



**JM Financial  
Asset Reconstruction Company  
Limited (JMFARC)**

Corporate Presentation

*May 2022*

# Safe Harbour

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*This presentation and the following discussion may contain “forward looking statements” by JM Financial Asset Reconstruction Company Limited (“JMFARC”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives are based on the current beliefs, assumptions, expectations, estimates and projections of the management of JMFARC about the business, industry and markets in which JMFARC operates.*

*These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond JMFARC’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.*

*Such statements are not and should not be construed as a representation of future performance or achievements of JMFARC. In particular, such statements should not be regarded as a projection of future performance of JMFARC. It should be noted that the actual performance or achievements of JMFARC may vary significantly from such statements.*

*The Financial Results of JMFARC commencing from April 1, 2018 are being prepared in accordance with the applicable Indian Accounting Standards, whereas the Financial Results till March 31, 2018 were being prepared as per the applicable Indian GAAP. Due to the above change, figures for the period prior to March 31, 2018 are not comparable with the figures post April 1, 2018. Similarly, the figures wherever appearing in the presentation for the period prior due to implementation of the Ind As are not comparable with the figures post April 2018*

# Business Highlights

## Strong Balance Sheet

- JMFARC is the 3<sup>rd</sup> largest capitalised ARC<sup>^</sup> with net worth of Rs. 1,688 Crore (as on March 31, 2022)
- JM Financial Ltd (JMFL) is the holding company with 59.25% holding, balance equity held by Banks, HNIs & FII
- JMFARC has raised capital twice in the last 4 years - Rs 200 crore (CCD- FY20) and Rs 278 crore (FY18)
- Average IRR on all exits till date is ~ 26%

## Acquisitions & Resolutions

- Aggregate dues of Rs. 63,757 Crore acquired till March 31, 2022 at a price of Rs. 18,138 Crore
- JMFARC's cash investment of Rs. 5,323 Crore and Loan disbursed Rs. 856 Crore till March 30, 2022
- Total recovery from acquired assets Rs. 11,780 Crore till March 31, 2022 with focus on turnaround
- Strong recoveries of Rs. 7,177 crore in last 3 years including recovery of Rs. 3,233 Crore since April 2020 in peak pandemic period
- All Acquisition/ Pre-Acquisition Due Diligence (both Legal & Financial) & Resolution/Recovery activities are conducted in-house with the specialised support from outside agencies.
- For revival & restructured assets we closely work with diverse sector specific professionals and sector specialised firms for revival of the acquired units.

## Team Strengths

- Management team is guided by Board with huge domain experience
  - Highly professional team of 42 personnel comprising of CAs, CFAs, Engineers, Management & Law Graduates having a wide and varied experience from the banking, asset reconstruction, consultancy and legal background.
  - Of the total number of employees, about 60% of the total number have been with the company for more than 5 years.
- The team is fairly balanced across various functions i.e. Acquisition, Resolution, Legal and Corporate Functions
- Corporate office in Mumbai

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## JMFARC Overview

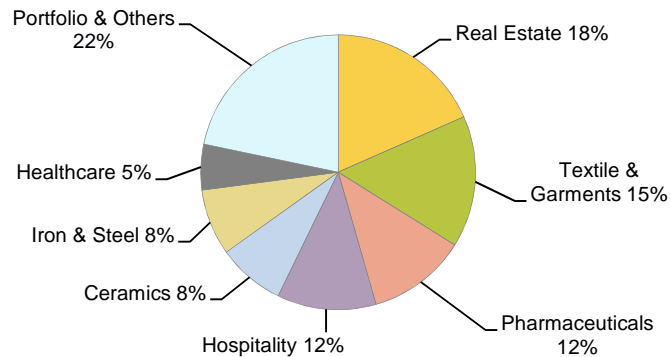
# Summary of Assets Acquired & Outstanding

as on **March 31, 2022**

## Assets Acquired (Gross) & Security Receipts Outstanding

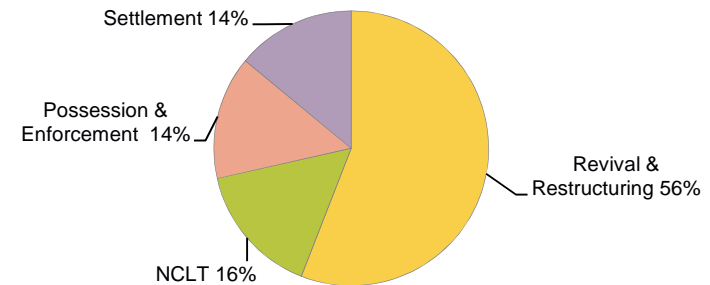
- Acquired financial assets of Rs. 63,757 Crore (Total dues)
- Total Acquisition Cost Rs. 18,138 Crore, acquired in 188 trusts from 79 Banks/FIs/NBFCs
- Contribution by JMFARC in acquisitions Rs. 5,323 Crore
- 33% acquired at 100% dues and balance 67% acquired at 21% of dues. Average acquisition cost of 28% of dues
- Total Security Receipts Outstanding (AUM) - Rs.10,936 Crore
- Total Security Receipts Investments JMFARC - Rs.3,160 Crore. Additional Priority Loans – Rs. 512 Crore

