

# JM Financials

**Dhruvesh Sanghvi | Prospero Tree**

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**Prospero Tree @ Tamilnadu Investors' Association**

# Speaker Profile

Mr. Dhruvesh Sanghvi, co-founder of Prospero Tree, is a management graduate from NMIMS University and a computer engineer from Mumbai university

In the past, associated with various roles in financial companies including lending and research

Having a very strong passion for equity markets, he has been practising the art and science of investing in companies that create value in the long run.

Prospero Tree is the outcome of wanting to pursue his dream and vision of helping investors create long-term wealth from financial markets.

Research Analyst registration with SEBI having no. INH000000875

## Investment Banking & Securities

- IPO
- Fund Raising
- M&A
- Private Equity
- Broking Institutional
- Broking Retail
- Wealth Management
- CM Lending

## Lending

- Commercial RE
- Residential RE
- Structured Finance
- Corporate Credit
- MSME
- Housing Finance
- LAP
- LAS
- Debt Restructuring
- Broker Funding
- ESOP Financing

## ARC

- Buying stress assets
- Scalable opportunity
- Turning around possibility
- Provides optionality

## AMC & AIF

- Small but consistent profit center

# IB, Wealth & Securities Business

Primary Market Activity	FY13		FY14		FY15		FY16		FY17		FY18	
	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt	No	Amt
IPO / FPO	33	6529	40	8693	46	3311	74	14815	25	28225	45	81516
Rights Issue	16	8945	15	4576	18	6750	13	9239	13	3424	20	21397
QIP	45	15996	17	13663	51	29102	24	14588	22	13671	52	62520
Offer for Sale									28	8390	36	17431
SME IPOs									80	825	155	2249
InvIT									0	0	2	7283
<b>Total Equity Raised</b>	<b>94</b>	<b>31470</b>	<b>72</b>	<b>26932</b>	<b>115</b>	<b>39163</b>	<b>111</b>	<b>38642</b>	<b>168</b>	<b>54535</b>	<b>310</b>	<b>192396</b>
<b>Total Debt Raised - Public Issues</b>	<b>20</b>	<b>19952</b>	<b>35</b>	<b>42735</b>	<b>24</b>	<b>9413</b>	<b>21</b>	<b>34112</b>	<b>16</b>	<b>29547</b>	<b>8</b>	<b>5103</b>
<b>Total M&amp;A - India Inc Involved</b>			<b>400</b>		<b>474</b>	<b>276691</b>	<b>526</b>	<b>273758</b>	<b>583</b>	<b>568000</b>	<b>651</b>	<b>503000</b>

## IWS -Over the years

In Crores	Sales	PBT
FY12	404	35
FY13	429	47
FY14	408	45
FY15	522	124
FY16	495	79
FY17	639	144
FY18	828	204

ProsperoTree.com

\*Amt in Rs. Crores | Source: JM Annual Report

### Investment Banking

- Robust and growing primary market over long period
- Increasing M&A & PE activity in India

### Broking & Securities

- Stable Institutional Broking Business backed by strong institutional team
- 46000 Active Brokerage Clients in Retail

