

October 27, 2020

BSE Limited
Department of Corporate Services
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort,
Mumbai 400001

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: Corporate Presentation

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Para A of Part A of Schedule III thereto, we wish to inform you that a corporate presentation of JM Financial Credit Solutions Limited, a material subsidiary, is being uploaded on the website of the Company viz., www.jmfl.com for information of the investors. A copy of the said presentation is attached.

We request you to disseminate the above presentation on your website.

Thank You.

Yours faithfully,
for JM Financial Limited



Prashant Choksi
Group Head – Compliance, Legal
& Company Secretary

Encl.: as above.



JM Financial Credit Solutions Limited

September 2020



Safe Harbour



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1

Business Overview

Overview



JM Financial Group overview

- Presence of over four decades
- Established financial services player with presence in fund based activities, investment banking and securities business, alternative asset management and asset management businesses
- Relationships across the corporate, institutional, HNI and the retail client base

Strong Financial Profile (As of September 2020)

Revenue
Rs. 1,495 Cr

PAT
Rs. 233 Cr

Shareholders equity⁽²⁾
Rs. 9,062 Cr

Total Assets
Rs. 21,584 Cr



46.68%⁽¹⁾

**JM Financial Credit
Solutions Limited**

(NBFC)

53.32%

Other Shareholders

- INH Mauritius 1- 48.96%
- Other Shareholders – 4.36%

JM Financial Credit Solutions Limited overview

- A wholesale finance NBFC providing integrated financial solutions to real estate developers with a focus on residential project financing such as funding real estate developers at various stages in the life cycle of a real estate project.
Networth of Rs. 3,446 Cr as of September 2020

- **Geographic presence** : Mumbai, Thane, Pune, Bangalore, Chennai, Hyderabad, NCR and Kolkata

Key Statistics as of September 30 2020

Loan book
Rs. 7,208 Cr

GNPA
2.16%

NNPA
1.46%

No. of Borrowers
70

H1 FY21 PAT
155 Cr

Gross D / Eq- 1.3
Net D / Eq- 1.0
CRAR 43.73%

ROE
9.2%

ROA
3.9%



Notes

1. JM Financial Limited controlled entity with effective ownership of 46.68%
2. Including minority interests;

Impact of COVID-19



- The Company has provided moratorium as per the RBI guidelines. However company has not sought moratorium from any of its lenders.
- Management overlays have been applied to determine PD and LGDs based on the current available information including potential macro-economic impact.
- **COVID Changes to ECL model**
 - Changes to the PD by downgrading the existing external credit rating by one score.
 - Increasing the LGD to 50% from 25% for loans having security cover greater than 1.60.
 - For stage 3 provisioning, the company has analysed NPA's on a case to case basis and by pushing the expected realisation of cash flows by an average of 1 year and discounting the same with EIR to arrive at the discounted cash flows for estimating the provision required.

Particulars (Rs Cr)	Half Year ended 30.09.2020
Net profit after tax (Post COVID-19 Impact)	155.1
Add / (Less):	
Additional Provision for expected credit Loss	90.0
Tax impact on above (@25.2%)	(22.6)
Total effect of Covid-19 Impact	67.4
Net profit after tax (Pre COVID-19 Impact)	222.5

Key Products



Construction / Project finance



✓ This includes offering loans to developers for construction of residential or commercial projects.

Loans against property



✓ This includes loans against the residential or commercial properties with occupation certificate.

Loans against shares



✓ This includes loans to promoters against the listed or unlisted shares of corporates