## Industry - wise Exposure



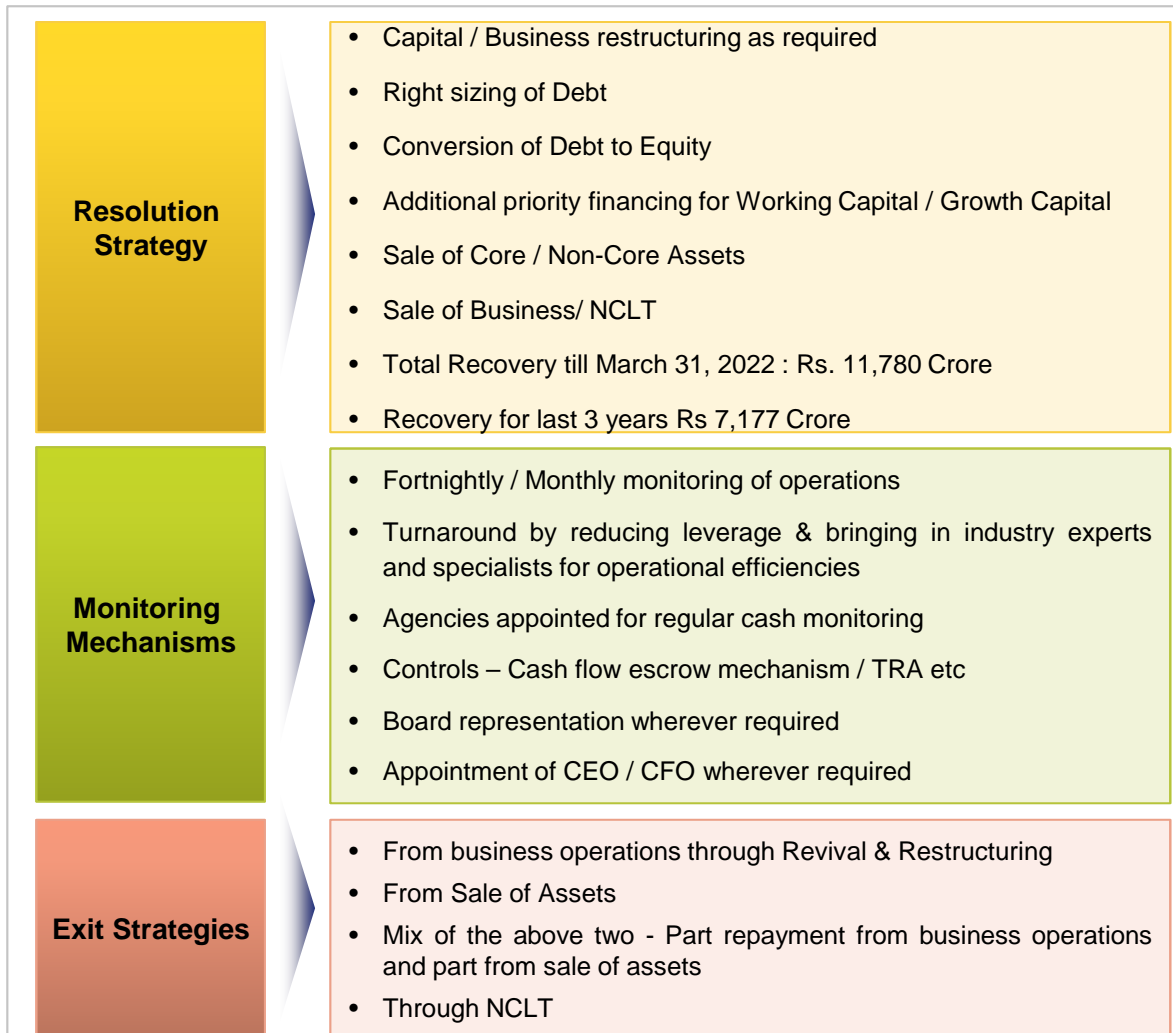
**Outstanding SRs – Rs.10,936 Crore – March 31, 2022**

