



**JM Financial Limited**

Corporate Presentation

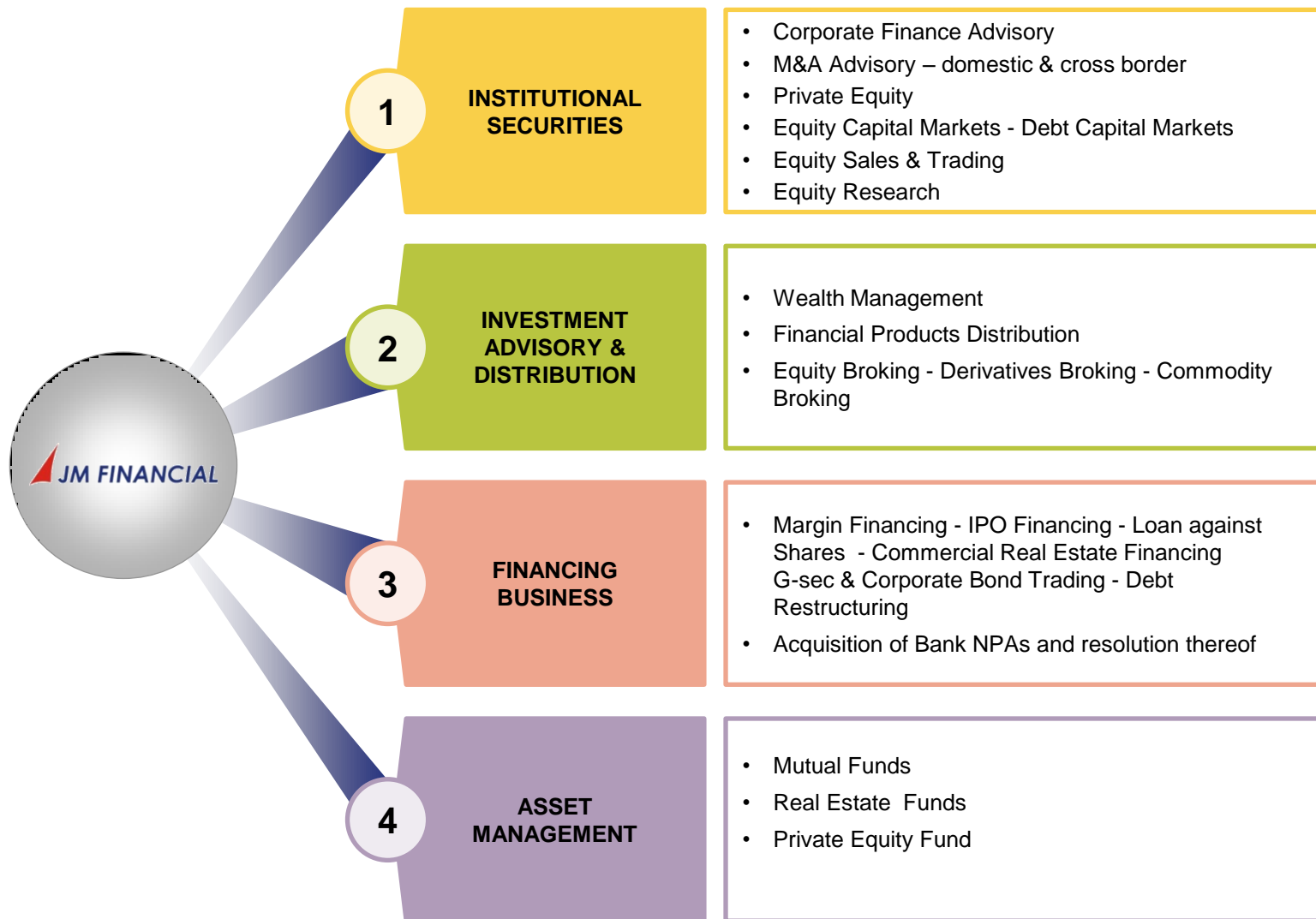
*June 2015*

# Safe Harbour

This presentation describing our activities, projections and expectations for the future, may contain certain 'forward looking statements' within the meaning of applicable laws and regulations. The actual results of business may differ materially from those expressed or implied due to various risk factors and uncertainties. These risk factors and uncertainties include the effect of domestic as well as global economic and political events, volatility in interest rates and in the securities market, new regulations and government policies that may impact our businesses as well as ability to implement our strategies. We are under no obligation to publicly amend, modify or revise any forward looking statement on the basis of any subsequent developments, information or events and assume no liability for any action taken by anyone on the basis of any information contained herein.