Project at early stage loans

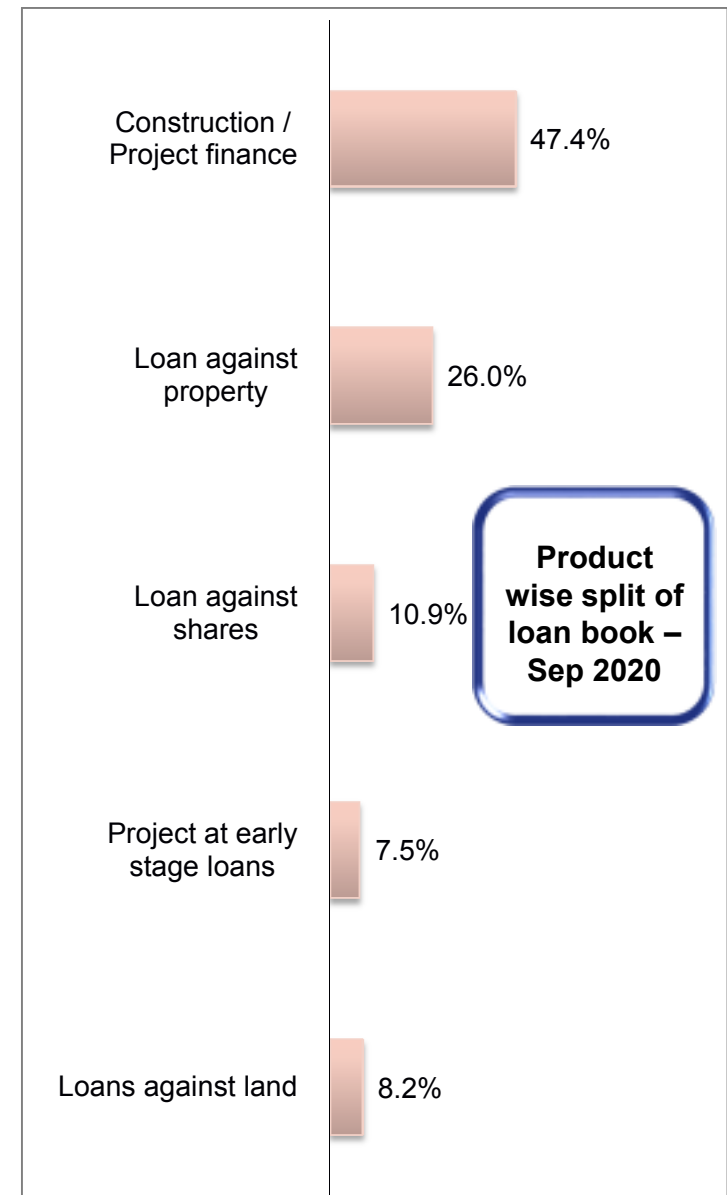


✓ This is primarily undertaken against projects which are expected to be launched soon

Loans against land



✓ This funding is primarily undertaken for land acquisition or against land parcels which are not expected to be launched in the near future



Key Lending Philosophy



- ✓ To be senior secured lender at all times together with focus on risk adjusted profitable growth
- ✓ Avoid entering into consortium arrangements

- ✓ In most cases, we conduct micro market surveys and lend largely to residential projects
- ✓ We ensure that both developers and residential projects are not subject to any concentration risk

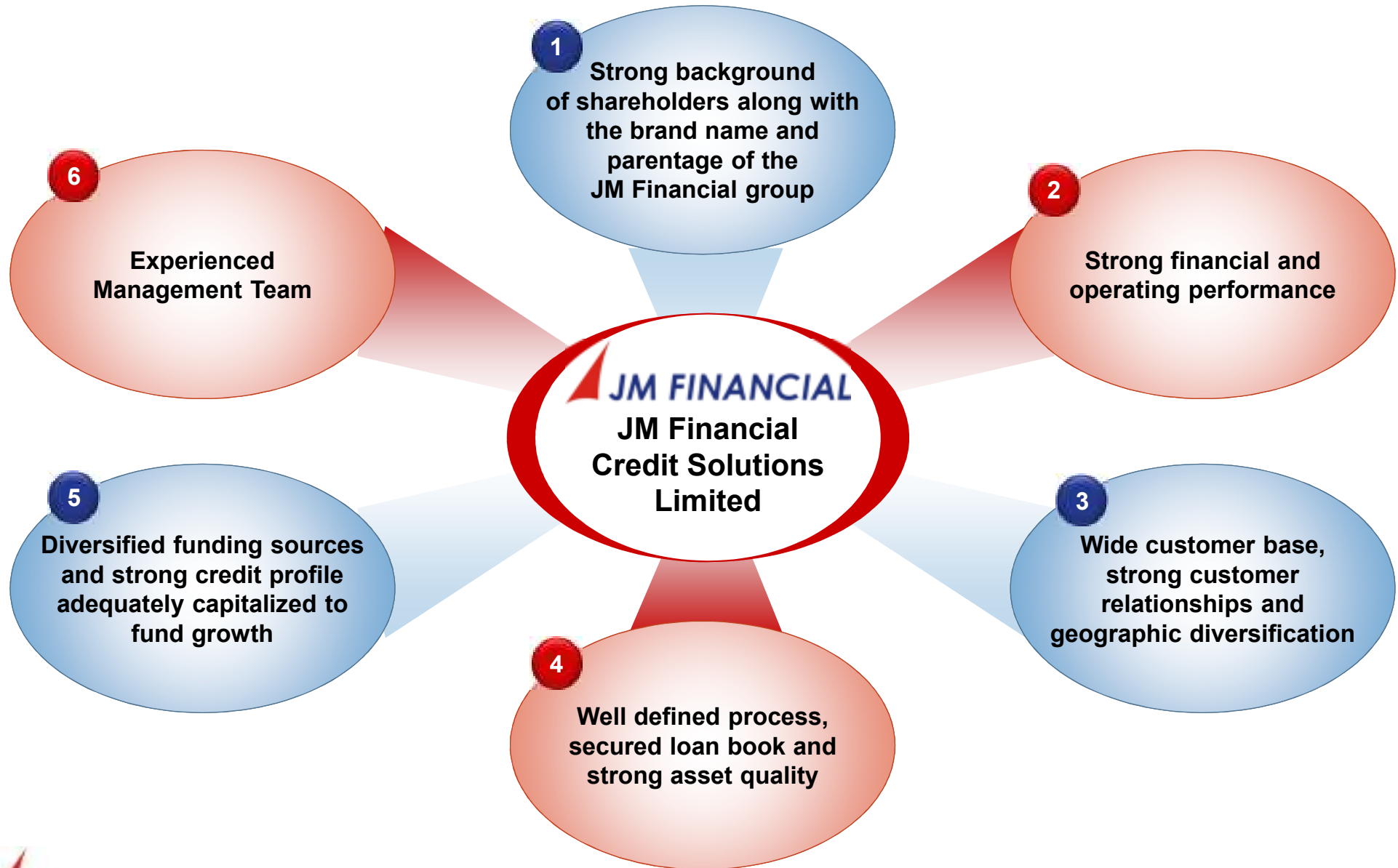
✓ Key developer screening criteria

- Stringent eligibility criteria for borrowers such as minimum delivery track record, experience, commercial presence, networth and profitability
- Meeting at an appropriate stage with management, promoter reference checks and site visits