## Proposed Recovery Strategy of Outstanding SRs (existing AUM)

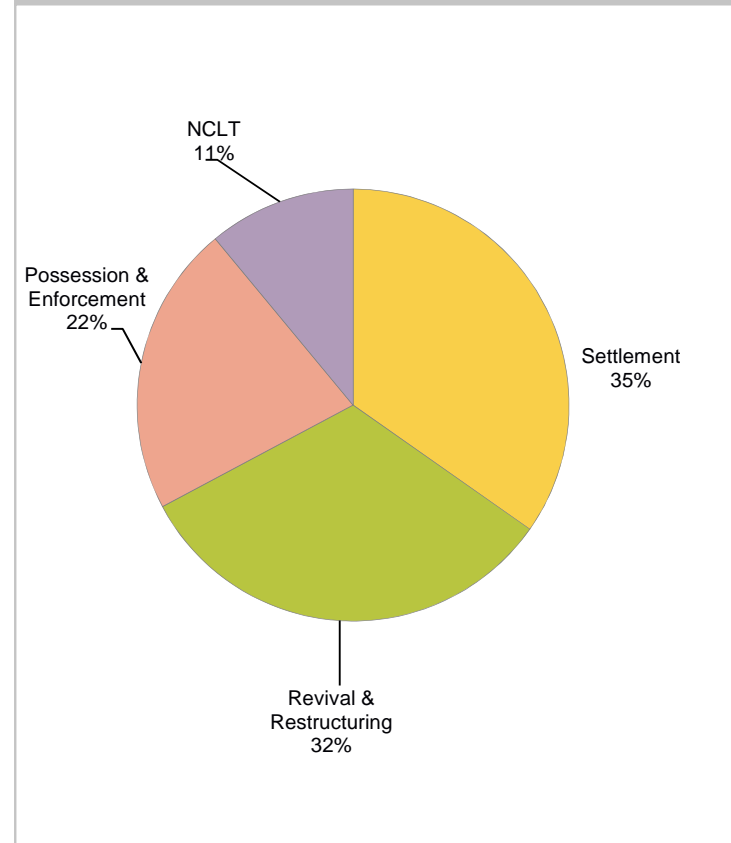


**Outstanding SRs – Rs.10,936 Crore – March 31, 2022**

# Resolution and Recoveries



**Cumulative recovery till March 31, 2022  
Rs. 11,780 Crore**

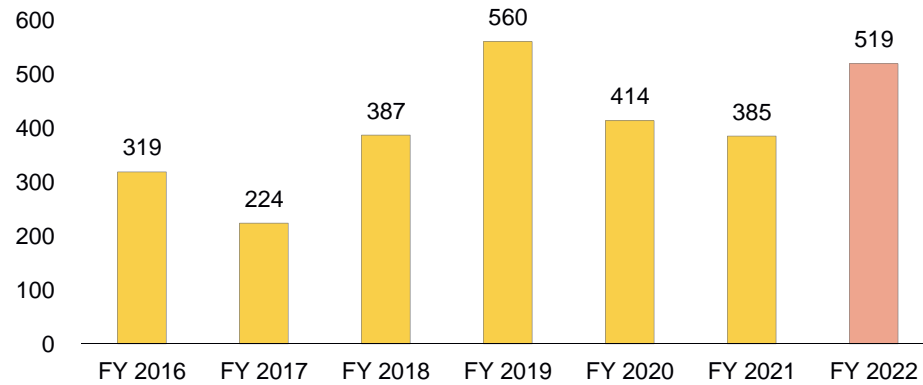


**Focus on Restructuring and turnaround**

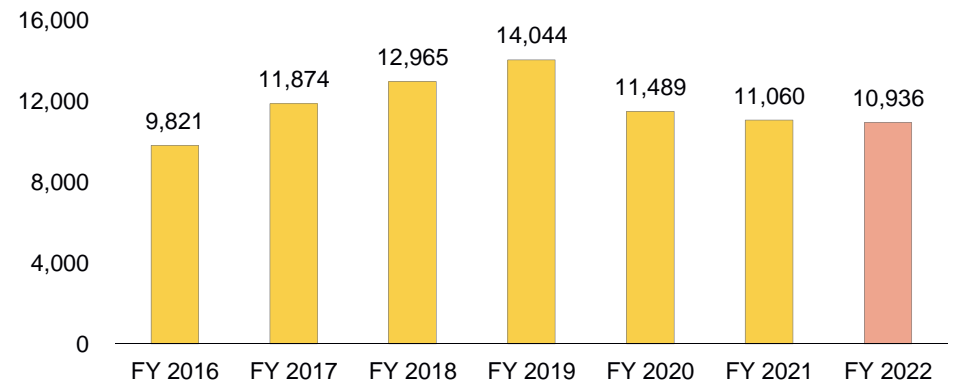
# JMFARC Financial Performance

Last 7 years trend

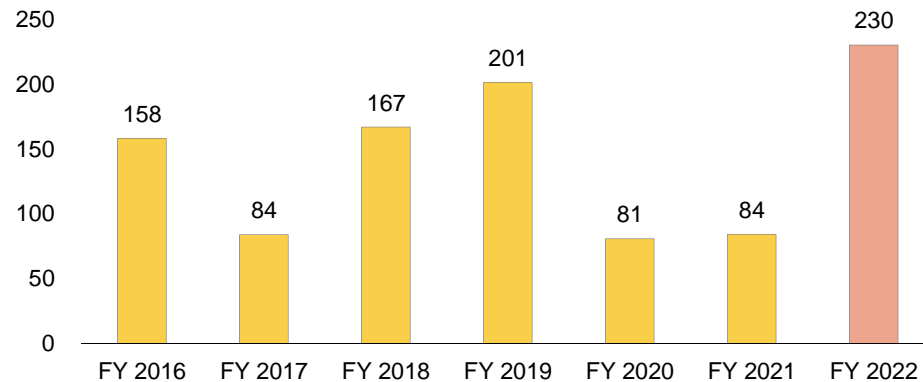
**Total Income**  
(Rs.Crore)



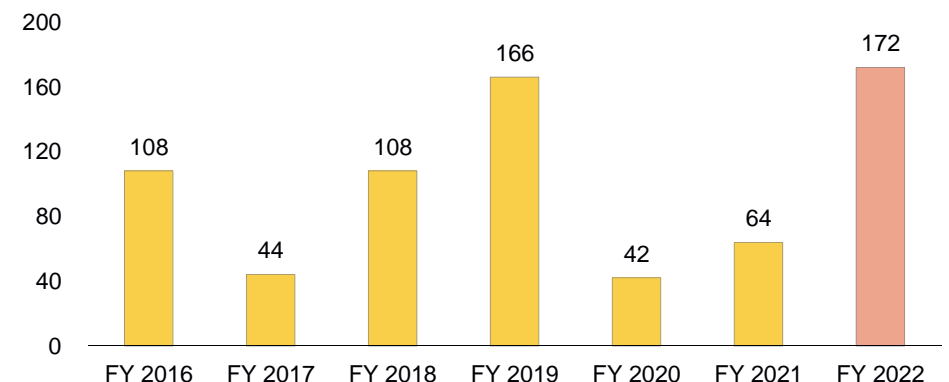
**AUM**  
(Rs.Crore)



