

PRESS RELEASE  
For Immediate Release

**JM Financial's consolidated revenue increased by 0.52% and consolidated net profit increased by 14.61% for Q3 FY20.**

**Mumbai, January 23, 2020:** The Board of Directors of JM Financial Limited, at its meeting held today, approved the unaudited financial results for the third quarter and nine months ended December 31, 2019.

**Summary of Consolidated results FY 20 – Q3 compared to FY 19 – Q3**

(Rs. in Cr)

Particulars	Quarter ended December 31, 2019	Quarter ended December 31, 2018	% Increase / (Decrease)
Total income	905.45	900.73	0.52%
Profit before tax	304.68	342.01	(10.91%)
Net profit after tax and before non- controlling interest	222.82	221.09	0.78%
Net profit after tax, non-controlling interest and share of associates	157.54	137.46	14.61%
Adjusted Net Profit after tax, non- controlling interest and share of associates <sup>1,3</sup>	154.99	141.72	9.36%

**Summary of Consolidated results FY 20 – 9M compared to FY 19 – 9M**

(Rs. in Cr)

Particulars	Nine months ended December 31, 2019	Nine months ended December 31, 2018	% Increase / (Decrease)
Total income	2,612.97	2,728.90	(4.25%)
Profit before tax	878.50	1,037.95	(15.36%)

Particulars	Nine months ended December 31, 2019	Nine months ended December 31, 2018	% Increase / (Decrease)
Net profit after tax and before non-controlling interest	614.99	660.59	(6.90%)
Net profit after tax, non-controlling interest and share of associates	414.42	443.54	(6.56%)
Adjusted Net Profit after tax, non-controlling interest and share of associates <sup>2,3</sup>	433.04	481.94	(10.15%)

1. Includes diminution / (gain) (net of tax and non-controlling interest) in fair value of investments (excluding security receipts held by ARC) amounting to~ Rs. (2.55 Cr) for Quarter ended December 31, 2019 and ~Rs. 4.26 Cr for quarter ended December 31, 2018.

2. Includes diminution (net of tax and non-controlling interest) in fair value of investments (excluding security receipts held by ARC) amounting to~ Rs. 18.62 Cr for nine months ended December 31, 2019 and ~Rs. 38.40 Cr for nine months ended December 31, 2018.

3. Adjusted for diminution / (gain) in fair value of investments (excluding security receipts held by ARC) and is based on management estimates and have not been subjected to audit or review.

The Earnings per share for the nine months ended December 31, 2019 is **Rs. 4.93**. The consolidated net worth\* as at December 31, 2019 stands at **Rs.5,459 Cr** and the gross debt equity (equity + non-controlling interest of **Rs.2,366 Cr**) ratio\*\* is **1.71** times\* and net debt equity of **1.30** times\* (post reducing cash and cash equivalents of **Rs.3,218 Cr**). The book value per share is **Rs. 64.90**. Our total loan book stood at **Rs. 12,662\*\* crore** as of December 31, 2019 compared to **Rs. 16,136 crore** as of December 31, 2018. Gross NPA and Net NPA stood at **1.56%** and **1.35%** respectively as of December 31, 2019 compared to **0.68%** and **0.57%** respectively as of December 31, 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,**

“Over the last fifteen months the external environment has been challenging. We have been able to demonstrate strong resilience from these challenges riding on our strong liquidity buffers, prudent leverage ratios as well as diversified businesses.

In the context of the overall challenging environment, we had a very good quarter led by our IWS businesses. We have significantly de-grown our wholesale book. Our retail mortgage presence has increased to 27 branches and we continue to grow that business. The distressed credit team is focused on recoveries.

We are hopeful that the measures announced by the government will lead to a faster recovery for the economy.”

## **Business Update**

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

The IWS segment gained traction during the quarter. Our recruitment in this segment gained momentum especially in the wealth management business. The pipeline for our investment banking transactions continues to remain healthy.

