



A.K. Stockmart Pvt. Ltd.



Public Issue of Secured Redeemable Non-Convertible
Debentures ("Tranche I Issue")

of
JM FINANCIAL CREDIT SOLUTIONS LIMITED

May 28, 2018 – June 20, 2018



**JM FINANCIAL CREDIT SOLUTIONS LIMITED****INVESTMENT RATIONALE**

- The issue offers yields ranging from 9.24% to 9.74% depending up on the Category of Investor and the option applied for.
- The NCDs have been rated [ICRA] AA/Stable by ICRA for an amount of upto Rs. 2,000 Crores and IND AA/Stable by India Ratings for an amount upto Rs. 2,000 Crores.
- The NCDs are proposed to be listed on BSE Limited ("BSE"). For the purposes of the Issue, BSE shall be the Designated Stock Exchange.
- The Tranche I Issue is with a Base issue size of Rs 300 Crores of secured, rated, listed, redeemable, non-convertible debentures with an option to retain oversubscription upto Rs 450 Crore aggregating upto Rs 750 Crore which is within the Shelf Limit of Rs. 2,000 Crore.

COMPANY PROFILE

- JM Financial Credit Solutions Limited (JMFCSL) is a "Systemically Important Non-Deposit taking Non-Banking Financial Company ("NBFC ND – SI")", registered with Reserve Bank of India to carry on NBFC activities originally incorporated at Mumbai, Maharashtra.
- JM Financial Credit Solutions Limited is a wholesale finance NBFC and provides integrated financial solutions to real estate developers with a focus on residential project financing such as funding real estate developers at various stages in the life cycle of a real estate project.
- The company has clients in Mumbai, Pune, Bengaluru, Chennai, Hyderabad, NCR and Kolkata.
- The product portfolio consists of Project Finance, Loans against property, Loans against shares, Project at early stage loans and Loans against land.
- The company recorded total revenue of Rs. 6.00 crore, Rs. 103.73 crore, Rs 519.45 crore, Rs 788.36 crore and Rs 959.93 crore Fiscal 2014, Fiscal 2015, Fiscal 2016, Fiscal 2017 and Fiscal 2018 respectively. The total revenue increased at a CAGR of 109.9% from Fiscal 2015 to Fiscal 2018.
- The company recorded profit before tax of Rs 2.69 crore, Rs 70.22 crore, Rs 301.72 crore, Rs 424.78 crore and Rs 504.04 crore Fiscal 2014, Fiscal 2015, Fiscal 2016, Fiscal 2017 and Fiscal 2018, respectively. The profit before tax increased at a CAGR of 92.9% from Fiscal 2015 to Fiscal 2018. The profit after tax increased at a CAGR of 88.8% from Fiscal 2015 to Fiscal 2018.
- The loan book was Rs 1,844.46 crore, Rs 4,074.47 crore, Rs 5,658.15 crore and Rs 7,338.88 crore, as of March 31, 2015, 2016, 2017 and 2018, respectively. And gross and net NPAs were nil in Fiscal 2015, Fiscal 2016, Fiscal 2017 and were Rs 75.80 crore and Rs 68.22 crore in Fiscal 2018, respectively, constituting 1.0% and 0.9% of the net advances as of March 31, 2018, respectively.

Source: Shelf Prospectus and Tranche I Prospectus both dated May 16, 2018

Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus

STRENGTHS

- ***Strong background of shareholders along with brand name and parentage of the JM Financial Group***

JM Financial Group is an established financial services group providing a range of financial services. The group's long standing operations in the financial services sector has resulted in establishing JM Financial as a recognized brand. The primary business of the Group includes fund based activities, investment banking and securities business, alternative asset management business and asset management business which involves the mutual fund business. The group's client focused business approach over four decades has enabled to develop strong relationships across the corporate, institutional, HNI and the retail client base. JMFCSL leverages the Group's experience in the various facets of the financial services sector which allows it to understand market trends and mechanics.

- ***Well positioned to benefit from industry trends***

The company's approach to be senior secured lender at all times together with the focus on risk adjusted profitable growth, has enabled it to develop a consistently profitable and sustainable business model. Further, as the company has expanded geographically and source new clients it will be able to capitalize on the growth opportunities.

- ***Strong financial and operating performance reflected in strong growth, asset quality and returns***

JMFCSL has a track record of stable and sustainable financial performance, reflected in the consistent growth in revenues and profitability. The company recorded total revenue of Rs. 6.00 crores, Rs. 103.73 crores, Rs. 519.45 crores, Rs. 788.36 crores and Rs. 959.93 crores for Fiscal 2014, Fiscal 2015, Fiscal 2016, Fiscal 2017 and Fiscal 2018 respectively. The profit before tax increased at a CAGR of 92.9% from Fiscal 2015 to Fiscal 2018. The profit after tax increased at a CAGR of 88.8% from Fiscal 2015 to Fiscal 2018.