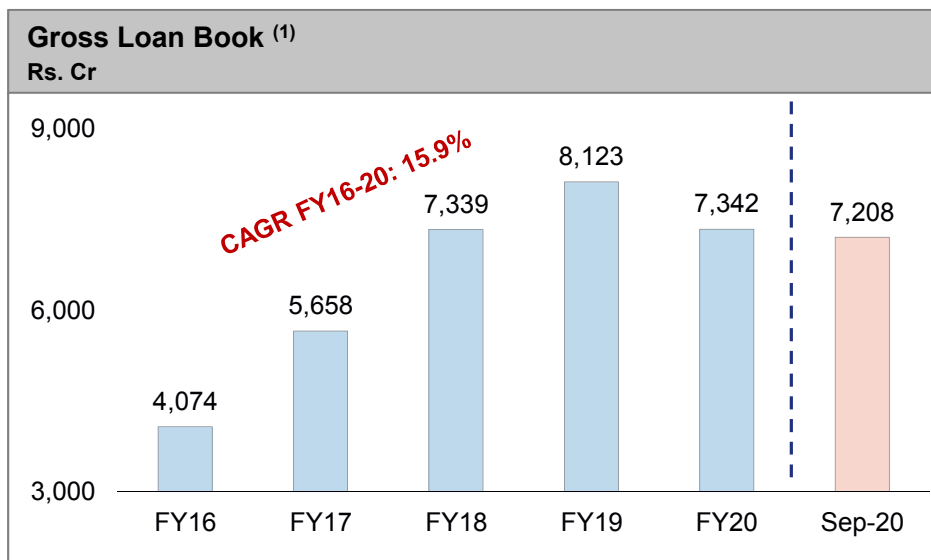
- ✓ Typical loan tenure ranging from 24 to 60 months
- ✓ Secured on the back of collateral; 80.9% are cash flow backed advances as of end of September 2020

- ✓ Timely repayment in escrow account through an escrow mechanism

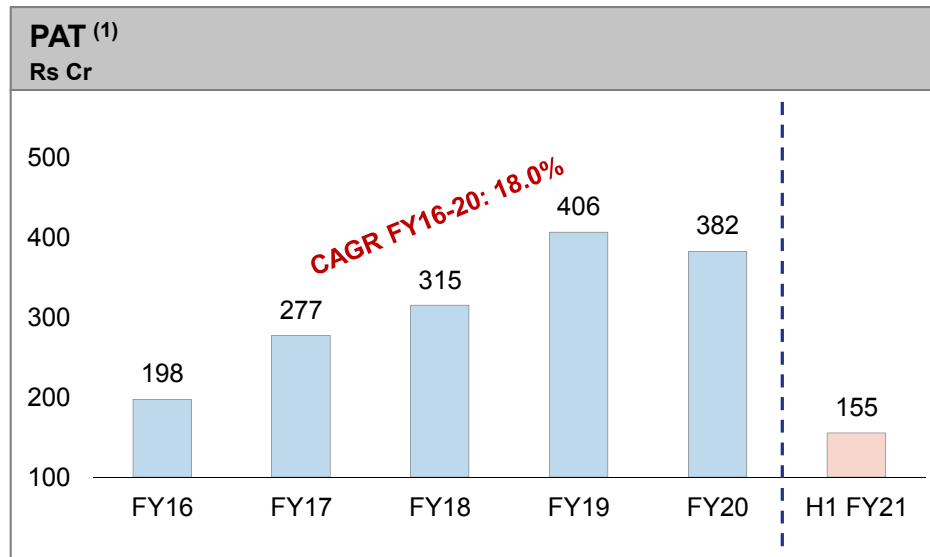
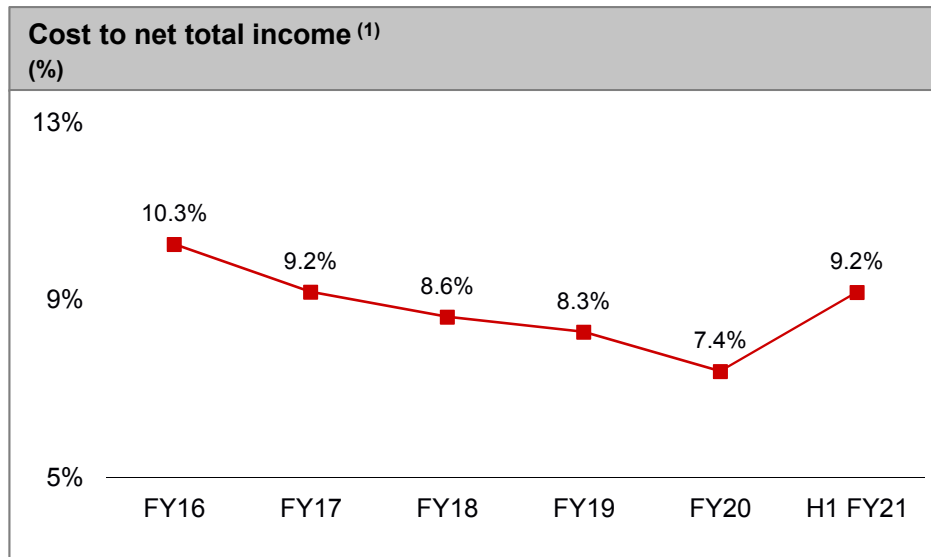
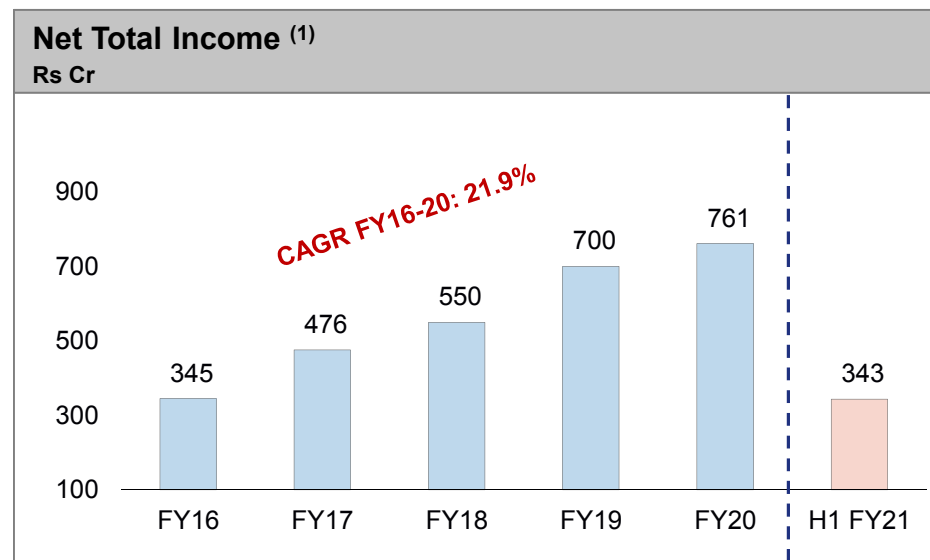
Key Strengths