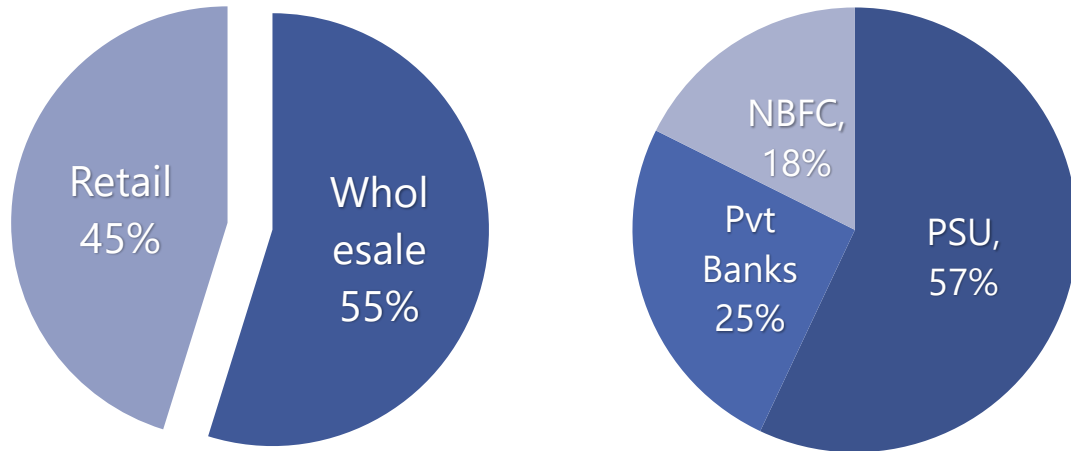
### Wealth Management

- Increasing focus on building wealth management business

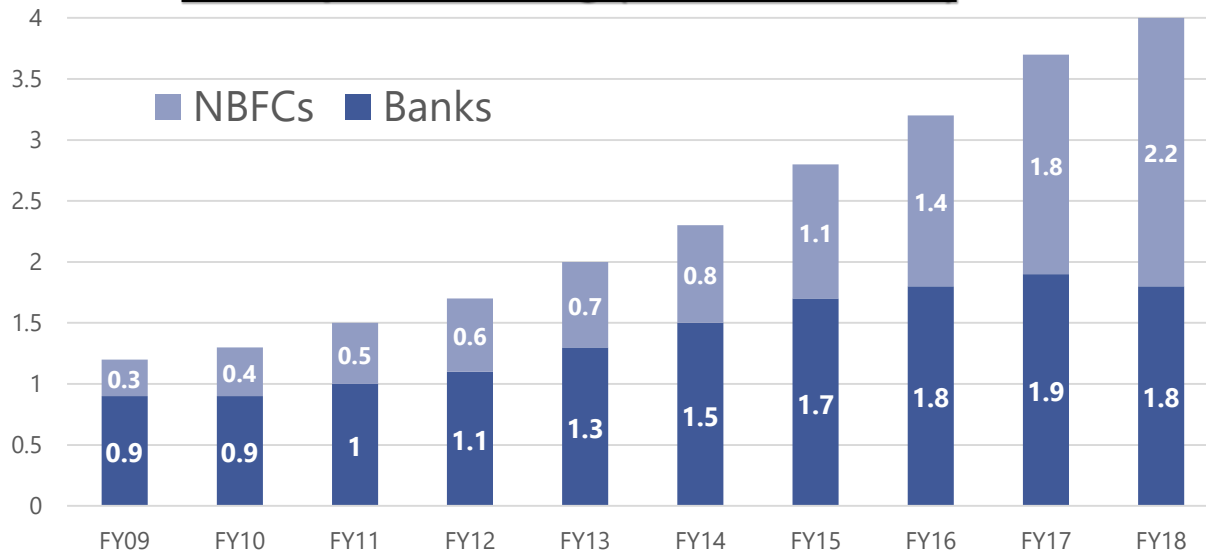
# Developer Financing Market

TIA 20-20

## Credit Industry Is Massive & Growing Pegged @ Rs 104 Tr (104 Lakh Crores)



## Developer Financing (Rs Lakh Crores)



## Developer Financing by NBFCs

### Developer Financing by NBFC

NBFCs	Amount
HDFC	58000
DHFL	24000
Piramal	22000
Indiabulls	20000
HUDCO	15000
Edelweiss	12000
L&T Finance	10000
LIC	8500
PNB	8000
JM	8000
Altico	6000
IIFL	5000
Others	23000
<b>Total</b>	<b>220000</b>

\*Approx Numbers from AR

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- Will NBFC stop lending to builders?
- Decreasing competition among RE NBFC?
- Naturally more prudence in future
- Who will flourish?
- Will they be able to grow?