- ***Wide customer base, strong customer relationships and geographic diversification***

With a predominant focus on financing residential development, the company is currently focused on funding projects located in Tier 1 cities such as Mumbai, Pune, Bengaluru and Chennai. JMFCSL has successfully carried out lending against a few completed, commercial properties, in Mumbai and Bengaluru and has recently commenced financing projects in Kolkata, Hyderabad and NCR.

- ***Well Defined process, secured loan book and strong asset quality***

JMFCSL provides secured finance which ensures lower NPAs and fewer recovery related problems. As at March 31, 2018, 98.3%, of the total loan book was secured and gross NPAs and NPAs constituted 1.0% and 0.9% of total loan book, respectively. Loans against property are secured against collateral of residential or commercial property while loans against securities are offered against collateral of securities. JMFCSL's business processes ensure complete independence of function and segregation of responsibilities. The processes have been standardized with the objective of providing high levels of service quality while maintaining process and time efficiency. JMFCSL continues to manage the credit risk associated with the lending business and has accordingly been able to increase its customer base and client accounts across the loan book

- ***Diversified funding sources and strong credit profile adequately capitalized to fund the growth***

The funding requirements are currently predominantly met through credit facilities from banks, issuance of commercial paper and redeemable non-convertible debentures and commercial papers. The company has access to funds from multiple classes of credit providers, including public sector banks, private commercial banks and mutual funds. As at March 31, 2018, the capital adequacy ratio, which was computed on the basis of the applicable RBI requirements, was 22.4%, as compared to the minimum capital adequacy requirement of 15.00% as stipulated by the RBI.

- ***Experienced management team***

The company has an experienced management team, which is supported by a capable and motivated pool of employees. JMFCSL believes that the considerable experience of the Board and senior management team in the financial services sector is a significant competitive advantage that has enabled it to successfully grow a profitable and sustainable business model.

Source: Shelf Prospectus and Tranche I Prospectus both dated May 16, 2018

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ISSUE STRUCTURE

| | | | | | | |
|---|--|---------------------------|---------------|---|-------------------------|--|
| Issuer | JM Financial Credit Solutions Limited. | | | | | |
| Lead Managers | A. K. Capital Services Limited, JM Financial Limited**, Edelweiss Financial Services Limited and Trust Investment Advisors Private Limited. | | | | | |
| Type and nature of instrument | Secured NCDs of face value of Rs 1,000. | | | | | |
| Base Issue | Rs 300 crores | | | | | |
| Option to retain Oversubscription Amount | Upto Rs 450 crores | | | | | |
| Face Value (in Rs/ NCD) | Rs 1,000/- | | | | | |
| Minimum application | Rs 10,000 (10 NCD) collectively across all the Options | | | | | |
| In multiples of | Rs 1,000 (1 NCD) after the minimum application amount across all the Options | | | | | |
| Seniority | Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of the company and shall rank pari passu inter se, present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall be secured by way of first ranking <i>pari passu</i> floating charge on the Company's book debts, loans and advances, and receivables, both present and future, excluding therefrom such portion of the receivables secured or to be secured for the purposes of maintaining 'security cover' (by whatever name called) in connection with all other indebtedness of the Company, whether by way of loan or debentures or otherwise, under the terms of such other indebtedness which are / will not be offered to other lenders for their credit facilities. | | | | | |
| Mode of Issue | Public Issue. | | | | | |
| Tranche I Issue | This Tranche I Issue is for Secured NCDs with a base issue size of an amount up to Rs 300 crores, with an option to retain oversubscription up to Rs 450 crores aggregating up to Rs 750 crores which is within the Shelf Limit. | | | | | |
| Listing | BSE BSE shall be the Designated Stock Exchange for the Issue. The Secured NCDs shall be listed within 12 Working Days from the Issue Closing Date. | | | | | |
| Mode of Allotment and Trading | Compulsorily in dematerialised form. | | | | | |
| Market / Trading Lot | One NCD. | | | | | |
| Depositories | NSDL and CDSL. | | | | | |
| Security | The Secured NCDs would constitute secured obligations of the company and shall rank pari passu inter se, present and future, and shall be secured by way of first ranking pari passu charge on the Company's identified immovable property and first ranking pari passu floating charge on the Company's book debts, loans and advances, and receivables, both present and future, excluding therefrom such portion of the receivables secured or to be secured for the purposes of maintaining 'security cover' (by whatever name called) in connection with all other indebtedness of the Company, whether by way of loan or debentures or otherwise, under the terms of such other indebtedness which are / will not be offered to other lenders for their credit facilities. Security for the purpose of the Tranche I Issue will be created in accordance with the terms of the Debenture Trust Deed. | | | | | |
| Credit Ratings | Rating agency | Instrument | Rating symbol | Date of credit rating letter | Amount rated (in crore) | Rating definition |
| | ICRA | Non-Convertible Debenture | AA/Stable | April 27, 2018 and further reaffirmed by letter dated May 11, 2018 | 2000 | Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. |
| | India Ratings | Non-Convertible Debenture | AA/Stable | April 27, 2018 which has been superseded by letter dated May 10, 2018 | 2000 | Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. |
| Pay-in date | Application Date. The entire Application Amount is payable on Application. | | | | | |
| Application money | The entire application amount is payable on submitting the application. | | | | | |
| Record Date | The Record Date for payment of interest in connection with the Secured NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the Secured NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of Secured NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Company to the Stock Exchanges, will be deemed as the Record Date. | | | | | |
| Issue Schedule*** | The Issue shall be open from May 28, 2018 to June 20, 2018 with an option to close earlier and/or extend upto a period as may be determined by the NCD Public Issue Committee. | | | | | |
| Day count convention | Actual/Actual | | | | | |
| Issue Opening Date | May 28, 2018 | | | | | |
| Issue Closing Date | June 20, 2018 | | | | | |
| Default interest rate | The Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws. | | | | | |
| Interest on Application Money | The Company shall pay interest on application amount at a rate of 8% per annum against which Secured NCDs are allotted to the Applicants, other than to ASBA Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. | | | | | |
| Interest on application monies received which are liable to be refunded | The Company shall pay interest on application amount at a rate of 5% per annum, on all valid applications, which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants). | | | | | |
| Put/Call | N.A. | | | | | |
| Deemed Date of Allotment | The date on which the Allotment Committee of the Board approves the Allotment of the Secured NCDs for the Tranche I Issue or such date as may be determined by the Board of Directors or the NCD Public Issue Committee and notified to the Designated Stock Exchange. The actual Allotment of Secured NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the Secured NCDs including interest on Secured NCDs shall be available to the Debenture holders from the Deemed Date of Allotment. | | | | | |

