

March 6, 2024

National Stock Exchange of India Limited
Exchange Plaza
Plot No.C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Symbol: **JMFINANCIL**

Dear Sirs,

Sub: **News clarification - JM Financial Limited**

Ref.: NSE/CM/Surveillance/14008 letter dated March 6, 2024

We acknowledge receipt of your email dated March 6, 2024, on the captioned subject and have noted the contents thereof.

In this connection, we wish to clarify as under.

1. Kindly note that the Reserve Bank of India (the “**RBI**”) has issued the order dated March 5, 2024 (received on March 5, 2024 at 5.20 pm) in relation to the action against JM Financial Products Limited (the “**JMFPL**”), a material subsidiary of the Company, under Section 45L(1)(b) of the RBI Act, 1934.
2. Kindly note that the above order was received by JMFPL on March 5, 2024 at 5.20 pm. The Company has made the disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to both the exchanges at 3.12 pm today which is within the prescribed timelines. Copy of the said disclosure made to exchanges, is attached for your information.
3. As already stated in our aforementioned disclosure, the impact of the above RBI order on the Company in monetary terms is not expected to be material.

We request you to kindly take the above clarification/explanation on your record.

Thank you.

Yours truly,
For **JM Financial Limited**

Dimple Mehta
Company Secretary & Compliance Officer

Encl: As above

March 6, 2024

BSE Limited
Department of Corporate Services
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort,
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza
Plot No.C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Security Code: **523405**

Symbol: **JMFINANCIL**

Dear Sirs,

Sub: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”)

Pursuant to Regulation 30 of the Listing Regulations, we wish to inform you that the Reserve Bank of India (the “RBI”) has issued the order dated March 5, 2024 (received on March 5, 2024 at 5.20 pm) in relation to the action against JM Financial Products Limited (the “JMFPL”), a material subsidiary of the Company, under Section 45L(1)(b) of the RBI Act, 1934. A copy of the press release issued by the RBI in this regard is enclosed for your information and ready reference.

In the above context, we wish to state that after careful and detailed review of the said order which pertains to IPO financing business, JMFPL believes that there have been no material deficiencies in their loan sanctioning process and has not violated the applicable regulations. JMFPL further reaffirms that there have been no governance issues whatsoever and the conduct of all its business and operational affairs are in a bonafide manner and shall continue to service its existing customers as advised by the RBI. JMFPL will fully cooperate with RBI in their special audit initiative and also explain its position to RBI.

JMFPL has been in the business of funding IPOs over the last two decades. The IPO financing product is short term and self-liquidating in nature. In the context of IPO funding, the Power of Attorney (POA) is taken as a risk containment measure only. The practice of taking POA is prevalent across the industry and is perfectly legal.

The net total income from the IPO Financing business for the 9M FY 23-24 is around Rs. 7 crore which constitutes ~1.5% of the net total income of JMFPL and ~ 0.3% of the consolidated net total income of the Company. Accordingly, the impact of the above RBI order on the Company in monetary terms is not expected to be material.

We request you to kindly take the aforesaid disclosure on your record.

Thank you.

Yours truly,
For **JM Financial Limited**

Dimple Mayank
Mehta

Digitally signed by Dimple Mayank
Mehta
Date: 2024.03.06 15:04:52 +05'30'

Dimple Mehta
Company Secretary & Compliance Officer

Encl: As above

JM Financial Limited

Corporate Identity Number : L67120MH1986PLC038784

Regd. Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

T: +91 22 6630 3030 F: +91 22 6630 3223 www.jmfi.com



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

March 05, 2024

Action against JM Financial Products Limited under Section 45L(1)(b) of the Reserve Bank of India Act, 1934

The Reserve Bank of India has today, in exercise of its powers under section 45L(1)(b) of the Reserve Bank of India Act, 1934, directed JM Financial Products Limited (JMFPL or 'the company') to cease and desist, with immediate effect, from doing any form of financing against shares and debentures, including sanction and disbursal of loans against Initial Public Offering (IPO) of shares as well as against subscription to debentures. The Company shall, however, continue to service its existing loan accounts through the usual collection and recovery process.

This action is necessitated due to certain serious deficiencies observed in respect of loans sanctioned by the company for IPO financing as well as NCD subscriptions. The RBI carried out a limited review of the books of the company on the basis of the information shared by the Securities and Exchange Board of India (SEBI).

During the limited review it was observed, inter alia, that the company repeatedly helped a group of its customers to bid for various IPO and NCD offerings by using loaned funds. The credit underwriting was found to be perfunctory, and financing was done against meagre margins. The application for subscription, the demat accounts and the bank accounts, all were operated by the company using a Power of Attorney (POA) and a Master Agreement obtained from these customers without their involvement, whatsoever, in the subsequent operations. Consequently, the company was able to effectively act as both lender as well as borrower. The company also acted as the arranger of bank account opening as well as operator of the said bank accounts using the POA. Apart from being in violation of regulatory guidelines, there are serious concerns on governance issues in the company, which in our assessment are detrimental to the interest of the customers. Regulatory violations and deficiencies, if any, on the part of the bank(s) in this regard is being examined separately.

The business restrictions now being imposed, will be reviewed upon the completion of a special audit to be instituted by the RBI and after rectification of the deficiencies to the satisfaction of RBI. Further, these business restrictions are without prejudice to any other Regulatory or Supervisory action that may be initiated by RBI, against the company.