Strong financial and operating performance



Gross loan book calculated without impact of EIR, Interest accrued and ECL



Notes

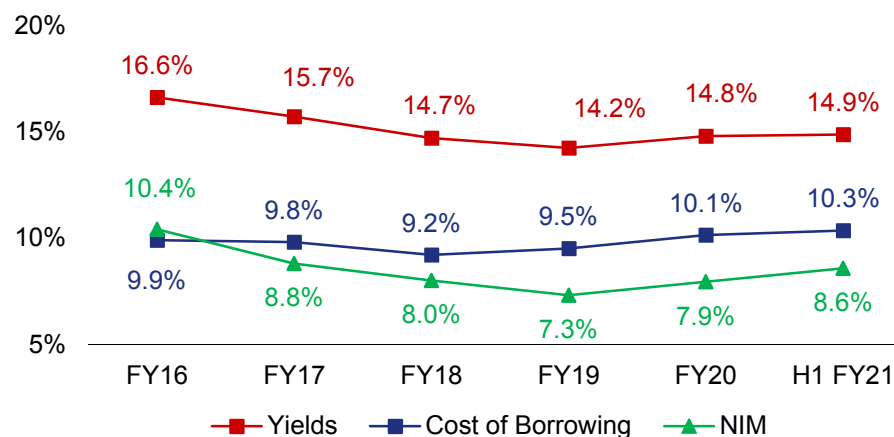
1. Financial and operating information upto FY17 is based on IGAAP.

Strong financial and operating performance (cont'd)



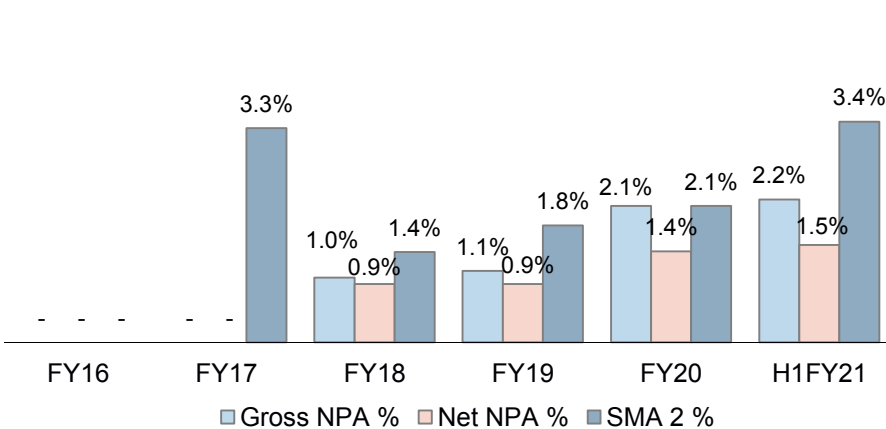
Yields and Margins^(1,2)

Yields, Cost of Borrowing, Net Interest Margin (NIM)(%)