**In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, JMFL will be involved only in marketing of the Issue.

*** The Tranche I Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated above, except that the Tranche I Issue may close on such earlier date or extended date as may be decided by the Board of Directors of the Company ("Board") or the NCD Public Issue Committee. In the event of such an early closure of or extension subscription list of the Tranche I Issue, the Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a reputed national daily newspaper with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Tranche I Issue will be accepted only from 10:00 a.m. to 5:00 p.m. or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

Source: Shelf Prospectus and Tranche I Prospectus both dated May 16, 2018
Disclaimer: Invest only after referring to the Shelf Prospectus and Tranche I Prospectus

THE SPECIFIC TERMS OF EACH INSTRUMENT

| Terms and conditions in connection with Secured NCDs**** | I | II | III | IV | V | VI |
|--|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Frequency of Interest Payment | Annual | Cumulative | Annual | Monthly | Annual | Monthly |
| Who can apply | All category of investors can subscribe to all Series of NCDs | | | | | |
| Minimum Application | Rs 10,000 (10 NCDs) | Rs 10,000 (10 NCDs) | Rs 10,000 (10 NCDs) | Rs 10,000 (10 NCDs) | Rs 10,000 (10 NCDs) | Rs 10,000 (10 NCDs) |
| In multiples of thereafter | Rs 1,000 (1 NCD) | Rs 1,000 (1 NCD) | Rs 1,000 (1 NCD) | Rs 1,000 (1 NCD) | Rs 1,000 (1 NCD) | Rs 1,000 (1 NCD) |
| Face Value of Secured NCDs (Rs / NCD) | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 |
| Issue Price (Rs/ NCD) | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 | Rs 1,000 |
| Tenor from Deemed Date of Allotment | 38 months | 38 months | 60 months | 60 months | 120 months | 120 months |
| Coupon Rate | 9.25% | N.A% | 9.50% | 9.11% | 9.75% | 9.34% |
| Effective Yield (Per annum)***** | 9.26% | 9.24% | 9.49% | 9.49% | 9.74% | 9.74% |
| Mode of Interest Payment | Through various options available | | | | | |
| Redemption Amount (Rs / NCD)**** | Rs 1,000.00 | Rs 1323.39 | Rs 1,000.00 | Rs 1,000.00 | Rs 1,000.00 | Rs 1,000.00 |
| Maturity Date (From Deemed Date of Allotment) | 38 Months | 38 Months | 60 months | 60 months | 120 months | 120 months |
| Nature of indebtedness | Secured rated listed non-convertible debentures | | | | | |

