



JM Financial Limited
Q3 FY26 Earnings Conference Call
February 06, 2026

Moderator:

Ladies and gentlemen, good afternoon, and welcome to the earnings conference call for JM Financial Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing *, then 0 on your touchtone phone.

Kindly note that any forward-looking statements made on this call are based on the management's current expectations. However, the actual results may vary significantly, and therefore, the accuracy and completeness of this expectation cannot be guaranteed. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Kampani. Thank you, and over to you, sir.

Vishal Kampani:

Thank you. A warm welcome to all of you to discuss our earnings and financial results for the quarter and nine months ended December 2025. We have uploaded our results presentation and press release both on the website and Stock Exchanges. I hope you guys have had a chance to go through that. On the call, we also have Sonia, Chirag, Manish, Amitabh and Nishit. Most of you all are familiar with our management team that comes on the call every quarter.

And with that, I will give a few key updates on the quarter and nine months, and then I'll hand it over to Nishit, who will take you all through the numbers in detail.

We are very happy to report on the progress on all of our strategies with our consolidated PAT for 9 months crossing INR1,000 crores and the operating PAT also for the quarter ended December 2025 is at INR244 crores, which is a 17% increase Y-o-Y.

Fees and commission income have increased Y-o-Y by 32% to INR306 crores. Again, this reflects a very positive environment for deal making, wealth management and a lot of transactions that we are seeing being executed from our pipeline. It also shows a healthy growth of 20% plus Y-o-Y for three straight quarters and as I said, that the pipeline of transactions remains extremely strong.

We have IPO deals of over INR120,000 crores filed as of December 31, which we expect to execute over the next 12 to 18 months after all of the execution completed in the last 9 months. I am happy to note that even our pipeline on the M&A side, on the private markets side is building in a very healthy way. We're seeing a renewed interest on the credit side as well considering a little bit of the volatility witnessed on the equity side.

The expansion in wealth management and asset management business continues to be on track. We've got approval for two alternative funds, real estate fund as well as pre-IPO fund, which came in literally this week. I think we should see a strong launch as well as a good AUM that we'll be able to gather this year from these two funds.

Performance for the quarter in Wealth and Asset Management in terms of profitability is impacted, again, by increase in investments both in talent as well as infrastructure, physical infrastructure in terms of branches and also investment in technology and digital. And I think we will continue to invest. As I've said, we will use calendar year 2026 also as a year of

investments to increase the size and the reach of both the wealth management and the asset management businesses.

The wealth management business includes, of course, our entire retail broking franchise from a secondary perspective as well as the sales teams that we are building from a primary distribution and lower ticket retail and elite wealth management perspective.

On the affordable housing business, happy to report our customer base has crossed 30,000. And our AUM saw a 23% Y-o-Y growth to approximately INR3,200 crores. The business has performed very well. There was a bit of a spike in terms of NPA, due to challenges in terms of some collections in the last 6 to 9 months.

Manish will talk more about that. But I think we are behind that and we've seen good growth. And I think, again, we'll continue to invest in this business over the next 1 year to 2 years. And we expect that we should be able to grow this business on a Y-o-Y basis for the next 3 years at over 25%.

So, with that, I will pass the call on to Nishit, who will take all of you through the financials in a lot more detail. And then we'll open it up for questions.

Nishit Shah:

Thank you, Vishal. Consolidated profit after tax and after minority interest increased by 50% year-on-year to INR313 crores for Q3 FY 2026 and by 69% year-on-year to INR1,037 crores for the nine months FY '26. In Q3 FY 2026, there is an income on account of receipt of interest on income tax refund amounting to INR113 crores and statutory impact of new labour codes of over INR21 crores.

Operating profit after tax adjusted for such impact for Q3 FY 2026 stood at INR244 crores, resulting in a year-on-year increase of 17%, and INR968 crores for nine months FY 2026, resulting in a year-on-year growth of 58%. The consolidated net worth excluding minority interest stood at INR10,418 crores, resulting in a book value per share of approximately INR109.

Onto our business segments.