# Sustainable Growth – Oriented Portfolio

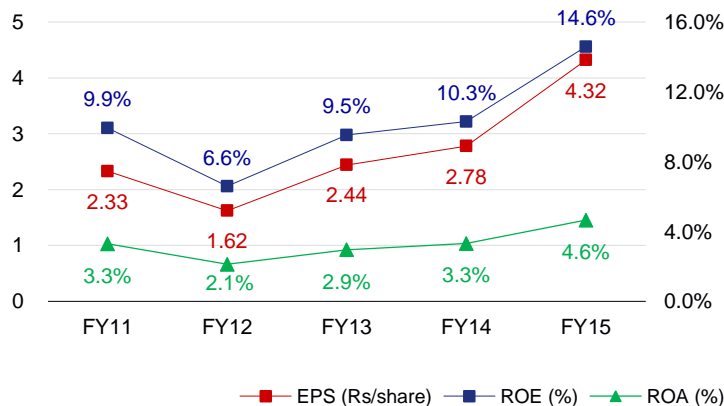
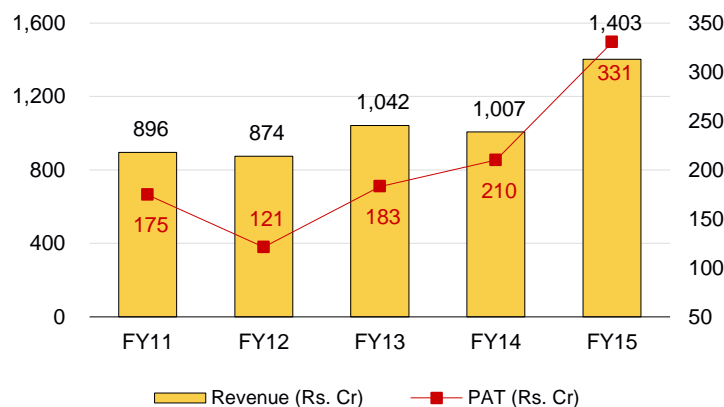
- Servicing clients across the financial services spectrum
- PAN India Presence
- Firm four-decade footprints - proven track record of growth & sustainability
- Pioneered innovative products in the financial services space
- Trusted & preferred partner – client centric business model



# Accelerated Pace of Growth

- Four decades of prominent presence depicting –
  - value driven growth and;
  - long-term sustainability
- Q1 FY16 highlights –
  - Revenue Rs. 383 Cr
  - PBT Rs. 146 Cr
  - Net profit before minority interest Rs. 100 Cr
  - EPS Rs. 0.92

## Consistent performance amidst volatile markets



## Expanding latitude year on year

2008 – 2015

- NBFC (Real Estate Lending, Debt Trading and Corporate Financing)
- Asset Reconstruction
- International Expansion in advisory business

2003 – 2007

- NBFC (Securities Backed Financing)
- Alternative Asset Mgmt (Private Equity & Real Estate)
- Broking (Debt & Commodity)

1991 – 2002

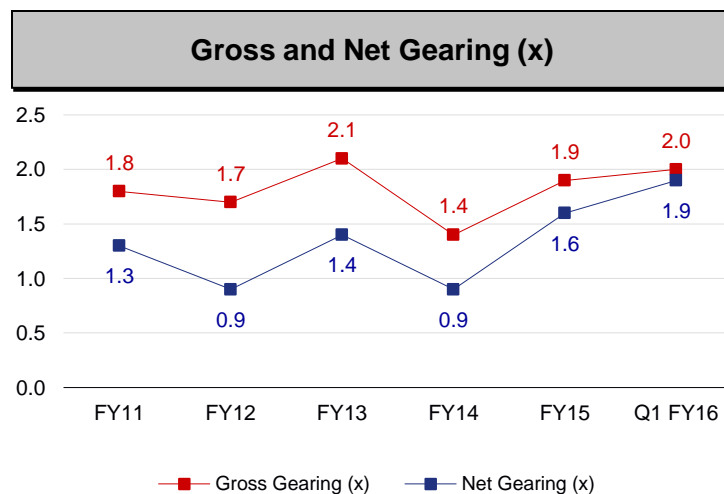
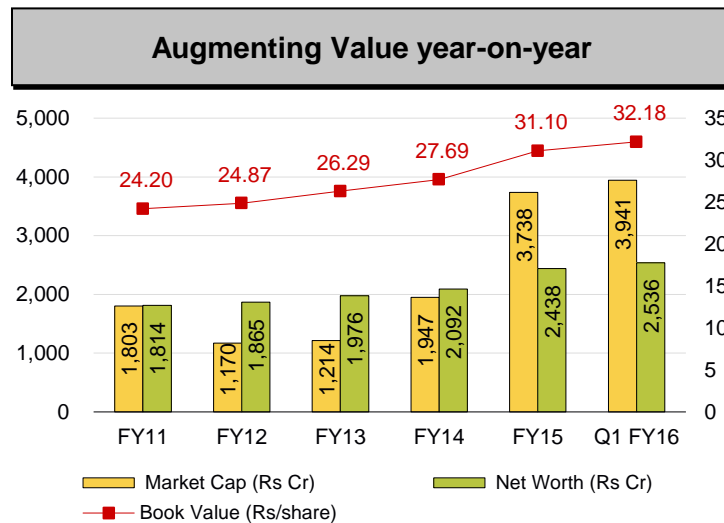
- Institutional Equities (Research & Sales)
- Asset Management (Mutual Fund)
- Cross Border (M&A, ADR & GDR)
- Broking (Equity)

1973-1990

- Wealth Management (Investment Advisory)
- Financial Product Distribution – creation of retail investing culture
- Investment Banking

# Delivering Value

- Delivering consistent superior returns to shareholders -
  - Total shareholders' return of 29% during 12-M and 302% during 3-Y
- Stock trading at a P/E of around 13.6x vs. industry avg of 20x and a P/B of 1.6x vs. industry avg of around 2.5x
- Continued focus on maximizing shareholders' return



### Stock performance vs. Indices

Stock / Index	12-M	3-Y
JMFL	26%	278%
CNX 500	13%	69%
CNX Smallcap	11%	74%
CNX Bank	21%	77%
CNX Finance	20%	77%