**** The Company shall allocate and allot Option III Secured NCDs wherein the Applicants have not indicated their choice of the relevant Secured NCD Series

ALLOCATION RATIO FOR SECURED NCDs

| Institutional Portion | Non-Institutional Portion | High Net Worth Individual Investors Portion | Retail Individual Investors Portion |
|-----------------------|---------------------------|---|-------------------------------------|
| 20% | 20% | 30% | 30% |

MODES OF MAKING APPLICATIONS

| Mode of Application | To whom the Application Form has to be submitted |
|------------------------|--|
| ASBA Applications | i. to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii. to the Designated Branches of the SCSBs where the ASBA Account is maintained; or iii. to Trading Members only at the Syndicate ASBA Application Locations. |
| Non- ASBA Applications | i. to the Members of the Syndicate; or ii. to Trading Members. |

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INVESTOR CATEGORIES AND ALLOTMENT

| Category I | Category II | Category III | Category IV |
|--|--|--|--|
| <ol style="list-style-type: none"> Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; Provident funds and pension funds with a minimum corpus of Rs. 25 crores, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; Resident Venture Capital Funds registered with SEBI; Insurance companies registered with the IRDA; State industrial development corporations; Insurance funds set up and managed by the army, navy, or air force of the Union of India; Insurance funds set up and managed by the Department of Posts, the Union of India; Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than Rs. 500 crores as per the last audited financial statements National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and Mutual funds registered with SEBI. | <ol style="list-style-type: none"> Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; Co-operative banks and regional rural banks; Trusts including Public/private charitable/religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009). Association of Persons; and Any other incorporated and/ or unincorporated body of persons | High Net-worth Individual Investors ("HNIs") - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above INR 1,000,000 across all options of NCDs in the Issue. | Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including INR 1,000,000 across all options of NCDs in the Issue. |

APPLICATIONS CANNOT BE MADE BY

- Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will need to be mentioned on the Application Form);
- Foreign nationals;
- Persons resident outside India;
- Foreign Institutional Investors/Foreign Portfolio Investors;
- Non Resident Indians;
- Qualified Foreign Investors;
- Overseas Corporate Bodies;
- Foreign Venture Capital Funds;
- Persons ineligible to contract under applicable statutory/ regulatory requirements.

* Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872

In case of Applications for Allotment of the NCDs in dematerialised form, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Members of the Syndicate or the Trading Members, as the case may be.

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KEY OPERATIONAL AND FINANCIAL PARAMETERS (Standalone)**(Rs.in Crores)**

| Parameters | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 |
|---|---|-------------|-------------|
| | (Rs. Crore, except number of accounts / groups) | | |
| Networth | 1,136.02 | 1,413.27 | 1,741.56 |
| Total debt | | | |
| i) Non current maturities of long term borrowings | 1,956.97 | 2,567.57 | 3,613.32 |
| ii) Short term borrowings | 818.05 | 852.52 | 840.37 |
| iii) Current maturities of long term borrowings | 193.93 | 718.14 | 1,095.08 |
| Net fixed assets | 0.31 | 0.85 | 0.67 |
| Non current assets | 3,325.31 | 3,891.33 | 4,850.19 |
| Cash and cash equivalents | 101.86 | 1.70 | 118.34 |
| Current investments | - | - | - |
| Current assets | 881.46 | 1,799.81 | 2,630.98 |
| Current liabilities | 1,088.56 | 1,666.29 | 2,050.92 |
| Assets under management | - | - | - |
| Off balance sheet assets | - | - | - |
| Interest income | 518.76 | 786.85 | 957.97 |
| Interest expense | 174.68 | 312.26 | 391.66 |
| Provisioning and write – offs | 7.67 | 7.60 | 16.79 |
| PAT | 197.54 | 277.25 | 328.29 |
| Gross NPA (%) | - | - | 1.0% |
| Net NPA (%) | - | - | 0.9% |
| Tier I Capital Adequacy Ratio (%) | 26.80% | 24.50% | 22.00% |
| Tier II Capital Adequacy Ratio (%) | 0.30% | 0.40% | 0.40% |
| Debt to Equity | 2.60 | 2.90 | 3.20 |

Source: Shelf Prospectus and Tranche I Prospectus both dated May 16, 2018

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DISCLAIMER:**‘The investors shall invest only on the basis of information contained in the final prospectus’**

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CIN: U67120MH2006PTC158932