

PRESS RELEASE
For Immediate Release

JM Financial's consolidated revenue is increased by 6.12% and consolidated net profit increased by 1.49% for Q4 FY20. Consolidated revenue is decreased by 1.31% and consolidated net profit decreased by 4.75% for the FY20.

JM Financial has made gross provisions of Rs.175 Crore to deal with the uncertainties on account of COVID-19.

Mumbai, May 06, 2020: The Board of Directors of JM Financial Limited, at its meeting held today, approved the audited financial results for the fourth quarter and year ended March 31, 2020.

The Board of Directors have recommended a dividend of Re. 0.20 per share of the face value of Re.1/- each. The lower dividend is on account of uncertainties of COVID-19.

Summary of Consolidated results FY 20 – Q4 compared to FY 19 – Q4

Particulars	(Rs. in Cr)		
	Quarter ended March 31, 2020	Quarter ended March 31, 2019	% Increase / (Decrease)
Total income	840.58	792.11	6.12%
Profit before tax	215.02	244.84	(12.18%)
Net profit after tax and before non- controlling interest	162.96	176.45	(7.64%)
Net profit after tax, non-controlling interest and share of associates	130.56	128.64	1.49%
Adjusted Net Profit after tax, non- controlling interest and share of associates (on account of COVID 19) ¹	206.66	128.64	60.65%

Summary of Consolidated results FY 20 compared to FY 19

(Rs. in Cr)			
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	% Increase / (Decrease)
Total income	3,453.55	3,499.49	(1.31%)
Profit before tax	1,093.52	1,282.79	(14.75%)
Net profit after tax and before non- controlling interest	777.95	837.05	(7.06%)
Net profit after tax, non-controlling interest and share of associates	544.98	572.18	(4.75%)
Adjusted Net Profit after tax, non- controlling interest and share of associates (on account of COVID 19) ¹	621.08	572.18	8.55%

1) Not considering the COVID-19 impact (net of tax and non-controlling interest) amounting to ~ Rs. 76.10 Cr for quarter and year ended March 31, 2020.

The earnings per share for the year ended March 31, 2020 is **Rs. 6.48**. The consolidated net worth* as at March 31, 2020 stands at **Rs. 5,586 Cr** and the gross debt equity (equity + non-controlling interest of **Rs. 2,407 Cr**) ratio is **1.47** times* and net debt equity of **1.04** times* (post reducing cash and cash equivalents of **Rs. 3,412 Cr**). The book value per share is **Rs. 66.41**. Our total loan book stood at **Rs. 11,531 crore** as of March 31, 2020 compared to **Rs. 14,107 crore** as of March 31, 2019. Gross NPA and Net NPA stood at **1.65%** and **1.13%** respectively as of March 31, 2020 compared to **0.68%** and **0.55%** respectively as of March 31, 2019.

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

For the quarter, the financial results have been prepared taking into estimation the impact of COVID-19. The major impact of COVID-19 in the financial statements is captured in expected credit loss and fair value of investments.

The Group has taken gross provisions (including fair value loss) of Rs.175 crore on account of COVID-19.

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

“The last 18 months have been challenging for the financial services and especially for the NBFC sector due to the stressed credit environment and slow economic growth. The situation has further worsened on account of the COVID-19 pandemic and subsequent lockdowns across the country. We have made gross provisions of Rs.175 crore on our balance sheet on account of the uncertainties around the impact of COVID-19.

We have been able to demonstrate resilience by keeping strong liquidity buffers and healthy leverage ratios. The cash and cash equivalent as on March 31, 2020 stood at Rs. 3,412 Crore and our net debt-equity ratio stands at 1.04x which is amongst the lowest in financial services space.

We continue to closely monitor the external environment and will remain prudent in our business planning over the next few quarters as the impact of the pandemic is uncertain. We are focused on building strong resilience so that we can keep moving, ahead of the downturn.

During these unprecedented crisis, JM Financial Group has committed Rs. 30 Crore towards COVID-19 relief measures. The group stands together with the country to combat this crisis and with a collaborative approach, we will be able to overcome the pandemic.”