**Conservative D/E depicting business strength, adequate cash cushion and strong business model**

# Investment Banking

- Over three decades of leadership in M&A and Capital Markets
- Strong track record of landmark M&A transactions
- Pioneer of innovation in structuring and product offerings
- Wide & deep sectoral coverage both from a corporate finance & research perspective

## Offerings

- Full service investment bank with over four decades of experience and leadership in M&A and Capital Markets, focused on - capital raising, mergers & acquisitions, private equity and debt raising for Indian Corporates in domestic and international capital markets

## Recognition

- Awarded a number of recognitions over the years from Euromoney and Finance Asia. Awarded 'Investment Bank of the Year' & 'India Deal of the Year (Large Markets)' at recently conducted M&A Atlas Awards

## Strengths

- Key strength lies in innovative structuring and execution of complex and challenging deals
- Strong Long-term Indian Corporate relationships
- Leadership positions in all product areas and unmatched market share for landmark transactions
- Best-in-Class Execution Team with focus on client satisfaction
- Expanding presence in International Markets viz; Singapore and USA. Built effective partnerships to expand reach & access to international companies

## Landmark transactions in the recent past -

**Bajaj Finance Ltd  
2015**



Sole Book Runner in QIP of INR. 1,400 Cr

**HDFC Bank  
2015**



QIP Rs. 2,000 crore

**Reliance Ind  
2014**



Sole Financial Advisor to acquire Network18 Group

**Diageo Plc  
2014/2012**



Lead Transaction & Financial Advisor to Diageo Plc for acquisition of United Spirits

