

JM Financial Credit to raise ₹1,000 crore

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JM Financial Credit Solutions Ltd, the commercial real estate financing arm of JM group, plans to raise about ₹1,000 crore through a mix of debentures and loans for funding business growth.

Rating agency ICRA has assigned AA stable rating for non-convertible debentures and long-term bank facilities, enhanced from ₹1,000 crore to ₹1,500 crore.

The non-banking finance company is a joint venture between JM Financial group and INH Mauritius 1 (The Fund), a global fund led by former Citibank chief executive Vikram Pandit and associates.

The company started its operations in the second half of 2014-15 after JM and Pandit-led fund infused ₹900 crore capital in the company. The JM Finance group brought in ₹360 crore, while the Fund infused ₹540 crore.

The lending book of NBFC rose to ₹2,877 crore as in September 2015 from ₹1,844 crore as on March 15 with about 96 per cent of the exposures being to the commercial

real estate segment.

This entity is expected to become one of the largest in terms of revenue and asset base for the group with focus on commercial real estate lending which is a key segment for the group, ICRA said.

JM Financial Credit Solutions Limited is a subsidiary of JM Financial Limited, which at present has 99.9997 per cent stake in the company. However, post the conversion of the preferential shares, the stake is expected to decline to 50.01 per cent. The stake of the fund INH Mauritius 1 would move to cap of 49.99 per cent.

The JM group would retain management control and at no point of time in the future is it envisaged that INH Mauritius 1 will take over management control or control of the BoD of JMFCSL.

The company reported a net profit of ₹88 crore in HIFY16 on a total income of ₹224 crore as compared to a net profit of ₹49 crore in FY15 on a total income of ₹104 crore.

As on September 15, the company's net worth was ₹1,027 crore.