Corporate Advisory and Capital Markets. This includes the investment banking and institutional equities businesses. During Q3, we closed 12 capital market transactions, aggregating to approximately INR36,000 crores. In addition, documents have been filed for 54 IPOs, aggregating to an issue size of approximately INR121,000 crores. And there is a pipeline of M&A advisory as well as other capital market transactions over and above this. On a Y-o-Y basis, net revenue for Q3 FY 2026 increased by 30% to INR210 crores, and operating profit after tax increased by 12% to INR89 crores. For nine months FY 2026, net revenue increased by 30% to INR670 crores and operating profit after tax increased 39% Y-o-Y to INR308 crores.

Wealth and Asset Management. In line with our earlier guidance, we are rapidly expanding on the wealth management and the asset management business. For the Wealth Management business, the strength of our sales employees and RMs has increased by 41% year-on-year to 1,057 employees. As regards physical expansion, on a year-on-year basis, branches have increased by 11 to 73 branches and franchisees have increased by 27 to 922.

The recurring AUM of all our wealth businesses grew by 33% year-on-year to INR33,100 crores. The proportion of recurring to total AUM has increased to 29%. On a Y-o-Y basis, net revenue for Q3 FY 2026 increased by 7% to INR181 crores, and operating profit after tax stood at INR19 crores as against INR30 crores earlier.

The performance for the quarter has been impacted by investments in physical and digital infrastructure expansion as well as on account of talent recruitment. For nine months FY 2026, net revenue increased by 10% to INR581 crores and operating profit after tax stood flat at INR93 crores.

On the mutual fund space, the average AUM from non-liquid funds has increased by 15% year-on-year to approximately INR12,000 crores. The employee strength in the asset management business has increased 15% year-on-year to 211 employees. The pipeline launch of alternative investment funds is extremely strong.

For our asset management business, loss after minority interest for Q3 FY 2026 stood at INR9 crores as compared to INR8 crores for the same period last year. For nine months FY 2026, loss after minority interest stood at INR25 crores as against INR19 crores for nine months FY 2025. We continue to invest in our Wealth and Asset Management businesses.

Private Markets. This segment comprises of Private Credit, which is Corporate, Bespoke, Real Estate and Distressed Credit; and Investments, which include private investments, private equity funds as well as REITS, etc. Private Markets is a very differentiated platform with a focus on providing solutions to our clients.

Private Markets has witnessed a robust pipeline of syndication transactions and is continuing strong progress in recoveries. During the quarter, we successfully closed a large transaction of approximately INR3,300 crores on a syndication basis. Further, there is a strong recovery pipeline in the Distressed Credit space as well.

Operating profit after tax after minority interest for Q3 FY 2026 increased by 82% on a year-on-year basis to INR111 crores. For nine months FY 2026, operating profit before tax grew 5x to INR624 crores, and operating profit after tax after minority interest grew by almost 4x to INR466 crores.

Affordable Home Loans segment. This segment includes our Affordable Home Loans business. We have a branch network now of 135 and a customer base of over 30,000. AUM has increased by 23% year-on-year to approximately INR3,200 crores.

Revenue for Q3 FY 2026 increased by 27% year-on-year to INR118 crores, and operating profit after tax after minority interest increased by 53% to INR22 crores as against INR14 crores for the same period last year. For nine months FY 2026, revenue increased by 24% year-on-year to INR328 crores, and operating profit after tax after minority interest increased by 32% year-on-year to INR49 crores.

With this update, I would like to hand over the call to the moderator and open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. We take the first question from the line of Digant Haria from GreenEdge Wealth.

Digant Haria: Vishal, first question is that, see, the third quarter, markets were weak and we had a lot of new opex coming in on wealth and even the capital markets division. So would it be safe to say that we have probably reached a trough in terms of profitability in these two divisions? And you know as markets recover, our businesses recover, the profits may grow actually faster than the revenue. If you can just highlight on these two divisions?

Vishal Kampani: Yes. So I think, Digant, both these divisions, though they have a common underlying trend of capital market activity, they operate a little differently. The Capital Markets and Corporate Advisory business is obviously highly deal related and what we actually monitor is where the pipeline is healthy and what percentage of the pipeline we can actually put through over the next 1 year to 18 months.