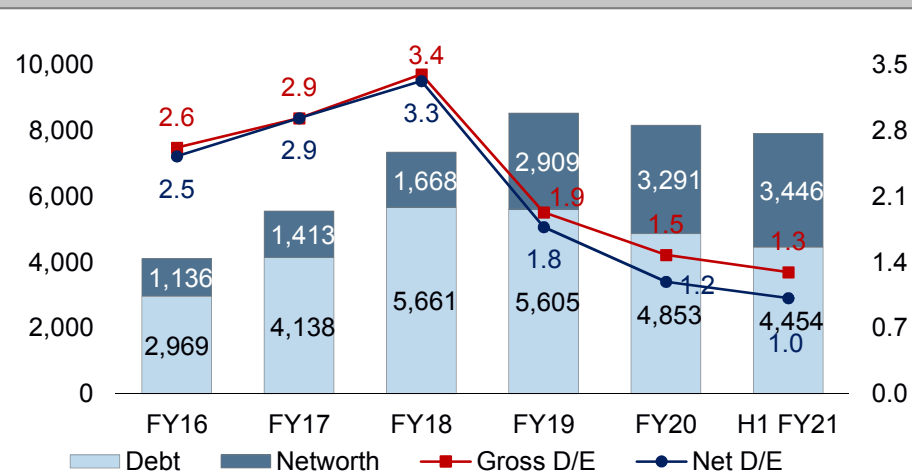
Asset Quality⁽¹⁾

Gross NPA (%), Net NPA (%) and SMA2 (%)



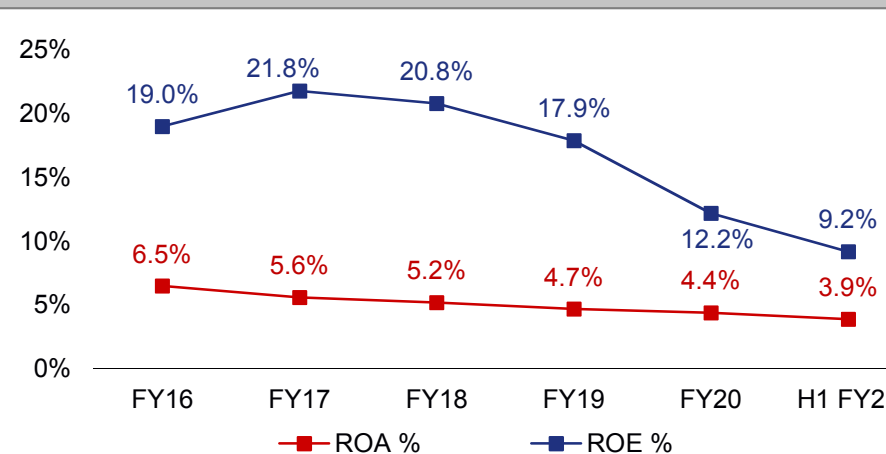
Leverage Analysis⁽¹⁾

Rs Cr



Return Ratios^(1,2)

(%)



Notes

1. Financial and operating information upto FY17 is based on IGAAP.
2. Ratios for FY19 are on an annualized / weighted average basis (on account of equity funds raised in September 2018)

