

May 10, 2024

## JM Financial Asset Reconstruction Company Limited: Rating withdrawn

### Summary of rating action

| Instrument*  | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action                         |
|--|--------------------------------------|-------------------------------------|---------------------------------------|
| Non-convertible debenture (NCD) programme                        | 2,000.0                              | 2,000.0                             | [ICRA]AA- (Stable); outstanding       |
| Market linked debenture (principal protected) (MLD-PP) programme | 475.0                                | 475.0                               | PP-MLD[ICRA]AA- (Stable); outstanding |
| MLD-PP programme   | 225.0                                | 0.0                                 | PP-MLD[ICRA]AA- (Stable); withdrawn   |
| Long-term fund-based bank lines – Others                         | 500.0                                | 500.0                               | [ICRA]AA- (Stable); outstanding       |
| Commercial paper programme                                       | 1,000.0                              | 1,000.0                             | [ICRA]A1+; outstanding                |
| <b>Total</b>   | <b>4,200.0</b>                       | <b>3,975.0</b>                      |                                       |

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the [ICRA]AA- rating assigned to JM Financial Asset Reconstruction Company Limited's (JMFARCL) Rs. 225.0-crore principal protected market linked debenture programme (PP-MLD) as no amount is outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The previous detailed rating rationale, which captures the key rating drivers and their description, liquidity position, rating sensitivities and key financial indicators is available at the following link: [Click here](#).

### Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Rating Methodology – Non-banking Finance Companies (NBFCs)</a><br><a href="#">Policy on Withdrawal of Credit Ratings</a> |
| Parent/Group support            | JM Financial Group (i.e. JMFL, the parent company)   |
| Consolidation/Standalone        | JMFARCL (standalone)   |

### About the company

Incorporated in September 2007, JM Financial Asset Reconstruction Company Limited (JMFARCL) is registered with the Reserve Bank of India (RBI) under the SARFAESI Act, 2002 as a securitisation and asset reconstruction company. It is engaged in the business of acquiring non-performing financial assets from banks/financial institutions and the resolution of the same. The company is a subsidiary of JM Financial Limited (JMFL), which held a 53.6% stake as on June 30, 2023. The balance is held by JM Financial Credit Solutions Limited (10.0%), Mr. Narotam Sekhsaria (14.3%), Valiant Mauritius Partners FDI Ltd. (8.4%), Indian Overseas Bank (5.3%) and others (5.3%). As on June 30, 2023, the company operated through five branches (including the head office) – two in Mumbai and one each in Bengaluru, Delhi and Kolkata.

### JM Financial Group

JM Financial Limited (JMFL) is the holding company of the operating entities in the JM Financial Group, which is an integrated and diversified financial services group. While JMFL is engaged in investment banking, portfolio management, wealth management and the management of private equity fund(s) at the standalone level, the consolidated operations encompass (a) investment bank, which includes investment banking, institutional equities and research, private equity business, fixed income, syndication and corporate/promoter finance, capital market related lending, wealth management services for high-net-worth individual (HNI)/ultra HNI clients, and portfolio management services, (b) mortgage lending, which includes

wholesale as well as retail mortgage lending (affordable housing loans), (c) alternative and distressed credit, which includes the asset reconstruction business, and (d) Platform AWS (asset management, retail wealth management and retail securities business), which includes mutual funds, wealth management for retail and elite clients, investment advisory, distribution business and equity broking.

As on December 31, 2023, the consolidated loan book stood at Rs. 15,111 crore (Rs. 15,653 crore as on March 31, 2023), distressed credit business assets under management (AUM) at Rs. 15,059 crore (Rs. 13,558 crore as on March 31, 2023), private wealth management AUM at Rs. 65,009 crore (Rs. 56,515 crore as on March 31, 2023), retail and elite wealth AUM at Rs. 29,514 crore and mutual fund quarterly average AUM (QAAUM) at Rs. 4,584 crore (Rs. 2,969 crore as on March 31, 2023). The Group is headquartered in Mumbai with a presence in ~878 locations across ~232 cities in India. JMFL's equity shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

JMFL reported a consolidated net profit (including share of non-controlling interest) of Rs. 709 crore (Rs. 992 crore in FY2022) on total income of Rs. 3,343 crore in FY2023 (Rs. 3,763 crore in FY2022). In 9M FY2024, JMFL reported a consolidated net profit (including share of non-controlling interest) of Rs. 705 crore on total income of Rs. 3,556 crore compared to a net profit of Rs. 676 crore on total income of Rs. 2,629 crore in 9M FY2023.