**Profit Before Tax**  
(Rs. Crore)



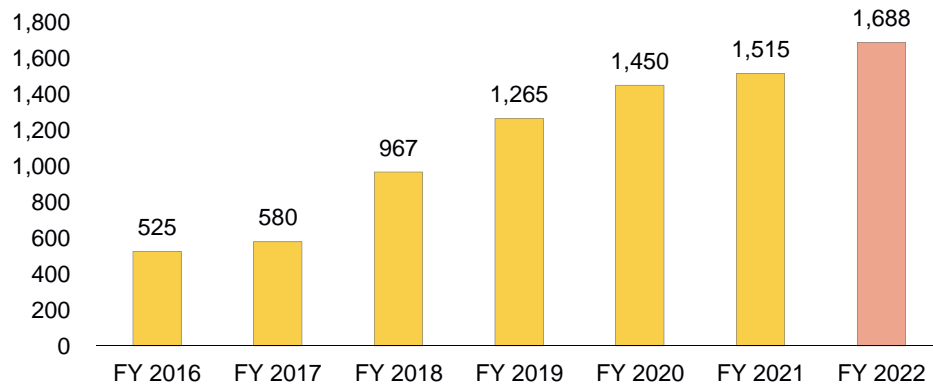
**Profit After Tax**  
(Rs.Crore)



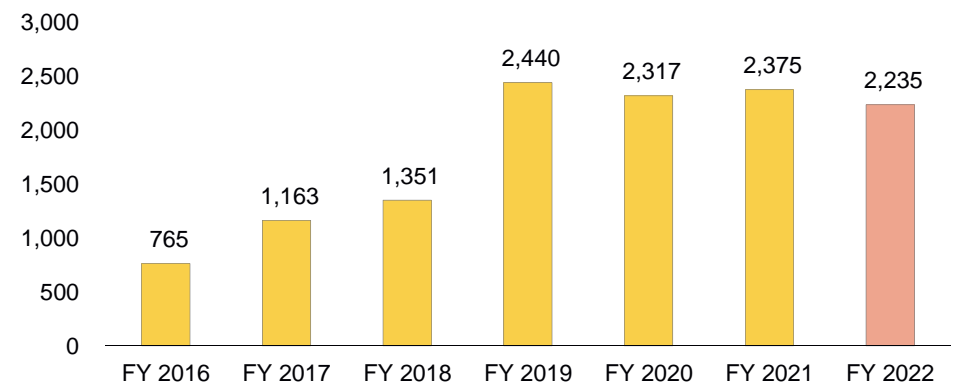
# JMFARC Financial Performance

Last 7 years Trend

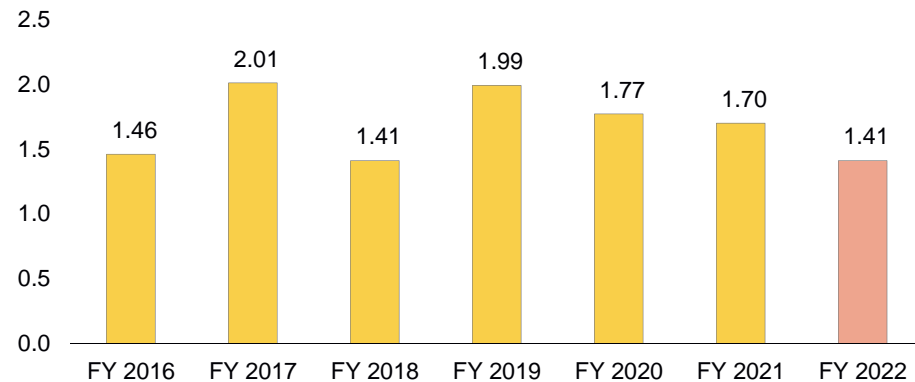
**Networth**  
(Rs.Crore)



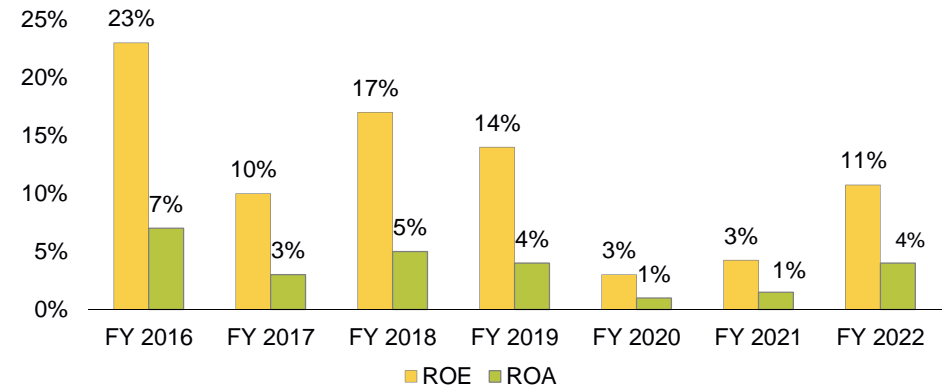
**Total Borrowings**  
(Rs.Crore)



**Debt Equity**  
(x)



**ROE & ROA**  
(%)



\* Weighted Average networth for FY 18 since there was equity infusion

^^ FY 2019 Networth number is under INDAS as per Consolidated Financials. Numbers upto FY 2018 is under IGAAP YE March 31

\*\* ROA and ROE for FY 2019 is on the restated INDAS networth & assets of FY2018. On the IGAAP YE FY2018 networth/assets the ROE and ROA would be 15% and 5% respectively  
Borrowing numbers are principal borrowing. Gearing is gross gearing.



