

JM Financial's consolidated revenue is up by 39 % and consolidated net profit is up by 1 % for the Q3 FY 17

The Board of Directors declares an interim dividend of Re.0.65 per share of the face value of Re.1/- each.

Mumbai, January 23, 2017: The Board of Directors of JM Financial Limited, at its meeting held today, approved the unaudited financial results for the quarter and nine months ended December 31, 2016.

Summary of Consolidated results FY 17 – Q3 compared to FY 16 – Q 3

(Rs. in crore)

Particulars	Quarter ended December 31, 2016	Quarter ended December 31, 2015*	% Increase
Total income	593.97	426.00	39.43%
Profit before tax	245.40	178.13	37.76%
Net profit after tax and before minority interest	163.95	149.94	9.34%
Net profit after tax, minority interest and share of associates	118.60	117.11	1.28%

*Upon JM Financial Asset Reconstruction Company Private Limited (the ARC) becoming a subsidiary of the JM Financial Limited w.e.f. September 30, 2016, the profit and loss account is consolidated as a subsidiary from October 1, 2016 as compared to being an "Associate" till September 30, 2016.

JM Financial Limited

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Summary of Consolidated results FY 17 – 9 Months compared to FY 16 – 9 Months

(Rs. in crore)

Particulars	Nine months ended December 31, 2016	Nine months ended December 31, 2015	% Increase
Total income	1,634.30	1,210.12	35.05%
Profit before tax	645.48	491.51	31.33%
Net profit after tax and before minority interest	438.40	377.49	16.13%
Net profit after tax, minority interest and share of associates	319.35	286.72	11.38%

The Earnings per share and Diluted Earnings per share, for the nine months ended is Rs. 4.04 and Rs. 4.01 respectively (not annualized). The consolidated net worth as at December 31, 2016 stands at Rs.3,138 crore and the debt equity (equity+Minority Interest) ratio is 2.1 times. The book value per share is Rs.39.54.

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

“The Indian economy witnessed a challenging period during the third quarter as it had to cautiously manoeuvre through the effects of Demonetisation. While this will have a near-term impact on the economy, the long term growth tailwinds remain intact.

The Group’s fund based business, primarily consisting of developer financing, was resilient. Decline in interest rates and passing of RERA (Real Estate Regulatory Act) will augur well for organised players like us to gain market share. We have made an application to NHB for our foray into housing finance business with a focus on affordable housing and continue to bolster our efforts in this space. Our ARC business successfully acquired a large NPA account of a real estate developer. Furthermore, we see strong pipeline of opportunities in the ARC space driven by RBI’s thrust on banks to significantly reduce their NPAs over the coming year.

Our strong brand and established presence in the Investment banking business continued to generate good traction in Capital Markets & M&A transactions”

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Business Update

Investment banking, Wealth Management and Securities business

Investment Banking

The Investment Banking business continues to grow with a robust deal pipeline and several mandated transactions under execution. Our approach is relationship driven and we continue to build on areas of competitive advantage and continue to add value to our clients with our advice.

During the quarter, our Investment banking team executed the following deals:

- BRLM for Initial Public Offer of PNB Housing Finance Limited – ~Rs 3,000 crore.
- Sole financial advisor to Tata Power Company Limited on acquisition of renewable assets portfolio of Welspun Energy Private Limited by Tata Power Renewable Energy Limited. This represents one of the largest deals in the power sector in India.
- Advisor to the Essar Group on the sale of controlling interest in Essar Oil to Rosneft.
- Exclusive financial advisor to Browntape Technologies on the fund raising from Gati Ltd.
- Exclusive sell-side advisor to Encyclopaedia Britannica Inc. on the sale of India curriculum business to Navneet Education Ltd.
- Sole arranger for a Rs. 500 cr mortgage backed debentures funding against inventory of residential apartments for Lodha Developers.

Wealth Management

Wealth Management business offers wealth management services to High Net worth families, Ultra High Net worth families & corporate treasuries and follows model of asset allocation and custody services. Open product architecture through combination of in-house offerings and third party products positioned JM Financial as “Unbiased trusted advisor” to the clients. We have presence in 7 major cities in India (Mumbai, New Delhi, Bangalore, Hyderabad, Kolkata, Ahmedabad and Pune) with a team of more than **70** experienced wealth advisors. We follow a hub and spoke model where the smaller cities are covered by the team based in our offices in 7 major cities. The **AUM** of our wealth management business stood at **Rs. 22,337 crore** (excluding custody assets) as on December 31, 2016.

Securities business

Equity Brokerage business offers equity sales and trading services to High Net worth Individuals, Corporates and Retail clients. This group is supported by technical and fundamental research teams and derivative strategists who generate Investment and Trading

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Ideas. We have presence in **269** locations spread across **114** cities through a network of branches and franchisees.

In spite of heightened volatility in the equity markets on back of both local and global events, domestic funds have continued to see strong increase in inflows and this trend should augur well for the Indian Capital Markets. While FII inflows may remain subdued in the near term, our on-ground presence in New York, Singapore and Mauritius is helping in strengthening our relationships with global investors. Our strategy of further expanding our research coverage across sectors and companies continues unabated.

