

JM Financial Home Loans to borrow Rs 1,200 crore in FY25

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JM Financial Home Loans is planning to borrow Rs 1,200 crore in 2024-25 (April-March) in a bid to grow its loan book.

"We are at Rs 2,400 crore (AUM). The idea is to disburse at least another Rs 1,500 crore. We have to borrow at least Rs 1,200 crore in the current financial year," Manish Sheth, managing director and chief executive officer, JM Financial Home Loans said.

Sheth added that 30% of the borrowings will come from the National Housing Bank as a consequence of the government's Pradhan Mantri Awas Yojana (PMAY) scheme.

Launched in 2017, JM Financial Home Loans is a part of the JM Financial group's retail mortgage segment. The company offers home loans and loan against property. The average ticket size of its loans is at Rs 11-12 lakh.

The company's net profit rose to nearly Rs 40 crore in 2023-24 (April-March) from Rs 30 crore in 2022-23. The gross non-performing asset ratio stood at 0.7% as on March 31. The company delivered a return on assets of 2.25%, and return on equity of 9.5% in 2023-24.

"We are aggressively building this business. So we are investing in technology and in people. That will continue for two more years," he said.

"Of the 112 branches that we have, almost 40% are still in the process of breaking-even. Since we are investing heavily, our return on equity is at 9.5%. Otherwise, our return on equity is around 13% for existing branches," he added.

The company intends to increase its assets under management to Rs 6,000 crore by 2026-27.

Apart from traditional home loans, the company also provides specialised offerings like Asiana and Sanjeevani, which are backed by the PMAY scheme. Currently, these two offerings contribute 30-40% of the company's overall business.

The recent government announcement to build another 30 million houses under PMAY may help boost the company's loan growth by 20-25%.

"Only 40 million houses have been built under the PMAY scheme. An additional 40 million are yet to be built. If this is the size of the available market, you do not have to chase market share," Sheth said.