June 11, 2026

John Deere Financial India Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based bank lines – Others	2,760.0	2,760.0	[ICRA]AAA (Stable); reaffirmed
Commercial paper	400.0	400.0	[ICRA]A1+; reaffirmed
Total	**3,160.0**	**3,160.0**	

**Instrument details are provided in Annexure II*

Rationale

The ratings continue to factor in John Deere Financial India Private Limited's (JDFIPL) strong parentage. It is a wholly owned step-down subsidiary of Deere & Company (Deere; rated A1 (Stable) by Moody's) through John Deere India Private Limited (JDIPL). In addition to the shared name, it has close integration with the parent group for the implementation of business policies and risk management practices. Further, ICRA expects management and financial support from the Group to be forthcoming, as and when required. JDFIPL is a captive financier for farm equipment manufactured and sold by JDIPL in India. It is also the captive financier for construction equipment (primarily road construction and core mining equipment) manufactured by Wirtgen India Private Limited[1].

The ratings also consider JDFIPL's comfortable capitalisation for the current scale of operations (gearing of 3.8x as on March 31, 2026) and the strong liquidity profile, supported by sizeable unutilised bank lines and an intercorporate deposit (ICD) line from JDIPL. ICRA also notes the company's healthy profitability trajectory in recent years. The return on assets (RoA) and return on equity (RoE) stood at 2.8% and 13.8%, respectively, in FY2026 largely in line with the 5-year average ROA and RoE of 2.9% and 13.9%, respectively, between FY2021 and FY2025.

JDFIPL is, however, exposed to relatively elevated portfolio vulnerability on account of its exposure to borrowers susceptible to adverse economic and agro-climatic cycles. Additionally, the share of relatively higher ticket size construction equipment financing segment in the company's disbursements has been increasing, though in a calibrated manner. Nonetheless, the headline asset quality metrics have remained under control and the gross non-performing advances (GNPA)/gross advances ratio stood at 3.6% as on March 31, 2026 (net NPA (NNPA)/net advances: 2.1%). JDFIPL's GNPA/gross advances ratio had stayed in the range of 4.4-6.4% during FY2021-FY2025. Herein, ICRA notes that while the absolute GNPA has remained range-bound in FY2026, the headline indicator is optically masked by the accelerated growth in the loan book in H2 FY2026 following the Goods and Services Tax (GST) rate cut. Going forward, the company's ability to keep credit costs under control, while improving its operating efficiency would continue to be crucial for sustaining healthy profitability.

ICRA believes that JDFIPL will maintain its market position in the domestic tractor financing industry, supported by operational, financial, branding and management support from the parent group, which should continue to augur well for its financial profile. Hence, the outlook on the long-term rating is Stable.

Key rating drivers and their description

Credit strengths

Strong parentage – JDFIPL is a wholly owned subsidiary of JDIPL, which is indirectly wholly owned by Deere. Given Deere's focus on the Indian market (largest for the Group in terms of volume), ICRA believes the company is strategically important as

[1] Deere acquired Wirtgen Group in December 2017

the captive financier for farm equipment manufactured and sold by JDIPL. Thus, by virtue of its parentage and importance as a captive financier, JDFIPL benefits from operational, financial and management support from Deere. Moreover, its policies and processes are in line with those approved by the parent.

ICRA notes the track record of support from the parent group in the form of regular equity infusions (Rs. 242 crore during FY2019-FY2021) and a Rs. 1,000-crore liquidity backup line. Further, JDFIPL has good financial flexibility as it is a subsidiary of Deere. It has relationships with global financial institutions, providing it with access to funds at competitive rates.

Comfortable capitalisation – JDFIPL's capitalisation level is comfortable for the current scale of operations, with the Tier I and total capital adequacy ratios at 19.8% and 20.6%, respectively, and the gearing at 3.8x as on March 31, 2026. Moreover, ICRA expects capital support from the parent to be forthcoming, if needed, to keep the company prudently capitalised[2]. In this regard, ICRA notes the management's stated intent to initiate a capital raise once the capital to risk-weighted assets ratio (CRAR) approaches the 17% threshold. Although JDFIPL did not distribute dividends until FY2021, it declared dividends in the range of 10-21% of the net profit during FY2021-FY2026. Going forward, while the company would continue to distribute dividends regularly, ICRA expects it to maintain a comfortable capitalisation profile.