Business Update

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

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

- Lead Manager to the Qualified Institutions Placement of Avenue Supermarts Limited (~Rs. 4,098 Cr)
- Selling Broker to the Offer for Sale of equity shares of Avenue Supermarts Limited (~Rs. 3,428 Cr)
- Lead Manager to the issue of Non-Convertible Debentures of L&T Finance Limited (~Rs. 1,408 Cr), Adani Ports And Special Economic Zone Limited (~Rs. 125 Cr) and JM Financial Products Limited (~Rs. 125 Cr).
- Financial and Transaction Advisor to IL&FS on sale of stake in seven wind energy units to ORIX Corporation of Japan.
- Financial Advisor to Diageo plc for acquisition of further stake in United Spirits by Relay B.V.
- Exclusive Financial Advisor and Manager to the Open Offer by Adani Logistics Limited to the equity shareholders of Snowman Logistics Limited.
- Independent valuer to provide fair market value of shares of Ammann India P Ltd and issue valuation report to AEML and Ammann Group.
- Exclusive Financial Advisor to VVDN Technologies on fund raise from Motilal Oswal Private Equity (~Rs 250 Cr)
- Exclusive Financial Advisor to TVS Supply Chain Solutions and DRSR Logistics on fund raise from Gateway Partners (~Rs 700 Cr)

The AUM/AUA of our wealth management business stood at **Rs. 44,883 Cr** (excluding custody assets) as on March 31, 2020 as compared to **Rs. 41,886 Cr** as on March 31, 2019 and **Rs. 46,886 Cr** as on December 31, 2019.

During the quarter, the average daily trading volume stood at **Rs. 13,894 Cr.**

During the quarter, in IPO financing business, we funded **2 public issues (including 1 ETF issue)** wherein the aggregate amount of funding was around **Rs. 8,733 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. 7,651 Cr** as March 31, 2020. Our wholesale mortgage lending focuses on Tier - 1 cities, viz., Mumbai, Thane, Pune, Bangalore, Chennai, Hyderabad, Kolkata and NCR. After investing in the right talent, technology and processes, our retail mortgage lending business is all set to build its niche and achieve scale. During the quarter, our retail mortgage lending announced the co-lending arrangement with Bank of Baroda to further boost the momentum.

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

- Our SMA2 numbers increased from 0.73% of the portfolio to 2.10% of the portfolio. We continue our involvement with our borrowers to identify early signs of stress and find solutions.
- Our debt equity stood at 1.47x and net debt equity at 1.19x.

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. Post the lockdown is lifted the sector will have to deal with issues of limited labour, low demand and lack of credit availability. 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 provide financial closures for ongoing projects.

➤ **Distressed Credit**

During the quarter, we concluded 1 transaction by way of resolution plan being implemented in NCLT. Till March 31, 2020, we have acquired total outstanding dues of **Rs. 60,363 Cr** at a gross consideration of **Rs. 17,069 Cr**. Resolution strategies were initiated for majority of the assets acquired. Security Receipts worth **~Rs. 124 Cr** were redeemed during the quarter. The outstanding Security Receipts stood at **Rs. 11,489 Cr** as on March 31, 2020 as compared to **Rs. 11,413 Cr** as on December 31, 2019. The contribution of JM Financial Asset Reconstruction Company Limited stood at **Rs. 3,012 Cr** as on March 31, 2020 and **Rs. 2,946 Cr** as on December 31, 2019.

This year the focus was more on resolution and few critical accounts were resolved through settlement and Corporate Insolvency Resolution Process (CIRP) however during the last quarter of FY 20, 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.

In addition, the lockdown has led to weaker global demand, supply chain disruptions, lower commodity prices, reduced discretionary spends, factory

shutdowns and travel restrictions. The impact of the virus on the global sentiment, economic and otherwise has been immense. While COVID-19 may not have a direct impact, the evolving global and domestic economic slowdown will impact demand and realisations. The cash flows of our business depends on the cash flows of companies which we have lent to and hence these could be impacted basis the sector exposure.

➤ **Asset Management**

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). The average AUM of our Mutual Fund schemes during the quarter ended December 31, 2019 stood at **Rs. 5,683 Cr**; comprising of **Rs. 4,143 Cr** in equity schemes (including hybrid schemes) and **Rs. 1,540 Cr** in debt schemes (including liquid scheme).

Borrowing Profile

Our long term borrowing as a proportion of total borrowing stood at **approximately 91%** as on March 31, 2020.

Awards & Recognitions

- The Asset Triple A Country Awards 2019 - JM Financial Limited awarded for the 'Best IPO' (Embassy Office Parks REIT US\$ 688 million IPO)

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The press release and audited financial results are available on our website 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 includes the mutual fund business.

As of March 31, 2020, the consolidated loan book stood at **~Rs. 115.3 BN**, distressed credit business AUM at **~Rs. 114.9 BN**, wealth management AUM at **~Rs. 448.8 BN**, mutual fund AAUM at **~Rs. 61.1 BN**.

The Group is headquartered in Mumbai and has a presence across **424** locations spread across **144** 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 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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