Wide customer base, strong customer relationships and geographic diversification



✓ 70 borrower groups*



✓ Predominant focus on financing residential development

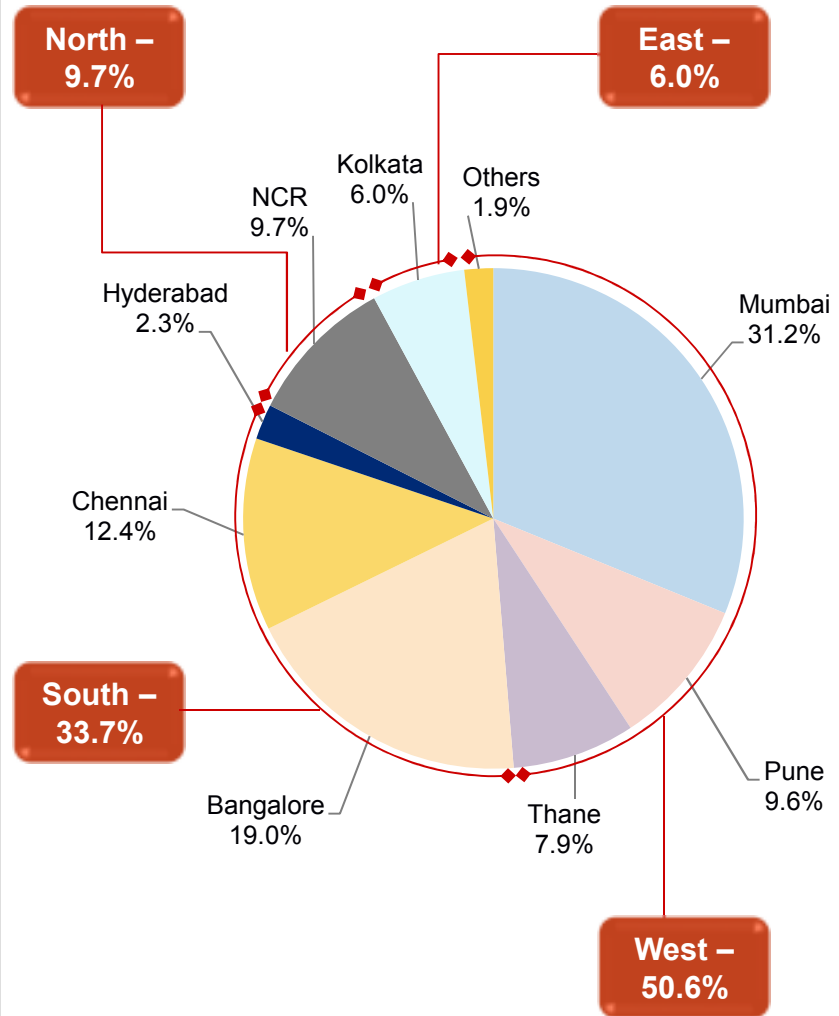


✓ Advances towards residential projects represented 73.5% of total advances and cash flow backed advances represented 80.9% of total advances*



✓ Average ticket size of advances per borrower group - Rs. 103 crore*
 ✓ Average asset cover - 2.3 times

Geography wise split of loan book – September 2020



Concentration Analysis – Top 10 Accounts Group-wise



Sr No	Group	Location	As on Sep 30, 2020 (Rs. Cr)	% of total
1	RMZ	Bangalore	616	8.6%
2	Kalpataru	Mumbai	319	4.4%
3	Spenta	Mumbai	303	4.2%
4	Divyasree Group	Bangalore	273	3.8%
5	Pashmina	Mumbai	271	3.8%
6	Subhash Goel / Marvel Group	Pune	256	3.5%
7	Gaursons Group	NCR	232	3.2%
8	Raunak Group	Thane	213	3.0%
9	Okaya Lifespace Real Estate Group	NCR	213	3.0%
10	Ekta	Mumbai	195	2.7%
			2,891	40.2%

Loan book details



Locations	Book Size (Rs Cr.)	GNPA (Rs Cr.)	GNPA %	SMA2 (Rs Cr.)	SMA2 %	Average Cover (In times)
Mumbai / Others	2,381	53	0.74%	127	1.76%	1.83
Pune	690	-	-	-	-	2.07
Thane	573	5	0.07%	107	1.48%	2.38
Bangalore	1,372	-	-	-	-	3.40
Chennai	897	98	1.35%	13	0.18%	2.06
Hyderabad	164	-	-	-	-	2.10
NCR	696	-	-	-	-	2.77
Kolkata	435	-	-	-	-	2.37
Total	7,208	156	2.16%	247	3.42%	2.35

Overview of Stressed Assets

NPA stood at 2.16% and SMA2 3.42% of loan book



Micro market Dynamics

Chennai

- COVID crisis has further affected an already slow Investment climate. However as the city experienced a slowdown before other markets, we are noticing faster recovery in this market.
- The situation in the market has been stabilised as most projects have commenced construction and sales have also picked up in the affordable/mid segment.
- End user demand seems to be coming back as enquires for projects improve and conversion rates look encouraging.

- NPA % of loan book: 1.35% v/s 1.32% QoQ
- SMA 2 % of loan book: 0.18% v/s 0.14% QoQ
- Security Cover: 1.6x to 2.7x

Mumbai/Thane

- Significant improvement in activity on construction sites post COVID. The market is still experiencing some shortage of labour, though the situation is gradually getting better
- Sales numbers have improved significantly and consistently month on month post COVID – however collections still seem to be slightly slower than normal.
- Due to current lack of investors in early life cycle of a project, slow pace of disbursements by HFCs/banks and lower rates due to discounts offered - additional development financing has become critical for these residential projects