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

| Instrument | Type                                | Current Rating (FY2025)  |  | Chronology of Rating History for the Past 3 Years |                                    |                         |                         |                         |                         |                         |                         |                         |                         |                         |
|------------|-------------------------------------|--------------------------|--|---|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|            |                                     | Amount Rated (Rs. crore) | Amount Outstanding as of May 2, 2024 (Rs. crore) | Date & Rating in FY2025                           |                                    | Date & Rating in FY2023 |                         |                         |                         |                         | Date & Rating in FY2022 |                         |                         |                         |
|            |                                     |                          |  | May 10, 2024                                      | Mar 14, 2024                       | Oct 20, 2023            | Mar 31, 2023            | Feb 01, 2023            | Oct 20, 2022            | Sep 29, 2022            | Jan 31, 2022            | Oct 6, 2021             | Jul 9, 2021             |                         |
| 1          | NCD programme                       | Long term                | 2,000.0  | 1,000.0   | [ICRA]AA-(Stable)                  | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       |
| 2          | MLD (PP) programme                  | Long term                | 475.0  | 475.0   | PP-MLD[ICRA]AA-(Stable)            | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) |
| 3          | MLD (PP) programme                  | Long term                | 225.0  | -   | PP-MLD[ICRA]AA-(Stable); withdrawn | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) | PP-MLD[ICRA]AA-(Stable) |
| 4          | Fund-based bank lines – Others      | Long term                | 500.0  | 471.0   | [ICRA]AA-(Stable)                  | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | -                       | -                       | -                       |
| 5          | CP programme                        | Short term               | 1,000.0  | 0.0   | [ICRA]A1+                          | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               | [ICRA]A1+               |
| 6          | Long-term bank lines (cash credit)^ | Long term                | -  | -   |                                    |                         | -                       | -                       | -                       | -                       | -                       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       |
| 7          | Long-term bank lines (term loan)^   | Long term                | -  | -   |                                    |                         | -                       | -                       | -                       | -                       | -                       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       |
| 8          | Long-term bank lines (unallocated)^ | Long term                | -  | -   |                                    |                         | -                       | -                       | -                       | -                       | -                       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       | [ICRA]AA-(Stable)       |

^ Clubbed with long-term fund-based bank lines

## Complexity level of the rated instruments

| Instrument                     | Complexity Indicator |
|--------------------------------|----------------------|
| NCD programme                  | Simple*              |
| Fund-based bank lines – Others | Simple               |
| MLD-PP programme               | Complex^             |
| Commercial paper               | Very Simple**        |

\*For the utilised portion of Rs. 1,000 crore and subject to change based on the terms of issuance for the balance amount

^ For the utilised portion of Rs. 475 crore and subject to change based on the terms of issuance for the balance amount

\*\*Subject to change based on the terms of issuance

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

| ISIN         | Instrument Name                | Date of Issuance | Coupon Rate (%)      | Maturity     | Amount Rated (Rs. crore) | Current Rating and Outlook             |
|--------------|--------------------------------|------------------|----------------------|--------------|--------------------------|--|
| INE265J07423 | MLD (PP)                       | Feb 11,2022      | G-Sec linked         | Jun 11, 2024 | 70.00                    | PP-MLD[ICRA]AA- (Stable)               |
| INE265J07431 | MLD (PP)                       | May 26, 2022     | G-Sec linked         | Jul 26, 2024 | 100.00                   | PP-MLD[ICRA]AA- (Stable)               |
| INE265J07449 | MLD (PP)                       | 30 Aug 2022      | G-Sec linked         | Nov 26, 2024 | 150.00                   | PP-MLD[ICRA]AA- (Stable)               |
| INE265J07449 | MLD (PP)                       | Sep 27, 2022     | G-Sec linked         | Nov 26, 2024 | 30.00                    | PP-MLD[ICRA]AA- (Stable)               |
| INE265J07456 | MLD (PP)                       | Nov 18, 2022     | G-Sec linked         | Feb 28, 2025 | 125.00                   | PP-MLD[ICRA]AA- (Stable)               |
| NA           | MLD (PP)<br>(yet to be placed) | -                | -                    | --           | 45.00                    | PP-MLD[ICRA]AA- (Stable);<br>withdrawn |
| INE265J07407 | MLD (PP)                       | Sep 01, 2021     | 10-year G-Sec linked | Oct 05, 2023 | 75.00                    | PP-MLD[ICRA]AA- (Stable);<br>withdrawn |
| INE265J07407 | MLD (PP)                       | Nov 12, 2021     | 10-year G-Sec linked | Oct 05, 2023 | 55.00                    | PP-MLD[ICRA]AA- (Stable);<br>withdrawn |
| INE265J07415 | MLD (PP)                       | Sep 03, 2021     | G-Sec linked         | Mar 04, 2024 | 50.00                    | PP-MLD[ICRA]AA- (Stable);<br>withdrawn |
| INE265J07464 | NCD                            | Dec 21, 2022     | 9.60%                | Jun 21, 2024 | 75.00                    | [ICRA]AA- (Stable)                     |
| INE265J07472 | NCD                            | Dec 21, 2022     | 9.60%                | Dec 20, 2024 | 50.00                    | [ICRA]AA- (Stable)                     |
| INE265J07480 | NCD                            | Dec 21, 2022     | 9.60%                | Jun 20, 2025 | 75.00                    | [ICRA]AA- (Stable)                     |
| INE265J07498 | NCD                            | Dec 21, 2022     | 9.60%                | Dec 19, 2025 | 50.00                    | [ICRA]AA- (Stable)                     |
| INE265J07506 | NCD                            | Feb 02, 2023     | 10.21%               | Feb 02, 2026 | 400.00                   | [ICRA]AA- (Stable)                     |
| INE265J07514 | NCD                            | Feb 07, 2023     | 10.20%               | Aug 07, 2025 | 175.00                   | [ICRA]AA- (Stable)                     |
| INE265J07522 | NCD                            | Feb 07, 2023     | 10.20%               | May 07, 2025 | 175.00                   | [ICRA]AA- (Stable)                     |
| NA           | NCD (yet to be placed)         | -                | -                    | -            | 1,000.00                 | [ICRA]AA- (Stable)                     |
| NA           | Fund-based bank lines – Others | -                | -                    | -            | 500.00                   | [ICRA]AA- (Stable)                     |
| NA           | CP (yet to be placed)          | -                | -                    | 7-365 days   | 1,000.00                 | [ICRA]A1+                              |

Source: Company; As on May 2, 2024

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Not applicable

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