# Liability Profile and Credit Rating

## Credit Rating

Bank Loan Rs. 700 Crore

Non Convertible Debentures Rs. 1,500 Crore

Commercial Paper Rs. 300 Crore

Market Linked Debentures Rs.600 Crore

**ICRA & CRISIL AA- (Stable)**

(ICRA Rs 500 crore & CRISIL Rating Rs 200 crore)

**ICRA & CRISIL AA- (Stable)**

(ICRA rating Rs 1000 crore & CRISIL Rating Rs 500 crore)

**ICRA & CRISIL A1+ (Stable)**

(CRISIL rating Rs 400 Crore & ICRA rating Rs 300 crore)

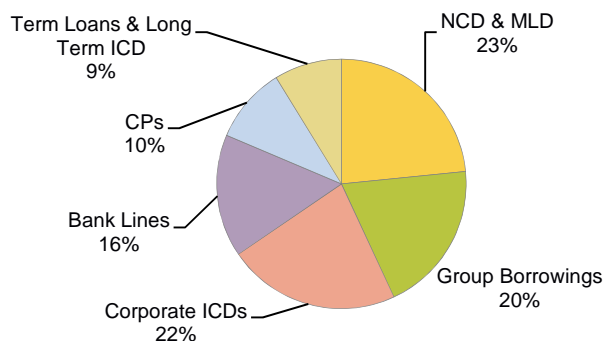
**PP-MLD [ICRA]AA-(Stable)**

(ICRA rating Rs. 600 crore)

## Liability Profile (instrument wise)

As on March 31, 2022

• **Net Gearing Ratio:**  
**1.37**



March 31, 2022 : Total Borrowings: Rs.2,235 Crore

## Gearing Philosophy

- Gearing of maximum 2 times
- Majority of the external borrowing to be funded by way of Medium / Long term NCDs, Term Loans, Long term ICD and Bank CC lines
- CP borrowings would be capped to 10% of the total borrowing.

Total Borrowing represents principal amount and excludes interest accrued & debt component of CCDs

Annexure 1

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## Select Case Studies – Closed/Exited Accounts

# Select Case Studies

	Project Resin	Project Retail												
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Engaged in manufacturing and trading of resins</li> <li>Non-operational unit</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of 3.76 lakh Personal Loan &amp; Credit Cards accounts spread across 24 locations</li> </ul>												
<b>Challenges &amp; Opportunities</b>	<ul style="list-style-type: none"> <li>Price expectation mismatch between bank and JMARC for acquisition of debt</li> <li>Class A-Class B transaction structure to meet bank's expectations – Providing the banks substantial cash upfront and opportunity to share the upside</li> <li>Risk of long drawn resolution because of ongoing litigations and an existing court order in favour of the borrower</li> </ul>	<ul style="list-style-type: none"> <li>Establishing point of contact with large number of customers, as many of them were non-traceable</li> <li>Grievance handling</li> <li>Adhering to strict compliance requirements for Recovery Agencies and Agents stipulated by RBI and Indian Banks' Association</li> <li>Setting up robust IT infrastructure for capturing customer profile, agency allocation and follow up trail, collection and reconciliation</li> </ul>												
<b>Resolution Plan and Recovery</b>	<ul style="list-style-type: none"> <li>Initiated legal actions against the company and promoters on multiple forums                             <ul style="list-style-type: none"> <li>Pursued sale of mortgaged properties through SARFAESI Act</li> <li>Attached personal properties of promoter through DRT</li> </ul> </li> <li>Negotiated settlement with the promoter through sale of mortgaged property</li> <li>Account resolved within 2 years</li> </ul>	<ul style="list-style-type: none"> <li>JMARC took over the servicing, collection and monitoring and appointed a nodal management agency</li> <li>Tele Calling, Field Visits and Skip Tracing Agencies appointed to achieve the last mile connectivity with customers</li> <li>Following infrastructure and mechanisms were set up for effective recovery and real time monitoring:                             <ul style="list-style-type: none"> <li>More than 100 collection agencies with more than 750 agents</li> <li>3 tier mechanism for redressal of consumer grievance</li> <li>Periodic audits/checks conducted on agencies/ agents to ensure recovery / compliance with regulations</li> <li>Decentralization of settlement process to ensure faster decision making</li> </ul> </li> </ul>												
<b>Resolution</b>	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Sep-10</td> </tr> <tr> <td>Year of Resolution</td> <td>May-12</td> </tr> <tr> <td>IRR</td> <td>30%</td> </tr> </table>	Year of Acquisition	Sep-10	Year of Resolution	May-12	IRR	30%	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Jun-11</td> </tr> <tr> <td>Year of Resolution</td> <td>Mar-13</td> </tr> <tr> <td>IRR</td> <td>68%</td> </tr> </table>	Year of Acquisition	Jun-11	Year of Resolution	Mar-13	IRR	68%
Year of Acquisition	Sep-10													
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<b>Critical Success Factor</b>	<ul style="list-style-type: none"> <li>Transaction Structure</li> <li>Negotiated settlement at a higher amount despite court order</li> </ul>	<ul style="list-style-type: none"> <li>Low Cost of Acquisition</li> <li>Establishing pan-India reach for collection/recovery</li> <li>Strategizing recovery efforts for front ended returns</li> <li>Strict monitoring &amp; compliance resulting in minimal complaints</li> </ul>												