And there's always volatility which sets in because of geopolitics or FPI selling, or there are always reasons in the markets where sometimes deals get pushed out on a quarter or 2-quarter basis. But the underlying momentum and the breadth of the business that we are seeing today, I mean, I've never seen it in my career over the last 3 decades. So it remains very strong. The activity levels that we anticipate over the next foreseeable future, 1, 2 and 3 years will remain very, very strong.

So it's just better to see how we perform on this business in larger gaps and from a peak-to-peak perspective than looking at it purely from a quarter-on-quarter. So you're right. We had a very strong Q2. And you may have a very strong Q4, you may have a good Q1 and Q3. But overall, if we track our internal budgets in the business, we are actually ahead of our budgets in this business. So that is how the Capital Market and Corporate Advisory business works.

And therefore, we give a sneak peek into where the pipeline is in terms of how it's building, how it's being executed and how we are ramping up on certain measures like equity research coverage, etc., which are super critical to even the primary issuance business.

On Wealth and Asset Management, the story for us is very different. This is, as I've always said, a long-haul business. Our brand, JM Financial, deserves to be much larger in these businesses. And we will just continue to invest. We've done that for the last almost 2 years, and I think we will do that this year as well. And the size of our business needs to be much larger in terms of distribution and the client touch points that we're able to reach.

This is the most exciting part of the business that we are building and we'll continuously invest. So again, here, you will see volatility which sets in from two aspects of the business. One is broking volumes, broking being a significant portion of this revenue. And second, for us, as we build wealth management, we have a lot of transactional income which we, as a house, does not want to lose.

While our focus will always be on recurring revenues, but being a transaction house, we're able to put through a lot of innovative products as well as exciting pre-IPOs, etc, etc, for our client base in wealth management. And we'll continuously pound the floor to make sure that we are

making those products available for our clients. So the volatility in the business remains high only from a revenue perspective in brokerage as well as in the transactional deals.

But again, the transactional part, from a 2 to 3 year perspective, just like the investment banking business is very strong. The pipeline is extremely strong. And we'll continue to do well. Brokerage, we are solidly expanding. In fact, I think we've had the least disruption in terms of growth among most of our competition in terms of our brokerage revenue purely because of the expansion we've done in terms of branches and people.

And we will continue our focus on making our wealth RMs more and more productive. We are in the recruitment phase, as I mentioned on my last few calls. A large part of our recruitment phase gets completed somewhere around June-July of 2026, which is this year. And there will be an intense focus on productivity, which has already begun again this year. So that, sort of, sums up how we look at these two businesses.

Digant Haria:

Perfect. Second question is on the Private Credit division. The income line item has actually started moving up. It's positive after a long time. Just wanted to hear your thoughts on when does this loan book also start moving up. Our focus loan book is still around INR4,200 crores. At what stage does this also start moving up?

Vishal Kampani:

Yes. So as I said that from where the loan book stands today, I think 20% Y-o-Y growth is something for the next 3 years we are comfortable in terms of building. But again, Digant, I want to be very focused on syndication. For example, we could have taken more assets on our balance sheet last quarter, but we chose not to, and we chose to increase the fee component. So I'm very happy and pleased with the way the business is getting built out.

Again, as I said, our credit pipeline is looking stronger. We are having a lot of integrated efforts between our credit funds as well as our balance sheets to put some interesting transactions through for our clients on the wealth side, asset management side as well as the institutional side. So I think it will be a judicious call we will take in terms of how much exposure we want to have in transactions that we underwrite.

But yes, the target is 20% growth on the book side. But don't hold me to it. It could be 15%. It could be 10%. It could be even 25%. It's just a decision we take every quarter in terms of our hold, in terms of risk-adjusted returns as well as the demand for many papers in terms of syndication.

But I must highlight that I feel the next 2 years, we will also see heightened activity in the Private Credit space. We are getting the feelers for it in the last 6 months to 9 months. I think a lot of deal volume growth will be visible over the next 2 to 3 years.

Digant Haria:

Perfect. But, so Vishal, even if the loan book may not go up, the income line item will keep moving up, right? Because if we do a syndication also, at least the fee income part keeps moving up.