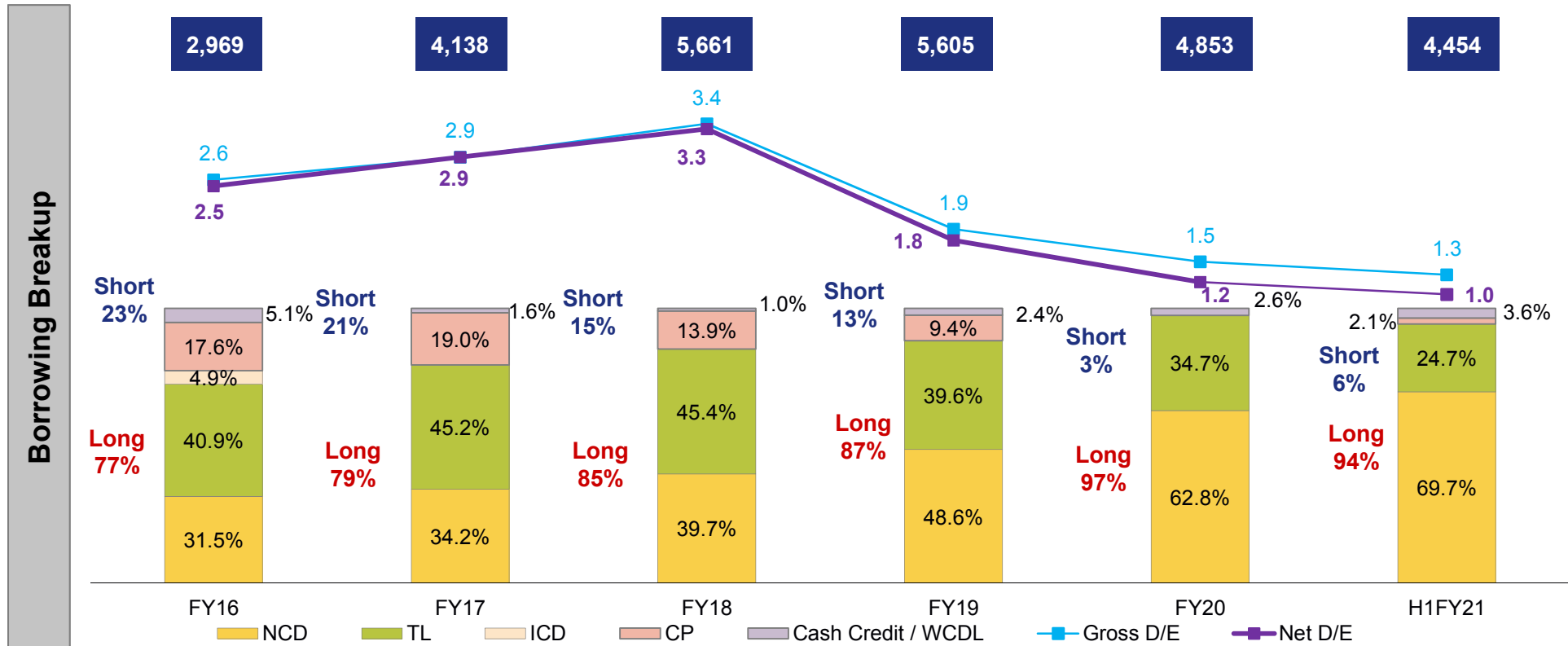
- NPA % of loan book: 0.81% v/s 0.76% QoQ
- SMA 2 % of loan book: 3.24% v/s 1.56% QoQ
- Security Cover: ~1.2x to 3.9x

Resolution strategy

- Resolved one NPA entirely by recovering entire money
- Significant resolution of another through asset sales and other resolutions with existing projects
- Healthy security cover to minimize loss given default. Security primarily includes residential property
- Legal action has reached an advanced stage

- Most of the security for the loans are ready property or under construction projects with significant security covers.
- Actively looking for asset sale/JDAs or DMAs for some of these assets to ensure closure/ reduction of loan
- Most of the ready assets have been and can be monetised in a time bound manner to reduce the NPA / SMA2
- Legal action has reached an advanced stage

Diversified funding sources and strong credit profile – Adequately capitalized to fund growth



Strong Credit Rating:

- Long term debt rating:
 - ICRA AA / STABLE
 - India Ratings AA / STABLE
 - CRISIL AA / STABLE
- Short term debt rating:
 - ICRA A1+
 - India Ratings A1+

Liquidity

- ✓ Surplus liquidity of Rs. 947 crore as on Sep 30 2020 comprising of bank balances/FDs/ liquid mutual funds and unutilised bank lines of Rs.551 crore.
- ✓ Current ratio as on Sep 30, 2020 – 2.5x

Gearing Philosophy

- ✓ Gearing of maximum 3 times
- ✓ Effective April 2019, the CP borrowing has been capped to 10% of the total borrowing except for opportunity based short term spikes towards short term assets subject to max cap of 20%

Structural Liquidity (ALM 2) – Sep 2020



(Rs. in Crore)	1 to 14 days	14 days to 1 month	1-2 months	2-3 months	3-6 months	6 months - 1 year	1-3 years	3 - 5 years	Over 5 years	Total
OUTFLOWS										
1. Networth	-	-	-	-	-	-	-	-	3,446	3,446
2. Borrowings	-	16	34	152	167	1,065	1,568	1,140	703	4,844
3. Current Liabilities & provisions	10	1	0	32	7	132	24	8	318	532
A.TOTAL OUTFLOWS (A)	10	17	34	184	174	1,197	1,592	1,148	4,467	8,821
B. Cumulative Outflows	10	26	61	244	418	1,615	3,207	4,355	8,821	8,821
INFLOWS										
4. Cash & Balances with banks	162	-	-	-	-	-	-	-	-	162
5. Investment*	-	-	786	-	-	-	-	-	-	786
6. Advances	-	128	122	185	800	1,728	3,482	209	507	7,160
7. Others	-	-	-	51	-	2	24	1	84	162
8. Committed Line of Credit	26	100	-	150	275	-	-	-	-	551
C. TOTAL INFLOWS	188	228	908	386	1,075	1,731	3,506	210	591	8,821
D. Mismatch (C - A)	179	211	873	202	901	533	1,914	(938)	(3,876)	(0)
E. Mismatch as % to Outflows (D as % of A)	N/M	N/M	N/M	110%	519%	45%	120%	-82%	-87%	0%
F. Cumulative Mismatch	179	390	1,263	1,465	2,367	2,900	4,814	3,876	(0)	
G. Cumulative Mismatch as % to Cum. Outflows (F as % of B)	1850%	1483%	2081%	600%	566%	180%	150%	89%	0%	

Board of Directors



Mr. Vikram Pandit
*Non-Executive
Chairman*

- Nominee Director representing INH Mauritius 1 in the Company since January 6, 2015. He serves as a Director on the Boards of Bombardier, Inc. and Virtusa Corporation



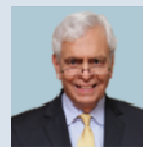
Ms. Dipti Neelakantan
*Non-Executive
Director*

- Nominee Director representing JM Financial Limited in the Company since October 28, 2015. She has been associated with the JM Financial Group since 1981 working in various capacities, locations and disciplines. She serves as Director on the Boards of several companies such as JM Financial Services Limited and JM Financial Institutional Securities Limited



Mr. Vishal Kampani
*Non-Executive Vice
Chairman*

- Nominee Director representing JMFL in the Company since August 1, 2019.
- Managing Director of JMFL, the Group's flagship company.
- Launched the Asset Reconstruction business in 2008 and the Real Estate Finance business in 2009.
- Expanded the International Operations and built a global profile
- Joined the JM Financial Group in 1997.