**Foliage Inc  
2014**

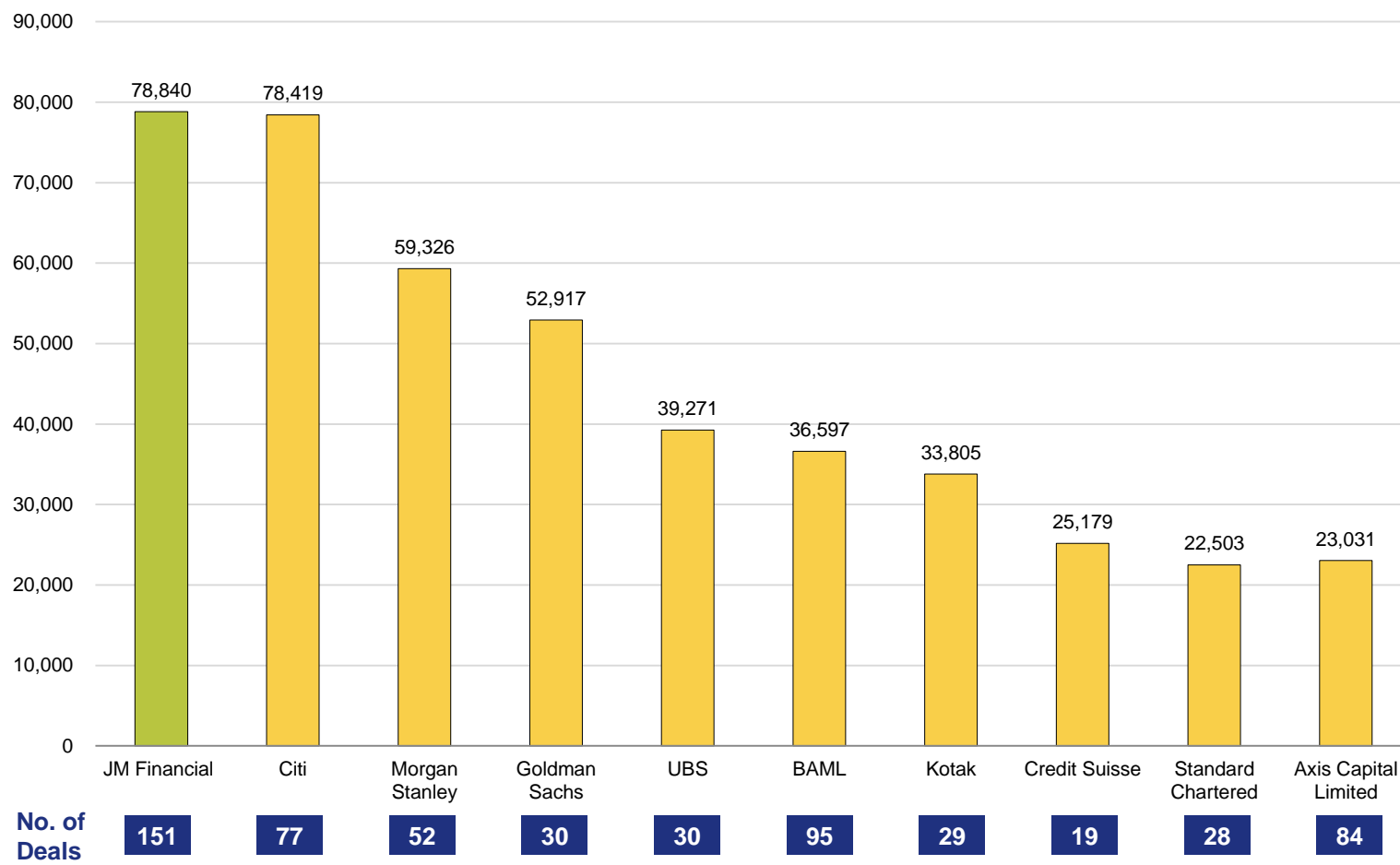


Sole Sell-Side Financial Advisor  
Value not disclosed

# M&A Market Leader

- Recent Awards –
  - BW Business World Magna Awards 2015 – “M&A Deal Maker of the Year”
  - The Asset’s Triple A Country Awards 2014 – “Best M&A House in India”
  - Foliage deal awarded “Deal of the Month” by “Acquisition International Magazine” in its June 2014 edition
  - M&A Atlas Awards 2013 – “India Deal of the Year (Large Markets)” and “Investment Bank of the Year”
  - India's best dealmakers 2012 (Business World) – “Deal of the year”

**CY 2001 to CY 2014 (US\$ mn) – market leadership in terms of number & value of deals**



Source: JM Financial deal database, Merger Market data as of December 31, 2014

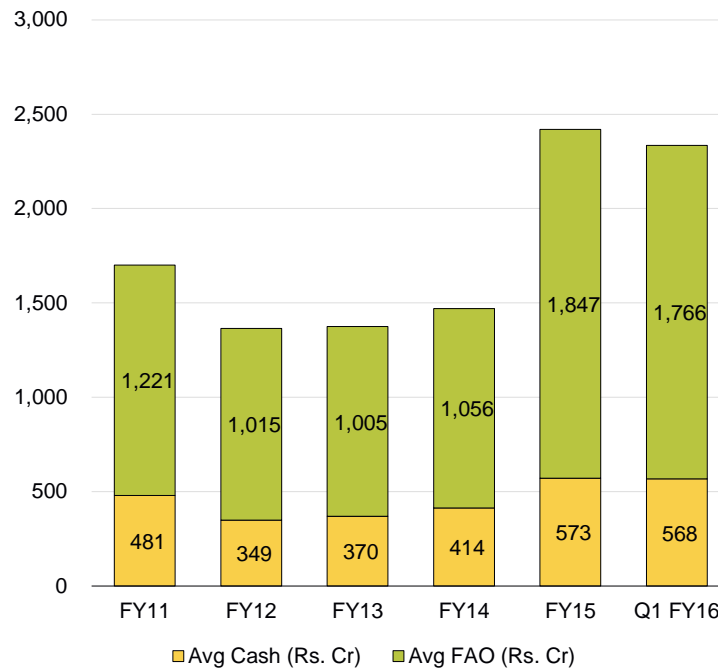
Note:

1. JM Financial and Morgan Stanley deals include transactions advised in JV between CY2001-2007

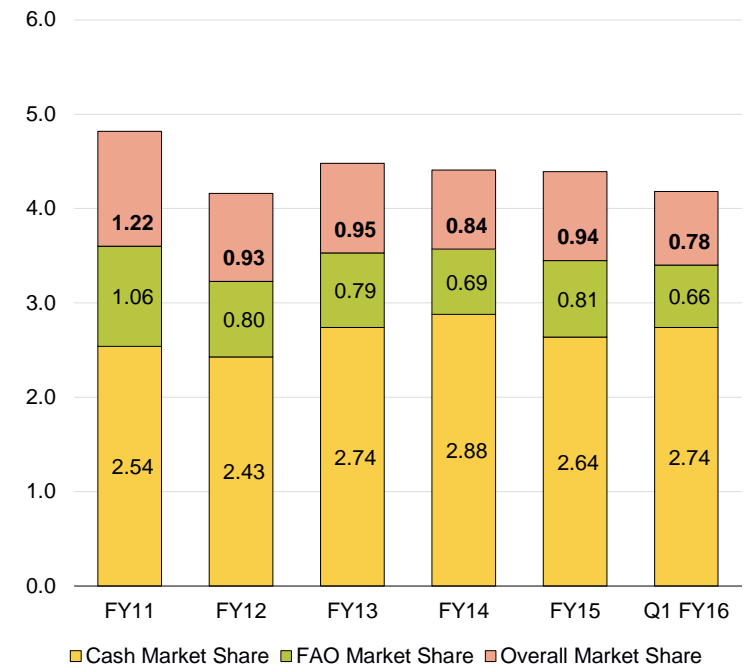
# Investment Advisory, Distribution and Equity Research & Broking

- Worldwide institutional reach - dominant global & local institutional franchise
- Institutional distribution strength - We cover 150 funds across regions
- Average daily turnover in Q1FY16 - Rs. 2,334 Cr
- Market share on NSE in Q1FY16 - 0.78%
- Extensive research coverage - over 158 companies
- Wealth management AUM - Rs. 20,205 Cr
- Around 7,650 active IFDs in 113 cities