# Select Case Studies (cont'd)

	Project Poultry	Project Paint												
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Integrated poultry breeder located in Western India</li> <li>Promoter having more than 45 years of experience in the business</li> <li>Group's businesses include Hatching Eggs, Day-Old-Chicks (DOC), Grand Parent Stock and Broilers in India</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in manufacturing of paints</li> <li>Plants located at Rajasthan, Maharashtra &amp; Tamil Nadu and windmills at Satara</li> <li>Operational only on job work basis</li> </ul>												
<b>Challenges &amp; Opportunities</b>	<ul style="list-style-type: none"> <li>Inefficiently managed Company</li> <li>The land was split (due to family partition) and mortgaged to different lenders making it tough to sell and reducing realizable value of the land</li> <li>Excellent land parcel in heart of Nasik city available as security</li> </ul>	<ul style="list-style-type: none"> <li>Despite being operational, no surplus cash available for debt servicing</li> <li>Fragmented debt holding of the Company with 5 banks sharing same security</li> <li>Disagreement between lenders on a common way forward for resolution</li> <li>Loans secured mainly by 2nd charge on the fixed assets</li> <li>Mortgaged assets spread across 3 states, time consuming enforcement</li> </ul>												
<b>Resolution Plan and Recovery</b>	<ul style="list-style-type: none"> <li>Aggregation of debt from lenders and sale of the split land parcels as a single plot which increased realization and unlocked value</li> <li>Adequate time given to the Borrower to sell the land parcel in order to ensure that the land is not sold at distressed value</li> <li>Company paid off the dues through sale of assets</li> <li>Resolution of account within 2.5 years</li> </ul>	<ul style="list-style-type: none"> <li>Aggregated part of the debt ensuring first charge over assets</li> <li>Took lead and steered the resolution process – Persuaded the balance debt holders to arrive at a common resolution strategy</li> <li>Buyer of assets given flexibility to make payment over a period of 1 year in order to ensure timely sale and good realization</li> <li>Resolution of the account within 3 years</li> <li>Full Redemption of Class A and Class B SRs and upside sharing with banks</li> </ul>												
<b>Resolution Period</b>	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Sep-10 / Nov-11</td> </tr> <tr> <td>Year of Resolution</td> <td>Jan-13</td> </tr> <tr> <td>IRR</td> <td>44%</td> </tr> </table>	Year of Acquisition	Sep-10 / Nov-11	Year of Resolution	Jan-13	IRR	44%	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Mar-09 / Mar-10</td> </tr> <tr> <td>Year of Resolution</td> <td>Oct-11</td> </tr> <tr> <td>IRR</td> <td>126%</td> </tr> </table>	Year of Acquisition	Mar-09 / Mar-10	Year of Resolution	Oct-11	IRR	126%
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Year of Resolution	Jan-13													
IRR	44%													
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Year of Resolution	Oct-11													
IRR	126%													
<b>Critical Success Factor</b>	<ul style="list-style-type: none"> <li>Good underlying Security</li> <li>Aggregation from other banks to ensure full security of underlying land</li> <li>Negotiated settlement on attractive terms</li> </ul>	<ul style="list-style-type: none"> <li>Transaction Structure</li> </ul>												

# Select Case Studies (cont'd)

	Project Metal	Project Real Estate												
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Operating in a niche industry - Engaged in production of minor metal oxides which are used for making carbide grade tool steel, electronic and optical applications</li> <li>Only player in India in the industry. Unit located at Taloja, Navi Mumbai</li> <li>Promoters having &gt; 20 years exp. in mining business in Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in the development of Real Estate Projects.</li> <li>Operating Company with good asset base</li> </ul>												
<b>Challenges &amp; Opportunities</b>	<ul style="list-style-type: none"> <li>Lack of funding availability due to NPA tag to revive and scale up operations</li> <li>Surplus assets available for monetization to reduce the debt level</li> <li>Possibility of revival of operations</li> </ul>	<ul style="list-style-type: none"> <li>Aggregation of Debt from several lenders</li> <li>Low fidelity of cash flow projection due to uncertainty involved with real estate segment</li> <li>Good collateral base limiting downside involved in the transactions</li> </ul>												
<b>Resolution Plan and Recovery</b>	<ul style="list-style-type: none"> <li>Subdivision of land property and sale of excess land to raise funds for revival, financing working capital and reduction of debt</li> <li>Restructuring of debt</li> <li>Optimization of plant operations to generate cash flows for debt servicing</li> <li>Restructured debt serviced as per the agreed schedule for 2 years</li> <li>Revived and stabilized operations, dues to JMFARC refinanced through NBFC at the end of 2.5 years</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring the debt of the company at sustainable level</li> <li>Back ended structuring of principal repayment</li> <li>Achieving Exit through refinancing of debt from other financial institution post improvement in financial performance of company</li> </ul>												
<b>Resolution Period</b>	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Mar-10</td> </tr> <tr> <td>Year of Resolution</td> <td>Sep-12</td> </tr> <tr> <td>IRR</td> <td>26%</td> </tr> </table>	Year of Acquisition	Mar-10	Year of Resolution	Sep-12	IRR	26%	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Nov 12 – May 13</td> </tr> <tr> <td>Year of Resolution</td> <td>February 2018</td> </tr> <tr> <td>IRR</td> <td>30%</td> </tr> </table>	Year of Acquisition	Nov 12 – May 13	Year of Resolution	February 2018	IRR	30%
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IRR	26%													
Year of Acquisition	Nov 12 – May 13													
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IRR	30%													
<b>Critical Success Factor</b>	<ul style="list-style-type: none"> <li>Sale of Non Core Asset</li> <li>Operational Flexibility of an ARC vis-a-vis Bank</li> </ul>	<ul style="list-style-type: none"> <li>Structuring of transaction</li> <li>Good underlying security</li> </ul>												