# Lending Business

## Lending Business

JM Financials Products  
100% Subsidiary

JM Financials Credit Solutions  
47% JV with Vikram Pandit

JM Financial Capital Limited  
100% Subsidiary through JMFSL

<b>JM Loan Book (In Crores)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Real Estate	1374	2845	5628	8106	9268
Corp Credit & Structured Fin	753	991	593	1561	2705
Capital Market Lending	852	1552	993	1516	2334
SME	0	0	0	160	484
<b>Total Loan Book</b>	<b>2979</b>	<b>5388</b>	<b>7214</b>	<b>11183</b>	<b>14307</b>
<b>PBT from Lending Ops</b>	<b>200</b>	<b>347</b>	<b>549</b>	<b>779</b>	<b>997</b>

Source: JM AR

[ProsperoTree.com](http://ProsperoTree.com)

## Opportunities in Lending business once market stabilizes

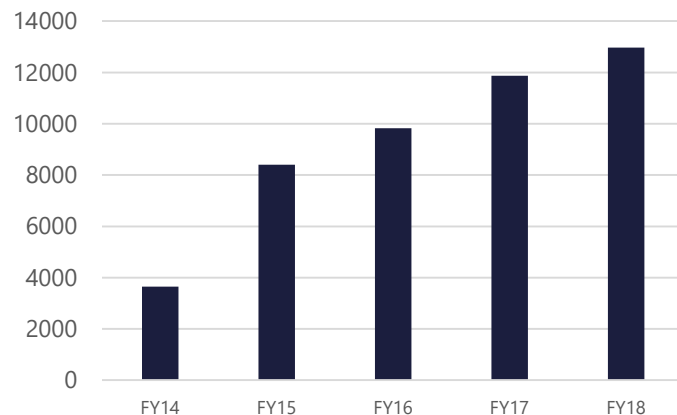
- Better Liquidity Profile & Lower Leverage
- Decreasing competition in sector
- Growth with prudence is a possibility
- Margins can increase over a medium term

# ARC & AMC Business

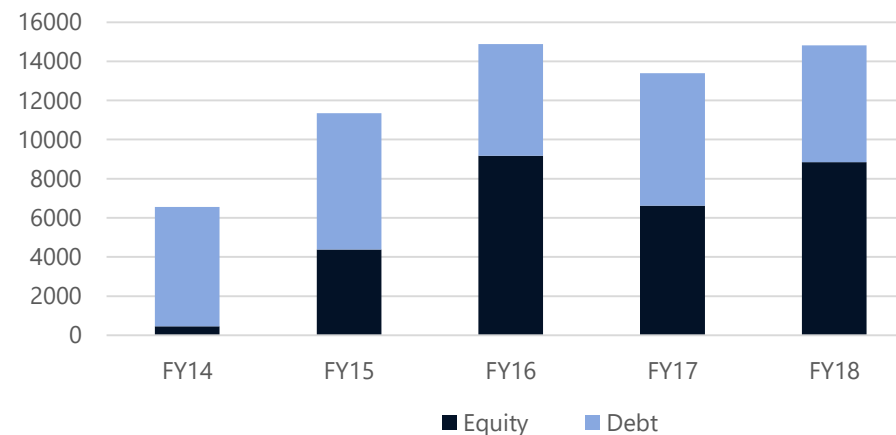
## ARC -Over the years

In Crores	Sales	PBT
FY12	40	22
FY13	89	61
FY14	120	75
FY15	214	60
FY16	319	158
FY17	224	84
FY18	387	167

## ARC AUM In Crores



## AMC AUM in Crores



## AMC -Over the years

In Crores	Sales	PBT
FY12	30	-2
FY13	29	2
FY14	27	4
FY15	47	18
FY16	86	56
FY17	89	57
FY18	112	79

- JMFARC well capitalized @ 1000 cr net worth
- Nearly 12500 crores AUM acquired @ 50-60% discount
- Good optionality possible over next 5-7 years

# Financials & Recent Fund Raising

TIA 20-20

JM Financials Segmental Data	FY12	FY13	FY14	FY15	FY16	FY17	FY18
IB, Securities, Wealth	404	429	408	522	495	639	828
Fund Based (Lending+ARC)	414	552	529	806	1079	1625	2257
Alternative Asset Management	46	27	30	27	13	4	26
Asset Management	30	29	27	47	86	89	112
<b>Segment Revenue</b>	<b>894</b>	<b>1037</b>	<b>994</b>	<b>1402</b>	<b>1672</b>	<b>2357</b>	<b>3224</b>

