

JM Financial & Investment Consultancy Services Private Limited

Instrument	Amount (In Rs. Crores)	Rating Action (August 2016)
Commercial Paper Programme (for IPO Financing)	800	[ICRA]A1+ assigned
Commercial Paper Programme	200	[ICRA]A1+ outstanding
Commercial Paper Programme (for IPO Financing)*	800	[ICRA]A1+ withdrawn

* Rating was assigned in July 2016

ICRA has assigned the rating of [ICRA]A1+ to the Rs. 800 crore Commercial Paper Programme (for IPO Financing) and withdrawn the rating of [ICRA]A1+ on the Rs. 800 crore Commercial Paper Programme (for IPO Financing) of JM Financial & Investment Consultancy Services Private Limited (JMFICS). The earlier rating has been withdrawn as the company has fully redeemed the instrument on maturity and there is no amount outstanding against the rated instrument. ICRA also has a rating of [ICRA]A1+ outstanding on Rs. 200 crore Commercial Paper programme of the company.

The ratings factor in the established market position of JM Financial Group in capital market businesses viz. Investment Banking, Broking and Securities based lending. The ratings also factor the ability of the group to maintain comfortable capitalization and conservative gearing despite aggressive scale up of its lending business, consolidated group performance of JM Financial Limited, robust profitability indicators of the group which have further improved with increase in scale of its lending and broking business, strong risk management systems and processes which can be underscored by the ability of the group to maintain its asset quality indicators despite the cyclicity in equity markets and long experience of the group in Capital Market businesses and more recently in alternate asset management, stressed asset management and wholesale lending. The rating considers the long track record and rich domain expertise of the promoters and no gearing of JMFICS. The rating also factors in the adequate liquidity position of JMFICS backed by the market value of its holdings in listed group and non-group entities both of whose market value is significantly higher than the book value and its negligible gearing levels.

The income profile of the company is dominated by Dividend Income since the company is primarily an investment company. During FY2016, dividend income increased by ~25% to Rs. 32.29 crore from Rs. 25.91 crore during FY2015. Total income¹ of the company grew by ~38% during FY2016 to Rs. 41.40 crore from Rs. 29.96 crore in FY2015. JMFICS has had negligible costs over the years due to its nature of business. With increase in revenues and stable expenses, the company reported a net profit of Rs. 36.48 crore (RoE of 14.28%) during FY2016 as compared to a net profit of Rs. 19.35 crore (RoE of 8.83%) during FY2015.

Company Profile

JM Financial & Investment Consultancy Services Private Limited (JMFICS) is primarily an investment company which is fully owned by Mr. Nimesh Kampani and family, and family-owned investment companies. The company reported a net profit of Rs. 36.48 crores on a total income[†] of Rs. 41.40 crores in FY2016 as compared to a net profit of Rs. 19.35 crores on a total income of Rs. 29.96 crores in FY2015.

August 2016

¹ Excluding recovery from bad debts

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