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

- Exclusive Financial Advisor to Hotel Leela Venture Limited for sale of four owned Leela Hotels located at Bangalore, Delhi, Chennai, Udaipur, property owned at Agra and all management contracts to Brookfield Asset Management.
- Book Running Lead Manager (BRLM) to the Initial Public Offer of Ujjivan Small Finance Bank Limited (~Rs. 1,000 Cr) and Prince Pipes and Fittings Limited (~Rs. 656 Cr).
- BRLM to the Qualified Institutions Placement of Bajaj Finance Limited (~Rs. 8,500 Cr) and Shree Cement Limited (~Rs. 2,400 Cr).
- Manager to the buyback of equity shares of NIIT Limited (~Rs. 335 Cr) and Adani Ports and Special Economic Zone Limited (~Rs. 1,960 Cr).

The AUM/AUA of our wealth management business stood at **Rs. 46,886 Cr** (excluding custody assets) as on December 31, 2019 as compared to **Rs. 42,738 Cr** as on December 31, 2018 and **Rs. 46,818 Cr** as on September 30, 2019.

During the quarter, the average daily trading volume stood at **Rs. 13,676 Cr**.

During the quarter, in IPO financing business, we funded **8 public issues (including 4 NCD issues)** wherein the aggregate amount of funding was around **Rs. 14,647 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. 8,008 Cr** as on December 31, 2019. 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. We are optimistic about the tremendous opportunities prevailing in the segment and the co-lending arrangement with Bank of Baroda will further boost the momentum.

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

- We have managed to reduce our SMA2 numbers from **1.94%** of the portfolio to **0.73%** of the portfolio. This has mainly been a result of timely asset sales. We continue our involvement with our borrowers to identify early signs of stress and find solutions.
- As guided earlier, our debt equity and net debt equity stands at **1.78 times** and **1.36 times** respectively.

We continue to be in a challenging environment as far as the real estate sector is concerned. There have been positive actions by the government by way of the distressed fund which is committed to providing last mile funding to the real

estate sector. We have also seen interest from foreign funds in the sector as can be witnessed by the transactions that have taken place in the sector.

Having said that, the liquidity crunch continues to affect the sector negatively. Lack of availability of credit for new projects or for refinancing the existing projects have created tremendous stress and pressure on the cash flows. Some of the erstwhile large HFCs continue to grow the mortgage lending business very slowly causing further slowdown in collections.

We are now seeing significant opportunities for deployment but continue to remain extremely selective and cautious about lending going forward.

➤ **Distressed Credit**

We chose not to participate in any fresh acquisitions during the quarter. The complete focus of the business was on recoveries and resolutions. The recoveries during the quarter stood at **Rs. 2,897 Cr**. We continue to experience resolution delays in few of our key accounts and face delays in accounts which are under the NCLT process.

The outstanding Security Receipts (SRs) stood at **Rs. 11,413 Cr** as on December 31, 2019 as compared to **Rs. 14,037 Cr** as on September 30, 2019. The contribution of JM Financial Asset Reconstruction Company Limited stood at **Rs. 2,946 Cr** as on December 31, 2019 and **Rs. 3,107 Cr** as on September 30, 2019.

➤ **Asset Management**

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). The average AUM of our Mutual Fund schemes during the quarter ended September 30, 2019 stood at **Rs. 6,488 Cr**; comprising of **Rs. 4,509 Cr** in equity schemes (including hybrid schemes) and **Rs. 1,979 Cr** in debt schemes (including liquid scheme).

## Borrowing Profile

Our long term borrowing as a proportion of total borrowing stood at **approximately 84%** as on December 31, 2019.

## Awards & Recognitions

- JM Financial Services has been recognized by BSE Ltd., amongst the Top Performers in Primary Market Segment (Debt Public Issue Bids – Members and Equity – IPO/FPO Bids - Members)

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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 includes the mutual fund business.

As of December 31, 2019, the consolidated loan book stood at **~Rs. 126.6 BN**, distressed credit business AUM at **~Rs. 114.1 BN**, wealth management AUM at **~Rs. 468.9 BN**, mutual fund AAUM at **~Rs. 56.8 BN**.

The Group is headquartered in Mumbai and has a presence across **380** locations spread across **134** 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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