



July 3, 2024

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Scrip Code: 543940

Trading Symbol: JIOFIN

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Intimation of Credit Ratings assigned / reaffirmed by CRISIL Ratings Limited to Jio Finance Limited

We have received intimation from Jio Finance Limited, wholly owned subsidiary of the Company that 'CRISIL Ratings Limited' has assigned / re-affirmed the following rating to their instruments.

Name of Instrument	Rating assigned / reaffirmed with outlook
Proposed long-term bank loan facility*	Reaffirmed - CRISIL AAA/Stable
Commercial paper	Reaffirmed - CRISIL A1+
Non- Convertible Debentures	Assigned - CRISIL AAA/Stable

**interchangeable with short-term bank loan facility*

Rating rationale received from CRISIL Ratings Limited is attached.

The intimation was received by us on July 3, 2024 at 2:36 p.m.

Thanking you,

Yours faithfully,
For Jio Financial Services Limited

Mohana V
Group Company Secretary and
Compliance Officer

Encl: a/a

Rating Rationale

July 02, 2024 | Mumbai

Jio Finance Limited

'CRISIL AAA/Stable' assigned to Non Convertible Debentures; Rated amount enhanced for Bank Debt and Commercial Paper

Rating Action

Total Bank Loan Facilities Rated	Rs.4000 Crore (Enhanced from Rs.3000 Crore)
Long Term Rating	CRISIL AAA/Stable (Reaffirmed)

Rs.3000 Crore Non Convertible Debentures	CRISIL AAA/Stable (Assigned)
Rs.3000 Crore (Enhanced from Rs.2000 Crore) Commercial Paper	CRISIL A1+ (Reaffirmed)

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL AAA/Stable**' rating to the non-convertible debentures of Jio Finance Limited (JFL). CRISIL Ratings has also reaffirmed the ratings on long-term bank facilities and commercial paper of JFL at CRISIL AAA/Stable/CRISIL A1+.

JFL is a wholly owned subsidiary of Jio Financial Services Ltd (JFS) - JFS is a holding company for operating a set of financial services businesses through its subsidiaries (together referred to as JFS group). In fiscal 2024, JFS was demerged from Reliance Industries Ltd (RIL; rated CRISIL AAA/Stable/CRISIL A1+) and listed as a separate entity.

Mr. Mukesh D. Ambani is the promoter of JFS. The Promoter Group holds 47.12% in JFS as on March 31, 2024, and it is not expected to significantly reduce its holding from current levels.

The ratings factor in JFS group's healthy capital structure, robust liquidity including its holding of 6.1% of RIL shares, and its experienced management team. The ratings are further driven by the demonstrated track record of the promoter group in building businesses across various sectors. These strengths are partially offset by nascent stage of operations of the JFS group in the financial services business.

As on March 31, 2024, it held a significant stake in RIL. JFS group derives financial flexibility from the 6.1% stake that it holds in RIL worth around Rs 1.23 lakh crore.

Through its subsidiaries, JFS will be involved in businesses such as retail and merchant lending (through JFL), payments bank operations, payments solutions and insurance broking. The company has also entered into a joint venture with BlackRock to foray into the asset management business and has sought in-principle approval from SEBI in relation to the same. Within retail lending, the company intends to provide both secured and unsecured loans with focus towards the secured segment. On a consolidated basis, JFS had a sizeable network of Rs 1,39,148 crore as on March 31, 2024. Liquidity was strong with liquid assets of about Rs 22,000 crore as on the same date.

Analytical Approach

As the loan book grows, JFL's operating income is expected to contribute significantly to the consolidated operating income of the JFS group. Further, the capitalisation profile of JFL is expected to eventually benefit from robust liquidity of the JFS group and the 6.1% stake in RIL as investments held by JFS through its wholly owned subsidiary Reliance Industrial Investments and Holdings (RIIHL). Hence, CRISIL Ratings has taken a consolidated approach of JFS and its subsidiaries/associates. Further, the ratings factor in the strategic importance of the JFS group to, and the demonstrated track record of, the promoter group in building businesses.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Proven track record of the Promoter Group:** JFS marks the foray of the promoter group into the financial services business and will be a critical part of the promoter group's overall strategy. The promoter group has an extensive track record in building successful and leading operations in sectors such as petrochemicals, retail and telecom.