Vishal Kampani:

Yes, yes. I think, Digant, I mean, you've seen our business very closely. I think the reason the income line has not moved up is because the real estate book has degrown from INR10,000

crores to almost INR1,000 crores today, right? That's almost a 90% reduction in the wholesale real estate book.

I mean, 2 years back or 3 years back, the concern was, will we see NPAs, will we have some issues in terms of recoveries? And I'm very happy to report that one must focus on quality of underwriting that we've done, that the INR10,000 crores real estate loan book has actually got repaid and refinanced through a good cycle and it's down to almost INR1,000 crores today.

Also on the real estate side, which I highlighted, I think, a quarter or 2 quarters ago, is that we're going to see normalized pricing for construction finance in the next 2 to 3 years. And I definitely see some pickup in activity in real estate, both lending as well as syndication, because I think the rosy period of residential sales booming is kind of over. It will be a normalized cycle, and a normalized cycle is when you will see construction finance pickup.

So I think that itself, again, I think there is a trough clearly in terms of the real estate book. It will only grow from here. So, I think you can assume that, yes, financial year 2026 probably is the bottom of income reduction on the Private Markets side.

Digant Haria:

Perfect. Last question is on the housing finance. I think we had a great performance after quite some time, especially on the profit side. So can this momentum be maintained, like what we saw? Because we were on an expansion phase till now. Just like how do we look at the profitability part going again?

Vishal Kampani:

Yes. Manish will take that question.

Manish Sheth:

Yes. So Digant, good question. Generally, housing finance industry, as such, quarter 3 and quarter 4 are always better in terms of availability of water in Tier 2, Tier 3 city versus quarter 1 and 2. So, this, I think, momentum will continue in terms of profits, and we will see similar kind of profit in quarter 4 as well.

Moderator:

We take the next question from the line of Shubhranshu Mishra from PhillipCapital.

Shubhranshu Mishra:

Three questions. One is on the wealth management. We've doubled the RMs. So what do we think of the AUM per RM going forward in the next 2, 3 years? What is our aspiration there? Second, if we can split our wealth management revenue into a few line items, how much is coming from Advisory, so on and so forth?

The third is around Affordable Housing. We've seen a stellar growth in the AUM. However, when we heard the couple of other affordable housing finance companies, they spoke of a slowdown. There were certain states of certain contiguous listed in, say, Gujarat and Tamil Nadu which had tepid growth. So if you can give finer details of how we look at the growth and decompose the growth maybe into what status is contributing to that?

And the fourth is, we had spoken about the deal pipeline at a systemic level, I think a couple of quarters ago. If Vishal can speak about it, what are we thinking about the deal pipeline at a systemic level for the next 5 to 7 years? And how do we see ourselves positioned there?

Vishal Kampani: Sure. So let me have Chirag take on the wealth management questions. Manish will take the affordable housing, and I'll come back to deal pipeline in the end.

Chirag Negandhi: Yes. Chirag here. So on the wealth management side, you're right, we've added quite a few new RMs. And the idea is that we continue to build out our distribution as we bring in more products as well. So Vishal mentioned earlier that the real estate fund and the pre-IPO fund, which we just recently received the permission for, both will go out. So that is also part of the endeavour to both, to not only allow us to increase the recurring revenue, but also to allow us to expand our client base, thereby enhancing the distribution so that we can push other and offer other products through this pipe.

And the wealth management RM expansion is precisely part of that plan. So we knew that these products were coming up. We wanted to make sure that we had the distribution in place before we officially started offering these products. And that only helps us increase the client touch points that we have.

Shubhranshu Mishra: So what's the aspiration for AUM per RM in the next 2 to 3 years?

Vishal Kampani: Sorry, I couldn't understand the question. Can you repeat that?

Shubhranshu Mishra: So what is the aspirational number that we have for AUM per RM, relationship manager, in the next 2 to 3 years?

Chirag Negandhi: So, a lot of the build-up that we've done is very recent. So, what we will expect, that over the next 2 to 3 years, you'll see AUM expansion upwards of 25% per annum. And we don't expect to now ramp up the RM base too much. We are at least done for the next 12 months. There will be replacements, but nothing beyond that. And I think that you'd start seeing this number moving up quite significantly in terms of what it means for AUM per RM.