Mr. Darius E Udawadia
*Independent
Director*

- Independent Director of our Company since July 16, 2015. He serves as a Director on the Boards of several companies such as JM Financial Limited and ABB India Limited.



Mr. Hariharan Aiyar
*Non-Executive Vice
Chairman*

- Nominee Director representing INH Mauritius 1 in the Company since November 20, 2014. He serves as a Director on the Boards of SV India Opportunities Advisors Private Limited, INH Mauritius 1, INH Mauritius 2 and Managing Partner in Build India Capital Advisors LLP.



Dr. Anup Shah
*Independent
Director*

- Independent Director of our Company since March 29, 2016. He serves as a Director on the Boards of several companies such as JM Financial Services Limited, JM Financial Capital Limited, JM Financial Home Loans Limited and Claris Lifesciences Limited.



Mr. V P Shetty
*Non-Executive
Director*

- Nominee Director representing JMFL in the Company since July 15, 2014. He is the Non-Executive Chairman of JM Financial Asset Reconstruction Company Limited, JM Financial Products Limited, JM Financial Home Loans Limited and JM Financial Asset Management Limited.



Mr. Satish Chand Mathur
Independent Director

- Independent Director of our Company since August 1, 2019. He serves as a Director on the Boards of several companies such as JM Financial Asset Reconstruction Company Limited, Indiabulls Housing Finance Limited, Tilaknagar Industries Limited.



2

Annexure – Financial Information

Profit and Loss Statement – Ind AS



Particulars (Rs. Crore)	Half year ended		Year ended
	H1 FY21	H1 FY20	FY20
Interest income	549.17	650.00	1,264.11
Fees and commission income	0.99	0.15	1.37
Net gain on fair value changes	16.86	21.54	41.76
Net gain on derecognition of financial instruments under amortised cost category	-	2.22	2.22
Other operating income	0.16	0.19	0.33
Total Income	567.18	674.10	1,309.79
Finance costs	223.69	285.30	548.53
Impairment on financial instruments	103.86	41.01	144.99
Employee benefits expense	14.45	18.20	27.42
Depreciation, amortization and impairment	1.09	1.10	2.19
Operating and other expenses	15.97	13.47	51.69
Total Expenses	359.06	359.08	774.82
Profit before tax	208.12	315.02	534.97
Tax expenses	52.93	96.63	152.62
Net Profit for the period	155.19	218.39	382.35
OCI	(0.02)	(0.04)	(0.04)
Total Comprehensive Income	155.17	218.35	382.31

Balance Sheet – Ind AS



Particulars (Rs Crore)	As at	As at
	September 30, 2020	March 31, 2020
ASSETS		
Financial Assets		
Cash and cash equivalents (CCE)	161.94	28.39
Bank Balance other than CCE	-	-
Trade receivables	-	0.30
Loans	6,908.09	7,175.97
Investments	785.52	907.14
Other Financial assets	0.84	1.09
Total Financial Assets	7,856.39	8,112.89
Non-financial Assets		
Current tax assets (net)	7.88	13.33
Deferred tax Assets (Net)	78.41	54.00
Property, Plant and Equipment	16.34	17.22
Other Intangible assets	0.12	0.15
Other non-financial assets	2.20	2.09
Total Non-financial Assets	104.95	86.79
TOTAL	7,961.34	8,199.68

Balance Sheet – Ind AS (cont'd)



Particulars (Rs Crore)	As at	As at
	September 30, 2020	March 31, 2020
LIABILITIES AND EQUITY		
LIABILITIES		
Financial Liabilities		
Trade Payables	16.76	9.88
Debt Securities	3,195.80	3,045.40
Borrowings (Other than Debt Securities)	1,258.08	1,807.59
Other financial liabilities	40.65	41.91
Total Financial Liabilities	4,511.29	4,904.78
Non-Financial Liabilities		
Current tax liabilities (Net)	-	-
Provisions	2.36	1.92
Other non-financial liabilities	1.66	1.71
Total Non-Financial Liabilities	4.02	3.63
EQUITY		
Equity Share capital	2.83	2.83
Other Equity	3,443.20	3,288.44
Total Equity	3,446.03	3,291.27
TOTAL	7,961.34	8,199.68

For Further Queries



Mr. Shashwat Belapurkar

Chief Executive Officer

Email: shashwat.belapurkar@jmfl.com

Contact No: 022 66303545

Mr. Gagan Kothari

Chief Financial Officer

Email: gagan.kothari@jmfl.com

Contact No: 022 66303360