The promoter group has demonstrated its ability to incubate and scale up multiple consumer-oriented businesses, including Reliance Retail Ventures Ltd (RRVL, rated CRISIL AAA/Stable/CRISIL A1+) and Reliance Jio Infocomm Ltd (RJIL, rated CRISIL AAA/Stable/CRISIL A1+).

The promoter group has long-term commitment towards the JFS group. It has increased its stake in JFS post listing to the current level of 47.12% from 45.8%. The promoter group has also publicly articulated that, like Jio and Retail, JFS too will prove to be an invaluable addition to the Reliance ecosystem of customer-facing businesses.

Further, usage of the "Jio" brand, is a positive given the wide recognition among retail customers, merchants and small businesses. The brand recall and direct-to-customer approach leveraging the ecosystem could enable the JFS group to acquire customers at a lower acquisition cost and enable faster product scale up, allowing strong brand recognition in a competitive market. JFL intends to provide business and merchant loans, home loans, loan against securities and loan against property. Further, the lending products will be distributed through a digital journey.

CRISIL Ratings expects that these aspects, combined with robust financial strength of the JFS group, will help JFL derive benefits to successfully scale up its businesses over the medium term.

- **Healthy capitalisation and liquidity, which will support planned growth:** On a consolidated basis, JFS reported networth of Rs 1,39,148 crore as on March 31, 2024, which includes valuation of the 6.1% stake held in RIL (standalone networth of JFS and JFL as on same date stood at Rs 24,437 crore and Rs 3,830 crore respectively). The JFS group's strong lineage is expected to provide significant benefit in terms of access to capital markets for expanding funding sources and implementing a well-diversified funding plan.

Gearing level is currently negligible as the company has recently started lending operations and should remain comfortable going forward too. The company will further benefit from robust capitalization and liquidity of JFS group. As on March 31, 2024, group liquidity was strong with liquid assets of about Rs 22,000 crore. Along with this it had 6.1% stake in RIL, which is unencumbered (worth ~Rs 1.19 lakh crores as on closing share price of June 24, 2024) and had nil borrowings as on same date.

- **Experienced management team:** JFS has an experienced management team to run operations and build scale, especially in retail financing. The management's ability to scale up the business and tap into opportunities within the group's ecosystem is further strengthened by an experienced board of directors.

The management is developing a unified application to address the diverse financial needs of customers and actively engage with them throughout their life journey. This will also allow the company to harness the potential synergies within the JFS group arising from the multiplicity of touch points and diversified product offerings. The management is focused on putting in place adequate systems, processes and policies to scale up the business.

Weakness:

- **Nascent stage of operations:** JFS, through its subsidiaries, will be involved in financial services businesses such as retail lending, merchant lending, payments bank operations, payments solutions and insurance broking.

It is expected that JFS will benefit from harnessing group synergies and build on its brand franchise across its different businesses as it ramps up its financial services verticals.

JFL, which will be housing the consumer and merchant lending businesses, commenced operations in a sandbox environment of two products in fiscal 2024. It plans to grow the loan book prudently over the medium term with initial focus towards building a secured book. However, given the early stage of operations, underwriting and asset quality performance are yet to be tested. Core operating earnings may remain modest in the near term and gradually improve with scaling-up of operations. Ability to successfully scale up the business, while maintaining healthy asset quality and profitability will be monitorable

Liquidity: Superior

As on March 31, 2024, liquid assets were worth about Rs 22,000 crore, including cash and cash equivalents at Rs. 16,039 crores. The company has nil borrowings as on the same date.