# Select Case Studies (cont'd)

	Project Blue Sky	Project Green												
<b>Company Background</b>	<ul style="list-style-type: none"> <li>Company was engaged in rendering domestic and international aircraft passenger, including charter services and cargo services,</li> <li>Operations was shut down in October 2012 and subsequently DGCA suspended its flying license.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in the business of IT Parks and IT SEZ.</li> <li>The Company owned and operated IT SEZ in Chennai since 2006</li> <li>Promoters had 2 decades of experience in real estate business</li> </ul>												
<b>Challenges &amp; Opportunities</b>	<ul style="list-style-type: none"> <li>Multiple litigations at legal forums including involvement of various government agencies.</li> <li>Recovery was envisaged from enforcement of securities, pledged assets and Guarantees</li> </ul>	<ul style="list-style-type: none"> <li>Plans to raise funds through IPO by overseas Parent Company got stalled due to default by the Indian Company. The IPO proceeds was to be utilized for repayment to the lenders</li> <li>Good collateral base limiting downside involved in the transaction</li> </ul>												
<b>Resolution Plan and Recovery</b>	<ul style="list-style-type: none"> <li>The mortgaged assets and pledged securities were enforced under the legal proceedings at different forums..</li> <li>The lenders were also successful in securing favourable court orders for monetising guarantors assets attached by Government Agencies against their recovery.</li> <li>Future recoveries are expected from liquidation of balance assets</li> <li>Bankruptcy proceedings are being pursued in UK</li> </ul>	<ul style="list-style-type: none"> <li>Recall notices filed and possession of assets taken</li> <li>Winding up notice issued against the Company</li> <li>Application under Section 7 of IBC filed before NCLT on failure by Promoter to pay the dues</li> <li>Settlement offer by the Promoter accepted after multiple negotiations</li> </ul>												
<b>Resolution Period</b>	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Mar-14, Jun-14 &amp; Feb-18</td> </tr> <tr> <td>Year of Resolution (last recovery)</td> <td>Mar - 22</td> </tr> <tr> <td>IRR</td> <td>50%</td> </tr> </table>	Year of Acquisition	Mar-14, Jun-14 & Feb-18	Year of Resolution (last recovery)	Mar - 22	IRR	50%	<table border="1"> <tr> <td>Year of Acquisition</td> <td>Dec - 12</td> </tr> <tr> <td>Year of Resolution</td> <td>July -18</td> </tr> <tr> <td>IRR</td> <td>79%</td> </tr> </table>	Year of Acquisition	Dec - 12	Year of Resolution	July -18	IRR	79%
Year of Acquisition	Mar-14, Jun-14 & Feb-18													
Year of Resolution (last recovery)	Mar - 22													
IRR	50%													
Year of Acquisition	Dec - 12													
Year of Resolution	July -18													
IRR	79%													
<b>Critical Success Factor</b>	<ul style="list-style-type: none"> <li>Good underlying securities of Personal/Corporate Guarantors</li> <li>Lenders relentless efforts in securing favourable orders at different forums.</li> </ul>	<ul style="list-style-type: none"> <li>Structuring of transaction</li> <li>Good underlying security</li> <li>Threat of IBC</li> </ul>												