**Average Daily Turnover (Rs. Cr)**



**Equity Market Share on NSE (%)**



**Significant turnover in Cash translating in higher returns**

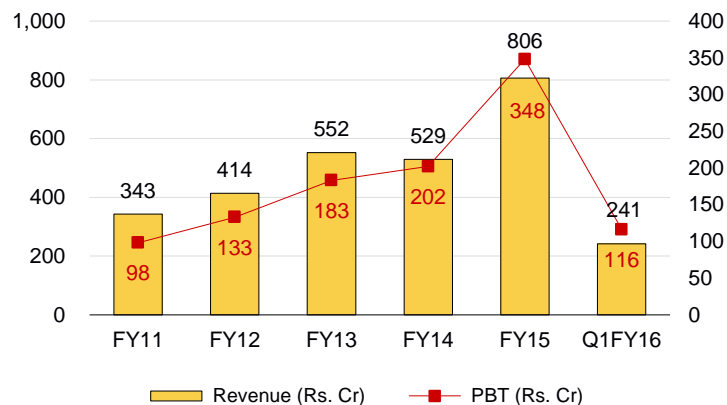


# Lending Business

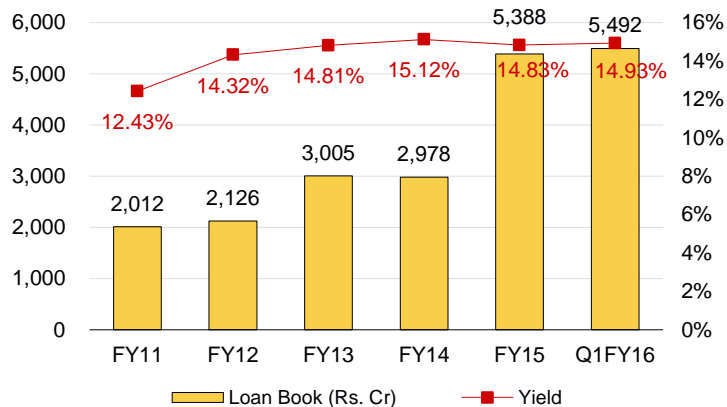
Strong growth potential driven by healthy fundamentals –

- Loan book - Rs. 5,492 Cr
- Net Interest Margin – 8.09%
- Gross NPA at 0.9 % - Rs. 47.93 Cr (Net NPA at 0.7% - Rs. 39.02 Cr)

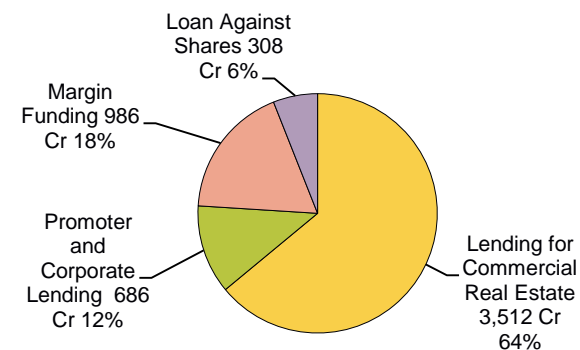
## Leading contributor to consolidated earnings



## Focus on low risk–high return deployment



## Loan book Breakup (%) - Rs. 5,492 Cr

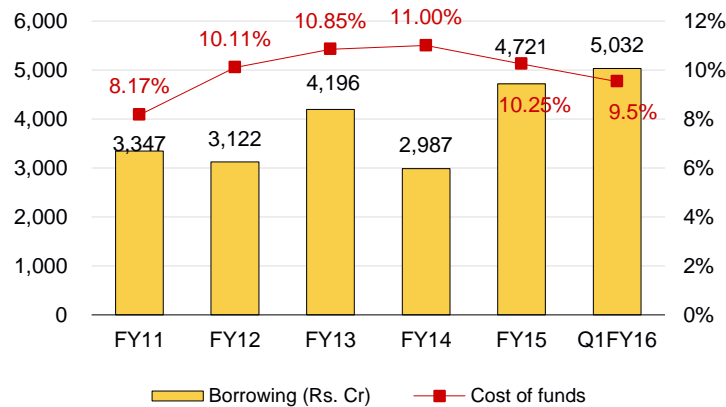


**Focus on increasing Real Estate lending which is expected to increase the yields further**

# Borrowing Profile

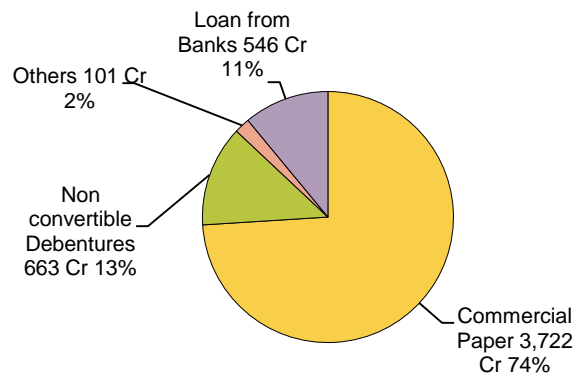
- Capital Adequacy Ratio of 34%
- Long term debt rating: ICRA AA STABLE
- Short term debt rating: ICRA A1+
- Business strength coupled with visible future growth & long-term sustainability facilitate minimal debt servicing risk
- Group Borrowing & ALM committee meets regularly to -
  - review the ALM profile of the Group
  - advise on diversifying borrowings based on asset maturity profiles