Outlook: Stable

JFS should continue to benefit from robust capitalization and the flexibility derived from the 6.1% stake held in RIL

Rating Sensitivity factors

Downward factors:

- Any significant decline in shareholding by the promoter group
- Inability to achieve steady-state profitability from core lending operations over a sustained period

About the Company

JFL is a non-deposit taking, systematically important non-banking financial company (NBFC), and a wholly owned subsidiary of JFS. The entity plans to provide consumer finance, through primarily secured loans, merchant lending (including trade credit, personal loans, store improvement loans, and unsecured business loans) and lending to micro, small and medium enterprises (working capital funding for suppliers and distributors). The focus in the medium term will be on building a secured lending book.

About the Group

JFS was incorporated as Reliance Strategic Investments Pvt Ltd on July 22, 1999. The company was renamed as Reliance Strategic Investments Ltd on January 14, 2002. It subsequently became Jio Financial Services Ltd on July 25, 2023,

following which, a new certificate of incorporation was issued. JFS has also submitted an application to the Reserve Bank of India for conversion to a core investment company (CIC) from an NBFC. JFS, through its subsidiaries, will be involved in the business of retail lending, merchant lending, payments bank operations, payments solutions and insurance broking.

Key Financial Indicators : JFS (consolidated)

As On/For the year ended	Unit	Mar 31, 2024 / FY2024	Mar 31, 2023 / FY2023
Total assets	Rs crore	1,44,863	1,14,930
Total income	Rs crore	1,855	45
Profit after tax	Rs crore	1,605	31
Return on assets	%	1.2	0.0
Gearing	Times	0.0	0.0

*Note – The figures of previous fiscals are not comparable as the demerger of financial services business consummated in fiscal 2024. Appointed date of the demerger was March 31, 2023

Key financial indicators: JFL (standalone)

As On/For the year ended	Unit	Mar 31, 2024 / FY2024	Mar 31, 2023 / FY2023
Total assets	Rs crore	3,853	3,680
Total income	Rs crore	267	18
Profit after tax	Rs crore	153	11
Return on assets	%	4.1	0.3
Gearing	Times	0.0	0.0

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Non Convertible Debentures [#]	NA	NA	NA	3000	Simple	CRISIL AAA/Stable
NA	Commercial paper	NA	NA	7-365 days	3000	Simple	CRISIL A1+
NA	Proposed long-term bank loan facility*	NA	NA	NA	4000	NA	CRISIL AAA/Stable

[#]Yet to be issued

*Interchangeable with short-term bank loan facility

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Jio Financial Services Ltd (formerly Reliance Strategic Investments Ltd)	-	Parent
Jio Finance Ltd (formerly Reliance Retail Finance Ltd)	Full	Subsidiary
Jio Payment Solution Ltd (formerly Reliance Payment Solution Ltd)	Full	Subsidiary
Jio Insurance Broking Ltd (formerly Reliance Retail Insurance Broking Ltd)	Full	Subsidiary
Reliance Industrial Investments and Holdings	Full	Subsidiary
Jio Leasing Services Ltd (formerly Jio Information Aggregator Services Ltd)	Full	Subsidiary
Jio Infrastructure Management Services Ltd	Full	Subsidiary
Jio Payments Bank Ltd	Proportionate	Joint Venture
Reliance Services and Holdings Ltd	Proportionate	Associate
Petroleum Trust	Proportionate	Associate

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2024 (History)		2023		2022		2021		Start of 2021
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	4000.0	CRISIL AAA/Stable	31-01-24	CRISIL AAA/Stable		--		--		--	--

Commercial Paper	ST	3000.0	CRISIL A1+	31-01-24	CRISIL A1+		--	--	--	--
Non Convertible Debentures	LT	3000.0	CRISIL AAA/Stable		--		--	--	--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility&	3000	Not Applicable	CRISIL AAA/Stable
Proposed Long Term Bank Loan Facility	1000	Not Applicable	CRISIL AAA/Stable

& - Interchangeable with short term bank loan facility

Criteria Details

Links to related criteria
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt
CRISILs Criteria for Consolidation
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support

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