In the **Distribution business**, we have a large network of over **8,300** active Independent Financial Distributors (IFDs) who distribute various financial products across the country. During the quarter, we helped corporates mobilise more than **Rs. 820 crore** in fixed deposit schemes and fixed income products.

During the quarter, the average daily trading volume stood at Rs.2,947 crore.

Fund based business:

The lending book of JM Financial Products stood at Rs. 4,088 crore as on December 31, 2016. Out of the said lending book, the Corporate and capital market lending book stood at Rs. 2,174 crore and the real estate lending at Rs. 1,914 crore.

During the quarter, in IPO financing business, we funded 5 IPO's wherein the aggregate amount of funding was around Rs.5,306 crore.

The lending book of JM Financial Credit Solutions stood at Rs. 4,832 crore as on December 31, 2016 which largely comprises of real estate lending book. Our commercial real estate funding focus is on Tier - 1 cities, viz., Mumbai, Thane, Pune, Bangalore, Chennai and Hyderabad. We plan to selectively enter into new geographies to expand our business. In light of the prevailing stress in the economy, we have been extremely selective and continue to remain focused on the asset quality.

We continued our efforts of diversifying our sources and maturities for our borrowing profile. Our long term borrowing as a proportion of total borrowing stood at approximately 44 % on December 31, 2016.

During the quarter, the asset reconstruction business actively participated in several NPA auction processes announced by Banks/NBFCs and bids were submitted for several new and existing accounts. We concluded four deals during the quarter with one fresh acquisition and three deals as part of debt aggregation process. Our acquisition focus remains on large corporate accounts with potential of restructuring and revival. During the quarter, the Asset Reconstruction Business reported higher recoveries than previous two quarters from existing accounts and major recoveries achieved from restructuring of corporate accounts.

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As per RBI's recent Financial Stability report, the GNPA ratio of Banks increased to 9.1% in September 2016 from 7.8% in March 2016 pushing the overall Stressed Advances Ratio to 12.3% from 11.5%. The large borrowers registered significant deterioration in their asset quality. In view of the same, we expect increased NPA sale activity in the coming quarters.

In order to improve the framework for sale of stressed assets, the Reserve Bank of India in September 2016 issued a new guideline on Sale of Stressed Assets by Banks. The guideline lays down mechanism for timely identification of stressed accounts and appropriate actions to ensure there is low vintage of NPAs, higher provisioning on SRs by banks and better price realisation for banks. With effect from April 1, 2017 if a bank has invested in more than 50% of security receipts created against the sale of its own stressed assets, it has to set aside provision which is higher of Net Asset Value declared by Securitisation Companies / Reconstruction companies or underlying loans, assuming that the loans notionally continued in the books of the Bank as NPA. From April 1, 2018, the above threshold of 50% will stand reduced to 10%. On account of these guidelines, we expect banks to move from security receipt based sell down to cash based sell down.

The effective implementation of the Insolvency and Bankruptcy code and regulatory changes prompted by RBI will aid faster resolution for NPAs and augurs well for ARCs.

Asset Management Business:

Asset Management business comprises of **Mutual fund, Private Equity Fund and Real Estate Fund.**

Mutual Fund:

We offer a bouquet of 17 mutual fund schemes across the risk-return spectrum that caters to the specific needs of both institutional and non-institutional investors. Our risk and fund management framework allows us to effectively manage risk while generating high quartile returns across the product categories that we offer.

The average AUM of our Mutual Fund schemes during the quarter ended December 31, 2016 stood at **Rs. 13,522 crore**; comprising of **Rs. 6,845 crore** in equity schemes and **Rs. 6,677 crore** in debt schemes.

Private Equity and Real Estate Fund:

At the end of the quarter, the combined AUM/AUA of our private equity and real estate funds stood at around **Rs. 680 crore.**

Both the Private Equity and Real Estate Funds continue to work closely with their portfolio companies to seek exit opportunities.

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As on December 31, 2016, the Private Equity Fund has returned an **aggregate of 75.9%** of the capital contribution received from its Investors in Indian Rupee terms.

As on December 31, 2016, the Real Estate Fund has returned an **aggregate of 55.1%** of the capital contribution received by it in Indian Rupee terms.

We have applied to SEBI for a Category II Alternative Investment Fund registration to launch a new Private Equity Fund, JM Financial India Fund II. A new acquisition by JM Financial Products Limited of 24.50% equity shares in India Home Loan Limited (a company in the affordable housing finance segment) was announced on October 20, 2016. JM Financial Products Limited intends to transfer this investment to JM Financial India Fund II when raised and the transfer will be done after factoring the carrying cost for the period it remains in the books of JM Financial Products Limited.

Awards

- JM Financial Services has been recognized by BSE Ltd., amongst the Top Performers in Primary Market Segment (IPO / FPO Bids members).
- JM Financial Services has been recognized by BSE Ltd., amongst the Top Performers in Sovereign Gold Bonds.

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The unaudited financial results are attached. Both, the press release and unaudited financial results are available on our website www.jmfl.com

About JM Financial

JM Financial is an integrated financial services group offering a wide range of capital market services to its corporate and individual clients. The Group's businesses include investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, commodity broking, fixed income broking, non-banking finance products, private equity and asset reconstruction. 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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