Vishal Kampani: Manish?

Manish Sheth: Yes. So on Affordable Housing, the question was about the stellar growth and can we continue maintaining this kind of a growth. Answer is that, to my mind, it is not a stellar growth. It is a calibrated 23% growth, and this is what I think we are going to maintain.

In terms of geography, we are largely present, 50% of the business is coming from Gujarat and Maharashtra, where we have a strong hold. And our disbursement continues to be in the same range, per productivity per RM is almost similar what we were expecting at the beginning of the year. And that continues to do well.

In terms of non-performing assets across all the states are coming under control. And last quarter and last month, we have seen a real uptick in terms of our collection efficiency. So hopefully, this kind of growth we can expect even in next year as well.

Shubhranshu Mishra: One question on the wealth management remained unanswered. If you can split the revenue into various line items, like what is coming from Advisory so on and so forth?

Nishit Shah: The recurring revenue component, which includes the income generated on the recurring AUM as well as the interest income, that would be approximately 50% and the balance would be the broking income as well as the transaction-related income. So it's roughly around 50% each.

Vishal Kampani: Also, further to what Chirag said, I think today when we look at revenue per RM or AUM per RM, it's not a very important metric that will help you. Because the RM count has gone in the wealth management side from 40 to 220, and the sales team count on overall basis has gone to 1,050. So, I think what will really help, and we will start giving those numbers from next year, is actually comparable AUM growth when the full team by June-July is almost hired.

So that will give you a very good comparison in terms of what the recurring revenue growth is from the recurring assets as well as what is the transactional volume growth and what is the customer base that we are adding across wealth management as well as broking. Because when you have such a high volume of growth in terms of the recruitment that you've done, you need 12 to 18 months for the AUM pickup to happen.

Coming to your question on the pipeline, as I've said even 3 or 4 years back that India is on the cusp of being one of the biggest capital markets in the world. And I think we are already on that trajectory. I see solid growth in the next 6, 7 years.

I think we're an extremely stable economy with very, very low downside, a very stable political environment, a very charged-up start-up ecosystem, extremely charged up private equity and venture capital investment system, tons of financial capital moving away from the banking system to the capital markets system, looking for higher yields.

Basically, investors are actually becoming investors from being savers. And so I think this trend is not going to stop. You may see some short-term volatility, which you will see in any business. But I think from a 7 to 8 years perspective, all on, whether it's equity capital markets, private credit, private equity markets, M&A, we will just see businesses getting larger and bigger.

Shubhranshu Mishra: And where do we see ourselves positioned here in terms of, say, market share or revenue uptake, so on and so forth.

Vishal Kampani: So, I think, I would broadly put over a longer-term, 5 to 7 year period, you should see anywhere between 13% to 15% kind of revenue growth. But the profitability growth should be anywhere in the high teens for this business because as we scale, as deals get larger and as more and more new products are introduced where you have better margins, all the capital markets, corporate advisory, wealth management businesses will get bigger and more profitable.

So we keep investing, as I said. And the idea, the most important thing for us will be to maintain quality. It's very important. The talent pool in some of the businesses is very limited. Before 2020, almost 10 years, there was very limited investment in the capital markets space, in the equity space. And so sometimes, getting the right talent, the best quality talent, and that, too, at the right levels of compensation can be difficult. So one has to wait out, maybe sometimes be a bit more patient and manage how you choose your business from a margin perspective in a smarter way.

But having said that, over the next 5 to 7 years, today, I don't see anything really stopping India from this 7%, 8% growth trajectory that we are on. Two spaces where India can, of course, do better will be AI. We don't clearly have a spot in AI. But I can assure you that everything that I hear, our government and many of the large corporations are very focused in making sure that India pivots and finds its spot on AI.

And the second big growth engine in the world is defense, where, again, I think the Make in India opportunities are being driven very hard by the government to make sure that we find a spot in the sun in defense.