Healthy profitability – JDFIPL has maintained a healthy profitability trajectory with a 5-year average RoA of 2.9% and RoE of 13.9% during FY2021-FY2025. The company reported an RoA and RoE of 2.8% and 13.8%, respectively, in FY2026. Despite the sustained pressure on the lending spreads over the past 24-36 months, driven by intensified competition resulting in yield compression, along with firm cost of funds due to higher incremental borrowing costs until CY2024 (prior to the onset of systemic rate cuts), JDFIPL's profitability remained healthy in FY2025 and FY2026. This was supported by improved operating efficiency and lower credit costs following the revision in company's expected credit loss (ECL) framework (due to rollover of pandemic-era delinquency observations from the lookback period).

Going forward, a marginal improvement in lending spreads is anticipated, supported by the systemic interest rate cuts announced in CY2025, provided the company maintains its loan book yields. Additionally, JDFIPL's ability to keep the credit costs under control amid an evolving operating environment, particularly in the context of geopolitical uncertainties impacting fertiliser and fuel cost, would remain crucial for maintaining healthy profitability. In this regard, a modest year-on-year uptick in credit cost, including higher provisions in softer buckets as well as standard assets, cannot be ruled out.

Credit challenges

Relatively high portfolio vulnerability – JDFIPL primarily lends to farmers for the purchase of farm equipment manufactured and sold by JDIPL. Given the concentrated exposure to borrowers susceptible to adverse economic and agro-climatic cycles, the company's portfolio is exposed to relatively high vulnerability. Additionally, ICRA notes the recent increase in the share of construction equipment segment in its disbursements. Further, being a captive financier, the borrower selection approach may, at times, be influenced by broader group objectives, particularly during weaker demand phases. Accordingly, the possibility of relatively flexible borrower selection, along with some inclination towards financing tractor models with relatively moderate acceptance among other lenders, cannot be ruled out. Nonetheless, its headline asset quality metrics have remained under control and the GNPA/gross advances ratio stood at 3.6% as on March 31, 2026 (NNPA)/net advances: 2.1%). The GNPA/gross advances ratio had stayed in the range of 4.4-6.4% during FY2021-FY2025. Herein, ICRA notes that while the absolute GNPA has remained range-bound in FY2026, the headline indicator is optically masked by the accelerated growth in the loan book in H2 FY2026 following the GST rate cut. Further, ICRA is also cognisant of the volatility in the asset quality indicators in the agri-related lending business, with the headline asset quality tending to improve around the harvest season. JDFIPL's write-offs (as a percentage of the opening loan book) stayed range-bound at 1.1-1.3% in the last three fiscals, while restructured loans were negligible as on March 31, 2026. Following the revision in its ECL framework, the company's 2-year average credit cost was 0.9% in FY2025 and FY2026, compared to 2-year average of 1.3% in FY2023 and FY2024.

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[2] *Last round of capital infusion of Rs. 142 crore was in FY2021, following the equity infusion of Rs. 50 crore each in FY2019 and FY2020.*

Liquidity position: Strong

While JDFIPL's collections are characterised by seasonality (about 60% exposures in the tractor finance segment have a semi-annual repayment cycle) and the asset-liability maturity profile may reflect modest cumulative negative mismatches in certain near-term buckets, ICRA notes the sizeable undrawn lines of credit (~Rs. 1,948 crore of unutilised bank lines as on March 31, 2026, excluding unutilised backup line of credit of Rs. 965 crore from the parent) maintained by the company to plug such mismatches. Further, it has good financial flexibility as a subsidiary of Deere; it has relationships with global financial institutions, providing it with access to funds at competitive rates. JDFIPL shares treasury bandwidth with its immediate parent, which works closely with the broader Group to manage the funding requirements. This, coupled with the high likelihood of support from the parent, augurs well for the company's liquidity profile.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the ratings could arise upon a deterioration in the parent's credit profile or on lower-than expected support from the parent group.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[ICRA's Credit Rating Methodology for Non-banking Finance Companies]
Parent/Group support	Ultimate parent: Deere & Company (Deere) Immediate parent: John Deere India Private Limited (JDIPL) ICRA expects Deere to be willing to extend financial support to the company through JDIPL, if needed, given the importance it holds for JDIPL, and hence Deere, for meeting its objectives. JDFIPL, JDIPL and Deere also share a common name, which, in ICRA's opinion, would persuade the Group to provide financial support to the company to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

John Deere Financial India Private Limited (JDFIPL), incorporated in October 2011, is a non-deposit taking, non-banking financial company registered with the Reserve Bank of India (RBI). It is a wholly owned subsidiary of John Deere India Private Limited (JDIPL), which is indirectly wholly owned by Deere & Company (Deere; through John Deere Asia (Singapore) Pte Limited). JDFIPL primarily offers retail finance for the purchase of farm equipment manufactured and sold by JDIPL and for construction equipment manufactured and sold by Wirtgen India Private Limited. As on March 31, 2026, the company's gross loan portfolio outstanding was Rs. 6,403 crore. While the agriculture segment accounted for 88% of the portfolio with an average ticket size of ~Rs. 7.0 lakh, the construction equipment segment accounted for the balance.