## Business expertise translating into superior returns on funds deployed



**Borrowing vs. Loan book translating into a NIM of 8.09%**

## Borrowing Breakup (%) - Rs. 5,032 Cr

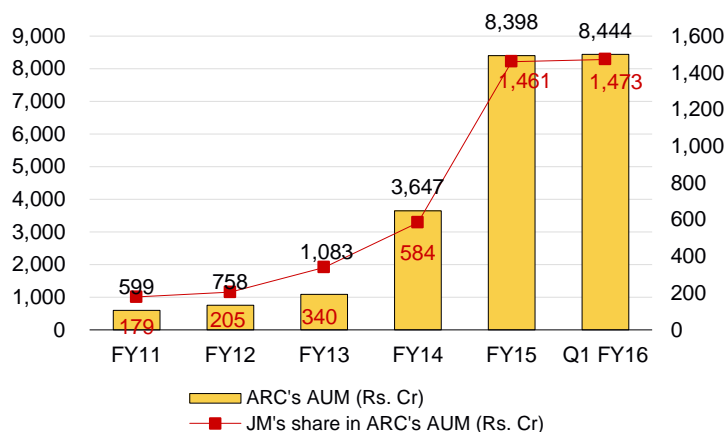


**Near term focus on diversifying sources of funds and lenders' profiles**

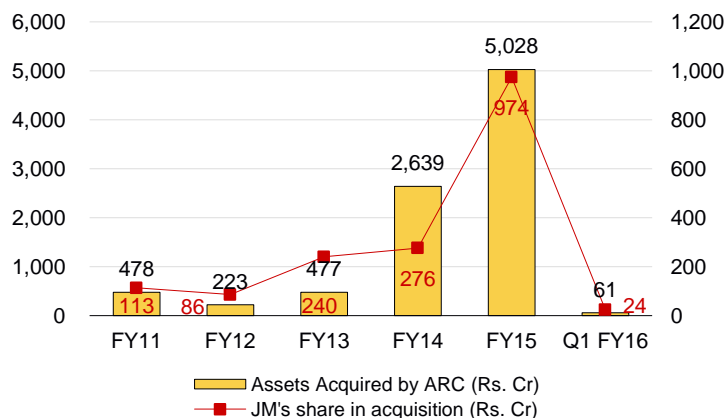
# Asset Reconstruction

- RBI registered ARC engaged in the business of Distressed Assets management in India
- Highest capitalized private sector ARC in the Indian industry
- Current AUM of ~ Rs. 8,444 Cr comprising Corporate, SME and Retail portfolios
- In-house legal expertise and synergies from group wide professional expertise

## 14x increase in AUM over last five years



## Building robust asset base



## Significant potential upside in the asset reconstruction business

- RBI's concern over Bank NPA's expected to increase the sell-down of distressed assets to ARCs
- Recent amendments expected to pave way for better & quicker returns –
  - improve quality of sell-down by Banks at proper valuation
  - better due diligence by ARCs
  - speedy recovery due to early involvement of ARCs

## Breakthrough hotel Leela deal

Single deal for acquisition of ~Rs. 4,000 Cr dues from 14 Banks

# Alternative Asset Management

- Immediate focus continues to be on the exit in current funds

## REAL ESTATE

- India focused fund with investments in commercial, residential, retail and hospitality sectors
- Approx. 44% funds raised from international investors
- AUM as on June 30, 2015 - INR 260 Cr
- No. of investments: 10
- No. of Exits: 5 full and 1 part
- Fully drawn down & invested
- Amount distributed till date INR 181 Cr

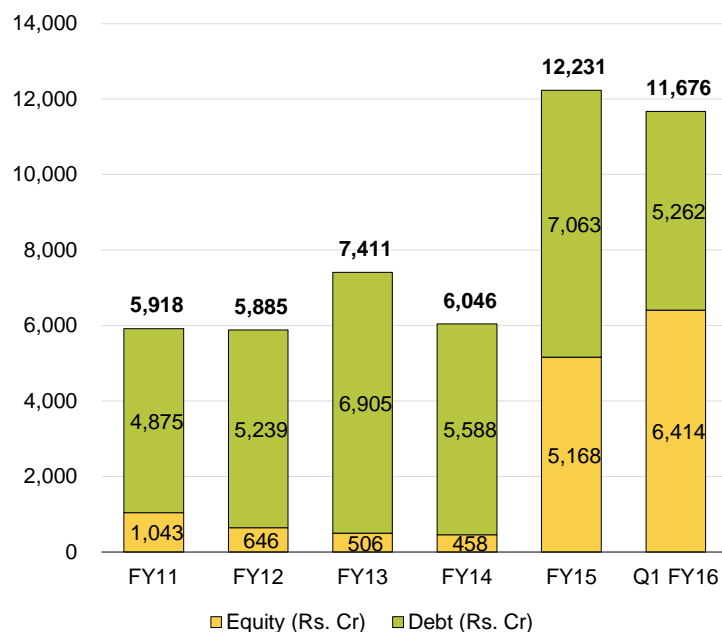
## PRIVATE EQUITY

- India focused long term PE fund - providing growth capital to fast growing, primarily unlisted companies
- Approx. 85% of funds raised from International investors
- AUM as on June 30, 2015 - INR 640 Cr
- No. of investments: 13
- No. of Exits: 5 full
- Fully drawn down & invested
- Amount distributed till date INR 675 Cr

# Asset Management

- One of the well capitalized and profitable AMC in the industry

**Significant increase in AUM – CAGR 17.34%**



Note:

1. Equity AUM for FY15 and Q1 FY16 include arbitrage fund of Rs. 3,084 and Rs.4,850 Cr resp

## As on June 30, 2015

- Quarterly Average AUM (QAAUM): INR 11,676 Cr
- Rank (QAAUM): 18 among 43 Mutual Funds
- Market Share: 0.95%