Infrastructure, you already know what is going on. There are large projects which the government is undertaking. And there's a lot of growth in infrastructure spending. So as long as infrastructure spending continues and we'll find a spot, which I'm confident of, in AI and defense, that will boost growth even more from the 7%, 8% levels. And that will clearly help our transactional business, our deal pipeline business as well as what we are building long term in wealth and asset management.

Moderator: We take the next question from the line of Varun Bahl from Ploutos Investment. Since there is no response, we move on to the next question, which is from the line of Dhruv Zobalia from Prospero Tree Financial Services.

Dhruv Zobalia: I have a question regarding the merchant banking side of the business. I want to ask that the merchant banking pipeline of JM Financial is very strong, of around 54 IPOs. And I think in this current month of January, there was only 1 IPO executed. Sir, what is stopping JM from executing more IPOs? Is it the market conditions? Or is it the SEBI approvals?

Vishal Kampani: No, it's purely market conditions. I think SEBI is doing a great job better than ever in terms of getting approvals out for companies that want to list. It's only market conditions. When you have a lot of volatility, because of the pending U.S. trade deal, the sudden increase in prices of gold and silver and some FPI selling, then it's hard in volatility to get transactions done. So it's purely market conditions. As soon as the market conditions get better and stabilize, the deal activity will come back.

Dhruv Zobalia: Okay. And also there's a follow-up question. Also, how many IPOs are SEBI-approved? Like there are 54 IPOs in the pipeline. So how many of them are approved by SEBI?

Vishal Kampani: Yes. Sonia can answer that question.

Sonia Dasgupta: So of the DRHP that have been filed, which is 54, we have close to 30+ deals, which are already approved by SEBI.

Moderator: We take the next question from the line of Aadarsh from Negen Capital.

Aadarsh: So my question was regarding the consolidated PAT, which is INR313 crores. If we strip out the INR113 crores interest on income tax refunds and the INR21 crores exceptional for the New Labour Codes, our core operating revenue appears to have contracted. Could you explain the reason for this decline despite bull market in the investment in Wealth segment?

Nishit Shah: Yes. So as we alluded to earlier in the call, there has been a significant decline in the loan book, and which is by design. When you're comparing the revenues, the interest income for the same period last year was significantly higher.

So that is the reason why you see, sort of, a dip when you compare it on a year-on-year basis. The second part of your question, if we were to, sort of, take it on an operating PAT basis, the number would be about INR244 crores, which is a 17% increase over last year same period.

Moderator: We take the next question from the line of Jaiprakash from Korman Capital.

Jaiprakash: Sir, my question is related to real estate book, which we are building up now. Am I audible?

Vishal Kampani: Yes, go ahead.

Jaiprakash: Yes. So, sir, my question is, we are seeing a lot of this AI-related job losses, and you already said that the rosy picture of real estate is over. And given that these job losses and all that, there will be a lot of impact on real estate markets in, let's say, Bangalore, and all these IT hubs.

So, what special approach you're taking? And if you can talk about your geographic exposure as well, like how much is to these IT hubs? And if you can just give some color around or give us comfort around your real estate book?

Vishal Kampani: Yes. So I think, first of all, our real estate book, as I said, is contracted by 90%. It's down to INR1,000 crores. And because of a very strong sales momentum, extraordinarily strong sales momentum last 3, 4 years, there was not much of a drawdown on construction finance. So I'm not saying negative, where you're going to see no real estate residential sales. I said you're not going to see the cycle, the strong super cycle that we saw in the last 3 years.

And marketing budgets and spending time on actually selling is going to become more important by most developers. And therefore, the drawdown on construction finance may actually happen. And I think financing rates may become more attractive than they've been in the last 2 to 3 years. So that is the strategy on real estate.

Now while, I mean, India, yes, India may face job losses in certain industries. I think there will be other industries which should be able to provide jobs as well. And there's a big thrust on infrastructure. As I said, there's a big thrust on defense. There's a big thrust on manufacturing. So there will be a lot of jobs being created in those spaces, which I think will be able to offset some of the job losses that you will see in IT services.

Having said that, there's a very strong momentum in GCC, where there is a lot of value-added work which most foreign companies today, international companies today are outsourcing to India. And the growth on the GCC side is still intact and that sector continues to do very well which, again, adds to jobs.