JDFIPL reported a net profit of Rs. 173 crore in FY2026 on total income of Rs. 890 crore compared to Rs. 152 crore and Rs. 754 crore, respectively, in FY2025. Its net worth stood at Rs. 1,330 crore, as on March 31, 2026, with a capital adequacy ratio of 20.6%.

Key financial indicators (audited)

JDFIPL (standalone)	FY2024	FY2025	FY2026
Total income	694.0	754.3	890.4
Profit after tax	130.6	152.5	173.4
Total assets*	4,852.3	5,521.0	6,664.4
Return on assets*	2.8%	2.9%	2.8%
Gross gearing (times)	3.3	3.4	3.8
Gross stage 3	4.8%	4.4%	3.6%
CRAR	22.4%	22.3%	20.6%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
**Based on gross loan book (JDFIPL does not have an off-balance sheet, managed loan book)*

Status of non-cooperation with previous CRA: Not applicable

Any other information:

JDFIPL also faces prepayment risk, given the possibility of debt acceleration upon the breach of covenants, including financial covenants and parentage-linked covenants. Upon failure to meet the covenants, if the company does not get waivers from the lenders/investors or they do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the ratings would face pressure.

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jun 11, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Long-term others – Fund-based	Long term	2,760.00	[ICRA]AAA (Stable)	Jun 30, 2025	[ICRA]AAA (Stable)	Sep 05, 2024	[ICRA] AAA (Stable)	Jun 26, 2023	[ICRA] AAA (Stable)
						Dec 26, 2024	[ICRA] AAA (Stable)	Jul 06, 2023	[ICRA] AAA (Stable)
								Dec 29, 2023	[ICRA] AAA (Stable)
								Mar 21, 2024	[ICRA] AAA (Stable)
Commercial paper	Short term	400.00	[ICRA]A1+	Jun 30, 2025	[ICRA]A1+	Sep 05, 2024	[ICRA] A1+	Jun 26, 2023	[ICRA] A1+
						Dec 26, 2024	[ICRA] A1+	Jul 06, 2023	[ICRA] A1+
								Dec 29, 2023	[ICRA] A1+
								Mar 21, 2024	[ICRA]A1+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Instrument	FSR
1	Listed/proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
2	Unlisted/proposed to be unlisted bonds/debentures/preference share (all securities)	MCA
3	Listed PTCs /securitisation notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs /securitisation notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs /securitisation notes (originated by entities regulated by RBI) (*)	RBI
6	Listed commercial paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted commercial paper and NCDs with original maturity less than 1 year	RBI
8	Loan facilities (fund/non-fund based) from bank /NBFCs/ NHB/ FIs ($)	RBI
9	External commercial borrowings/loans from overseas branches of Indian banks/other similar borrowings	RBI
10	Certificates of deposit	RBI
11	Fixed deposits raised by NBFCs, banks, HFCs, FIs	RBI
12	Fixed deposits raised by corporates other than NBFCs, banks, HFCs, FIs	MCA
13	Inter corporate deposits/loans extended by corporates	MCA
14	Listed security receipts	SEBI
15	Unlisted security receipts	RBI
16	Unlisted PTCs / securitisation notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) *Includes securitisation transactions involving assignee payout, acquirer's payout.*

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Activity name	FSR
1	Credit ratings for capital protection oriented schemes (by mutual funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for mutual fund schemes and schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected loss ratings (for loan facilities [fund/non-fund based] from banks/NBFCs/NHB/FIs)	RBI
5	Expected loss ratings (listed / proposed to be listed bonds / debentures / preference shares (all securities))	SEBI
6	Expected loss ratings (unlisted / proposed to be unlisted bonds/ debentures / preference shares (all securities))	MCA
7	Credit rating of borrowing programme	(@)
8	Issuer ratings	(#)
9	Monitoring agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based bank lines – Others	Simple
Commercial paper	Simple

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term – Fund-based bank lines – Others***	Nov 2024 Dec 2025	6.0-8.55%	Nov 2028, Dec 2029	2,760.0	[ICRA]AAA (Stable)
NA	**Commercial paper^**	-	-	-	400.0	[ICRA]A1+

*Source: Company; *Multiple facilities; ^Yet to be placed; As on June 3, 2026*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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