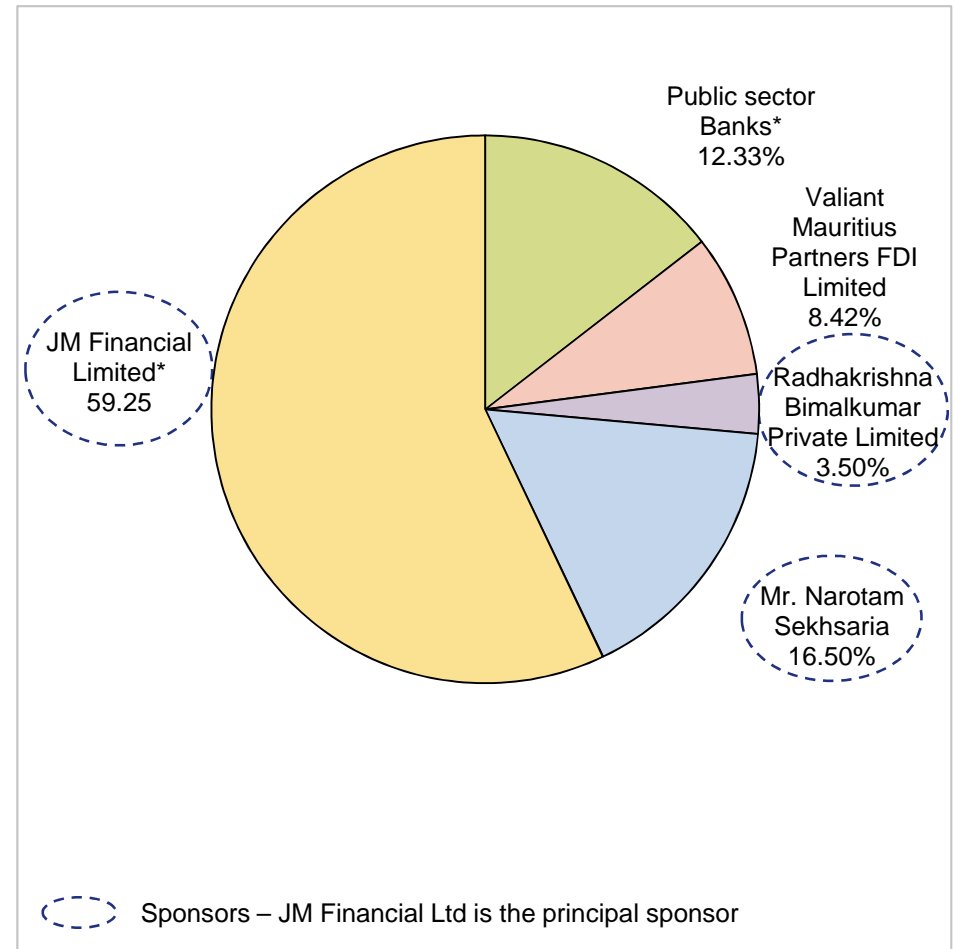
Annexure 2

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## Corporate Details

# Shareholders, Board of Directors & Management

Board of Directors	
Mr. V. P. Shetty	<i>Chairman</i>
Mr. Narotam Sekhsaria	<i>Sponsor Director</i>
Mr. Pulkit Sekhsaria	<i>Sponsor Director</i>
Ms. Rupa Vora	<i>Independent Director</i>
Mr. Adi Patel	<i>Sponsor Director</i>
Dr. Vijay Kelkar	<i>Independent Director</i>
Mr. Ameet Desai	<i>Independent Director</i>
Mr. Satish Chand Mathur	<i>Independent Director</i>
Mr. Vishal Kampani	<i>Sponsor Director</i>
Management	
Mr. Anil Bhatia	<i>Chief Executive Officer</i>
Mr. Vivek Grover	<i>Chief Operating Officer</i>
Mr. Sabyasachi Ray	<i>Chief Financial Officer</i>
Mr. Harish Lalchandani	<i>Head - Legal</i>



**RBI registration in September 2008**



# Profile of Board of Directors



**V. P. Shetty**  
Chairman

- Banking experience of 40 years.
- Ex - CMD of UCO Bank, Canara Bank and IDBI Bank.
- Recipient of "Banker of the Year – 2003" Award from the Business Standard Group in recognition of successful turnaround of UCO Bank.
- Commerce Graduate and holds a CAIIB degree.



**Pulkit Sekhsaria**  
Sponsor Director

- Graduated from Mumbai University with management courses undertaken at Wharton, ISB, LBS and INSEAD.
- He was whole time Director on the Board of Ambuja Cements Ltd.
- Instrumental in execution and management of 3 import and export terminals and shipping division.
- Actively involved in the investments in various fields.



**Adi Patel**  
Sponsor Director

- Qualified Chartered Accountant and associated with the JM Financial Group for over 25 years.
- Instrumental in implementing the financial transactions for some of the leading business houses in India.
- He has developed strong relationships with leading Indian and global clients and has advised them on numerous financial, strategic, M&A & restructuring transactions.



**Ameet Desai**  
Independent Director

- Ameet Desai has been a professional as well as an entrepreneur, having a total of 34 years of a rich diverse experience in corporate India.
- Held positions of Executive Director and Group CFO of Adani Group.
- Prior to that, served as the Global Head of M&A and Business Planning for Ranbaxy Laboratories.



**Satish Chand Mathur**  
Independent Director

- Joined the Indian Police Service in 1981.
- Retired as DGP, Maharashtra, holding the apex post for nearly 2 years.
- Served the Central Bureau of Investigation from 1996 to 2003.
- He has left his indelible mark on each aspect of police and general administration.



**Narotam Sekhsaria**  
Sponsor Director

- Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. Founder-Promoter and Chairman of Ambuja Cements Ltd and ACC Ltd.
- Played a major role in the Ambuja Cements spectacular growth, turning it into one of India's success stories in the cement industry.
- Holds a bachelor's degree in chemical engineering.



**Rupa Vora**  
Independent Director

- Eminent Chartered Accountant with over 3 decades of experience.
- Group Director & CFO for IDFC Alternatives business for a decade.
- Associated with Antwerp Diamond Bank NV as CFO.
- Practicing exp. of 9 years as an independent Chartered Accountant.



**Dr. Vijay Kelkar**  
Independent Director

- B.E. from College of Engineering Pune, M.S. from University of Minnesota and Ph.D. (Economics) from UC Berkeley.
- Chairman of the NIPFP & India Development Foundation.
- Former Chairman of the Finance Commission until January 2010.
- Awarded the Padma Vibhushan, the second highest civilian award.



**Vishal Kampani**  
Sponsor Director

- M.com, M. S. (Finance) from London Business School
- 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 as an analyst in the Merchant Banking Division and has since moved up the rank