IB, Securities, Wealth	35	47	45	124	79	144	204
Fund Based (Lending+ARC)	133	183	200	347	549	779	997
Alternative Asset Management	9	16	19	15	4	-9	8
Asset Management	-2	2	4	18	56	57	79
<b>Segment PBT</b>	<b>175</b>	<b>248</b>	<b>268</b>	<b>504</b>	<b>689</b>	<b>971</b>	<b>1288</b>
<b>Profit After Tax Post Minority</b>	<b>121</b>	<b>183</b>	<b>210</b>	<b>331</b>	<b>400</b>	<b>470</b>	<b>631</b>

Funds Raised Externally (In cr)		
Parent	650	QIP at Rs. 162
ARC	79	@ ARC level
JM FCSL	425	Fund infusion by others
<b>Total</b>	<b>1154</b>	<b>ProsperoTree.com</b>

Source: JM AR / IP

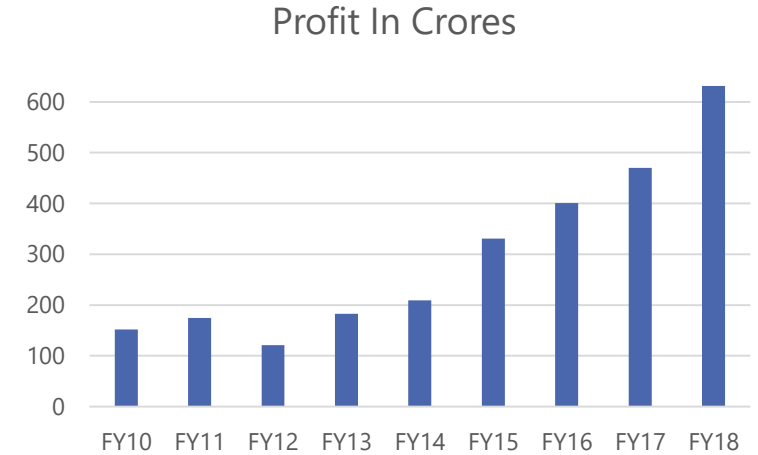
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# Summary Pointers

TIA 20-20

- Multiple business that are all scalable
- Conservative management; strong relationships
- Horizon of 4-5 years with the business structure
- High liquidity; low leverage on balance sheet
- ARC can provide optionality
- Valuations comfortable

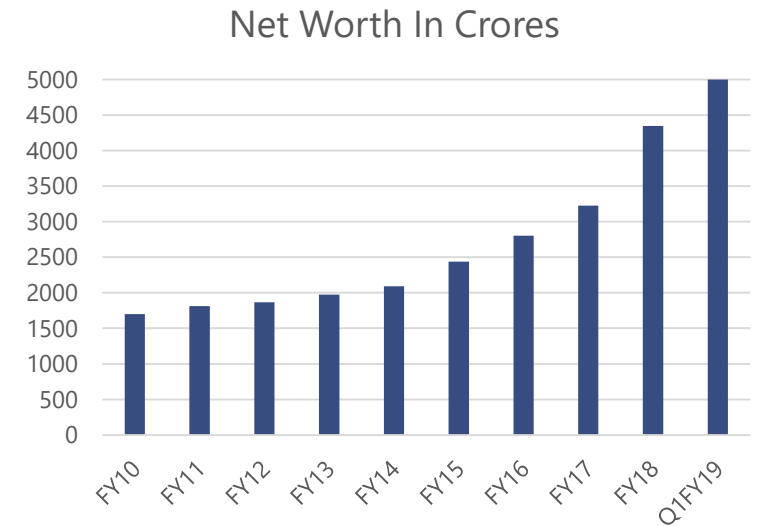


## JM Financials -Is the worst already not priced in?

Valuation	Parameter	In Crores	Multiple	Valuation	Stake	Value to JM
JM Credit Solution	Networth ~	2000	1	2000	47.50%	950
JM Financial Products	Networth	1535	1	1535	99.30%	1524
Asset Reconstruction	Networth	1045	2	2090	57%	1191
IB/Securities & Wealth	Sustainable Profit	100	12	1200	100%	1200
AMC	Sustainable Profit	40	12	480	60%	288
<b>Total</b>						<b>5154</b>

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Total Network as on date	5000
Market Cap @ 71	6000



**Thank You**  
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