## Reach

- Servicing and Investor base of around **180,000** through **18** branches and **81** Investor Service Centres
- 15 schemes categorized under – Long Term Debt, Short Term Debt, Balance, Equity Arbitrage and Equity

# Recently Added Focus Areas

- Indian economy firmly on the recovery path -
  - expected to grow @ 7.4%
  - growth largely driven by domestic consumption
  - expected acceleration in reforms and capital inflows to spur investment
- Driven by robust growth prospects-
  - we plan to consolidate our position further both in capital market and financial services market

- ✓ JM Financial is the only oldest, trusted, domestic non-bank investment banking franchise in India.
- ✓ While we remain focused on further strengthening this business to maintain our leadership position, the pillars for our next phase of growth are:

## Commercial Real Estate Lending

- Investment of Rs. 540 Cr from funds managed by Vikram Pandit & Associates in total capitalization of Rs. 890 Cr in JM Financial Credit Solutions Limited (NBFC)
- Poised to grow substantially as capital raised will be put to optimum use in the near-term

## Asset Reconstruction Business

- Favorable economic & regulatory environment
- Better placed to ensure speedy resolution on the back of synergies between various group businesses
- Our in-house legal expertise which is quintessential to the business will further drive the business

## Alternative Asset Management

- Successfully managed Real Estate and Private Equity funds over the last decade
- Learnings to facilitate superior future performance

**Added in the portfolio during the last decade, these businesses have gained significant momentum & are poised to lead our next phase of growth**

# Effective Risk Management Framework

- Risk management given paramount importance
- Risk management embedded in the business processes
- Effective and adequate internal controls



# Community Engagement

- At JM Financial, CSR extends beyond a statutory obligation
- Firm belief in strengthening and uplifting the lesser privileged communities

- JM Financial Foundation drives our community engagement initiatives that focus on –
  - Education – special focus on girl child education
  - Healthcare
  - Entrepreneurship promotion
  - Vocational Training
  - Women empowerment
  - Disaster Relief
- JM Financial Foundation Walkathon –
  - annual event where our clients & employees pledge their support for the under-privileged
  - fund-raiser inviting contributions towards the various causes supported by JM Financial Foundation
- Employee volunteering at JM Financial –
  - Sparsh - Employees aid the lesser privileged aged members of society and mentor children
  - Project Drishti - contributing glossy magazines used for preparing reading and learning material in Braille
  - Joy of Giving week – Joy boxes, Blood donation camps & Paraplegic Foundation



# Key Takeaways



**Strong presence for over four decades – proven track record of growth & sustainability**



**Client centric business model – Strong focus on long-term corporate relationships**



**Value driven growth – visible future growth roadmap, increased focus on Real Estate Lending, Asset Reconstruction and Alternative Asset Management**



