggregating **Rs. 159 Crore** from HNIs, family offices and institutions.

### **Borrowing Profile**

We continued our focus on diversifying our sources and maturities for our borrowing profile. As on Jun 30, 2020 our long term borrowing as a proportion of total borrowing\* stood at **approximately 90%**. Borrowing through Commercial paper (CP) consisted **approximately 6%** of the total borrowing\*

as on Jun 30, 2020. These CP's were utilised mainly towards the short term liquid assets.

*\* excludes borrowings for episodic financing*

### **Awards & Recognitions**

- JM Financial Asset Management Limited, JM Financial Limited (Institutional Businesses), JM Financial Products Limited (Dwello), JM Financial Home Loans Limited and JM Financial Services Limited accredited as a 'Great Place to Work-Certified™' by The Great Place to Work Institute
- JM Financial Home Loans Limited recognized as India's Best Workplaces in BFSI 2020 and Ranked 21st among India's Top 50 Great Mid-Size Workplaces 2020 by The Great Place to Work Institute
- JM Financial Services Limited recognized as 'India's Best Workplaces in Investment Industry 2020' by The Great Place to Work Institute

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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 June 30, 2020, the consolidated loan book stood at **~Rs. 108.3 BN**, distressed credit business AUM at **~Rs. 114.4 BN**, wealth management AUA at **~Rs. 475.8 BN**, mutual fund AAUM at **~Rs. 40.5 BN**.

The Group is headquartered in Mumbai and has a presence across **456** locations spread across **154** 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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