**Experienced & committed Management team - ensures future growth at minimal risk**



**Efficient & motivated talent pool – source of our competitive edge**



**Positive capital market outlook – strategically placed to benefit from every upswing**

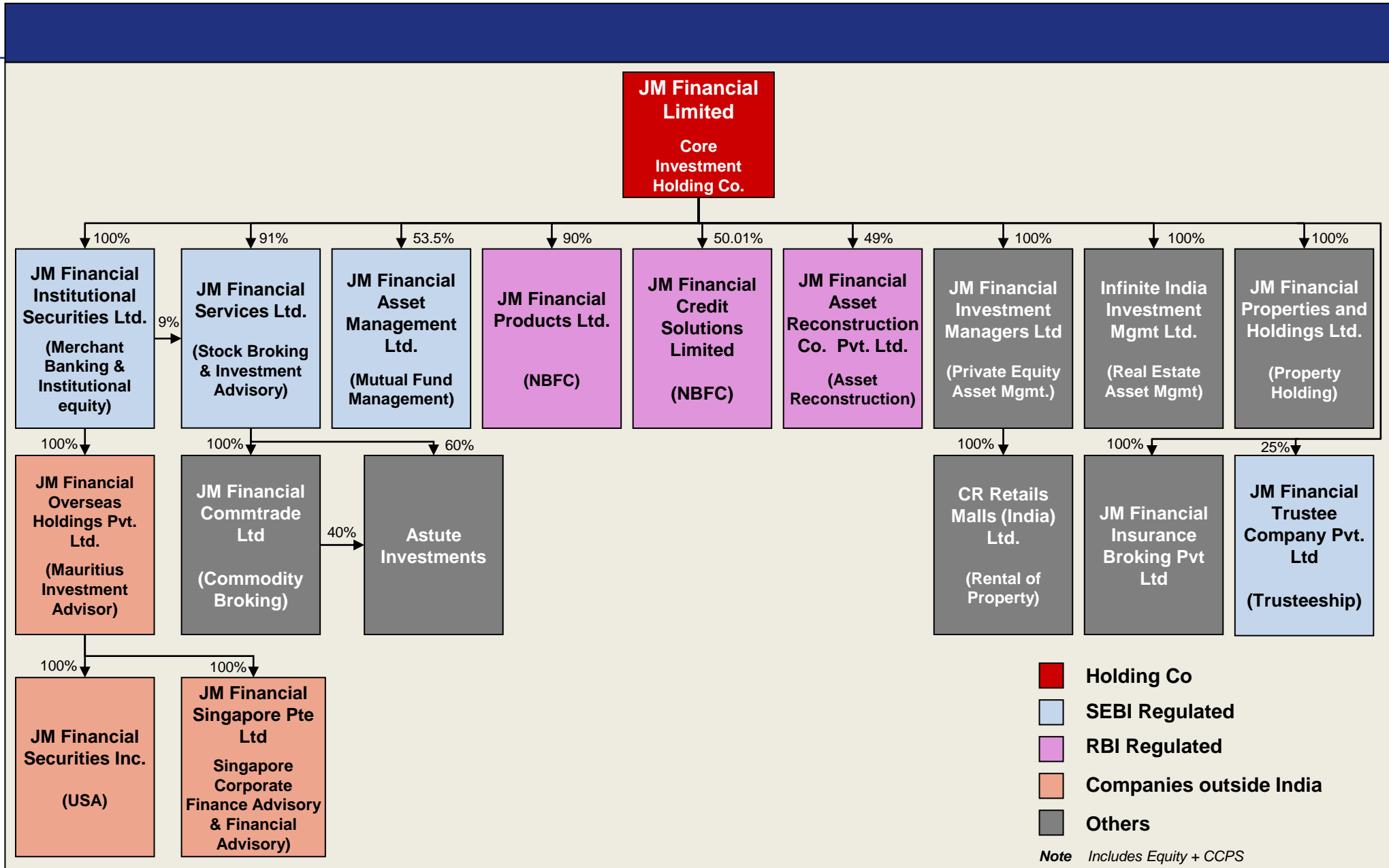


**Conservative gearing backed with adequate cash facilities**

# Appendix

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# JM Financial Limited its Subsidiaries & Associates



## JM Financial Limited – Shareholding Pattern

### Share holding pattern – as on June 30, 2015

Name of the Shareholder	% Shareholding
<b>Promoter &amp; Promoter Group</b>	<b>65.69%</b>
<b>Foreign Institutional Investors</b>	13.45%
<b>Mutual funds / UTI</b>	2.99%
<b>Financial Institutions / Banks</b>	0.02%
<b>Non-Institutions</b>	17.85%
<b>Public Shareholding</b>	<b>34.31%</b>

### Public holding of more than 1% of total number of shares – as on June 30, 2015

Name of the Shareholder	% Shareholding
Morgan Stanley Asia (Singapore) Pte	7.27%
IDFC Premier Equity Fund	2.99%
Azim Hasham Premji	2.78%
Valiant Mauritius Partners Ltd	1.71%
Valiant Mauritius Partners Offshore Ltd	1.60%
Vikram Shankar Pandit	1.48%
<b>Total Shareholding</b>	<b>17.83%</b>

# Key Milestones

History of JM Financial Group

<b>2008- till date</b>	<ul style="list-style-type: none"> <li>• Announced partnership in Real Estate NBFC with an investment made by Mr. Vikram Pandit</li> <li>• Expanding business in International Jurisdictions</li> <li>• Commenced Asset reconstruction Business</li> <li>• Expanded operations in Fixed Income business</li> <li>• Managed India's first IDR issue</li> </ul>
<b>2007</b>	<ul style="list-style-type: none"> <li>• Separation from Morgan Stanley in joint venture</li> <li>• Continues to lead the Indian Investment Banking / financial services industry as a 100% Indian Company</li> <li>• Acquired ASK Securities (renamed as JM Financial Institutional Securities), a institutional securities firm</li> <li>• Launch of Real Estate Fund</li> </ul>
<b>2002-2006</b>	<ul style="list-style-type: none"> <li>• Manages India's first IPO through book building</li> <li>• Records three firsts in India - first Indian dual tranche FCCB issue, first billion dollar IPO, first conditional IPO</li> <li>• Launch of Private Equity Fund</li> </ul>
<b>1997</b>	<ul style="list-style-type: none"> <li>• Emergence of JM Morgan Stanley Private Limited (JMMS), a joint venture, between JM Financial and Morgan Stanley, for investment banking and securities business</li> </ul>
<b>1989-1994</b>	<ul style="list-style-type: none"> <li>• JMFICS introduces equity warrants in the Indian Capital Markets</li> <li>• JM Financial is listed on the Bombay, Ahmedabad and Delhi Stock Exchanges</li> <li>• JMFICS introduces Deep Discount Bond in Indian Capital Markets</li> <li>• JMFICS managed four transactions of securities offerings in excess of Rs. 100 crores each, a size unmatched till then in Indian markets</li> <li>• JM Financial Asset Management, first private sector mutual fund commenced operations</li> <li>• Tie up with CSFB, S. G. Warburg &amp; Co. Morgan Grenfell and DZ, British Investment Banks on informal basis</li> </ul>
<b>1986</b>	<ul style="list-style-type: none"> <li>• JM Financial (holding company) was incorporated to engage in the business of stock broking and securities</li> <li>• Regional office set up in Delhi</li> </ul>
<b>1979-1980</b>	<ul style="list-style-type: none"> <li>• JMFICS files first offer document for listing securities of an Indian client with FSA, London</li> <li>• JMFICS is the first to introduce fully convertible debentures in Indian Capital Markets</li> </ul>
<b>1973</b>	<ul style="list-style-type: none"> <li>• JM Financial &amp; Investment Consultancy Services Pvt. Ltd. (JMFICS), JM Financial's promoter company established in Mumbai</li> </ul>