So of course, we will be very careful of where we lend money and where we build assets along with our developer counterparts. But the areas of focus will continue to remain the big cities,

which will be Mumbai, Delhi, Pune, Bangalore. That's where I think we're able to find high-quality developers and a better sort of risk-adjusted returns.

Jaiprakash: Okay. And given that your focus totally is on the Private Markets. So will demand get impacted? I understand there was a deliberate downsizing of the book. But how do we go from here, especially your fee generation as well, right? That will depend on how much you can syndicate? Syndication also, if there is any real estate angle to it on the syndication side also, if you can give a color?

Vishal Kampani: Yes, so our syndication business will be across real estate, across corporate, across distressed, across private equity. It is not restricted to only corporate. And as I said, that it's hard to tell you how much book growth we will see in each segment. But I think a 20% kind of growth on balance sheet should be doable. Corporate has done a lot better in the last 2, 3 years. I think there will be some pickup in real estate book over the next 2 to 3 years for sure.

And Corporate, I think will see a pickup. But Corporate also will see a lot more syndication. Right now, the amount that credit funds are keen to put to work in India credit is very exciting.

Moderator: We take the next question from the line of Yog Rajani from Omega Portfolio Advisors.

Yog Rajani: So, as I see, the cash and cash equivalents have fallen from INR5,800 crores to around INR3,200 crores from last year. Could it be possible for you to explain the reason for the decrease and what the future trajectory would look like?

Vishal Kampani: Yes. So, I think that's a very good question. One is, if you actually see our revenues for the quarter comparable last year, it had obviously a higher treasury income because the cash balances were higher. And this time, we have a much lower treasury income, because the cash balances are lower. So, in fact, the quality of revenue and the increase in fee and commission income has grown at 32%, and the mix of revenue actually is much more operational in nature.

The reason the cash balance was reduced is because we purchased the minority stake of our partners in JM Financial Credit Solutions. And that's why the cash was used to buy that stake. And Credit Solutions now has become a 100% subsidiary of JM Financial Limited, and we also get the benefit of consolidating that business 100%.

Yog Rajani: Okay. That's great. Could you also let me know what the value of our liquid investments is on our balance sheet?

Vishal Kampani: As of 31st December, the number will be approximately INR2,900 crores.

Moderator: We take the next question from the line of Akshay Jawahar, who is an Individual Investor.

Akshay Jawahar: So, I had two questions. One is on the Private Markets segment. There, I wanted to understand that, can we have an idea of what is the revenue from the focus loan book? Like I understand that over the last 2 years, we've reduced the non-core loan book. So, when you look at the revenue on an overall level, there will be a decline. But I want to understand that on a 9-month to 9-month period, what is the revenue growth within the focus loan book?

Vishal Kampani: Yes. So Nishit will take you through the numbers in detail. But if you look at Page 17 in our Investor deck, you will see how the focus loan book has moved. And the two areas are Real Estate and Bespoke, and the non-core loan book of FI Financing and MSME has shrunk. Real Estate, obviously, has gradually declined because we have not been lending. We are waiting for a better time in terms of risk-adjusted returns to be able to start lending, which I think begins this year.

So, I think we have a yield of approximately 13.5%. And if you look at the quarter 3 and the quarter 2, loan book has been pretty stable, around INR4,000 crores. So that is the kind of yield we are making on that book. So simple calculation would put the interest income number at almost INR600 crores to INR650 crores.

Akshay Jawahar: All right. And the other part was within the Private Markets, we had basically, I think you made a provision of somewhere to the tune of INR1,000 crores, right? And we were expecting somewhere like INR300-odd crores over 3 years. Are we still on track to receive that? Or any timeline by when we think we will realize that?

Vishal Kampani: Yes, I think we are still on track. So, I've said that roughly INR900 crores to INR1,000 crores is what we will be able to recover one third, one third, one third. And we're still on track. I think we've already done around INR250 crores to INR260 crores for 9 months.

Hopefully, I think we should hopefully hit maybe INR270 crores to INR280 crores by the year-end. But don't hold me to it, because many of these are in SARFAESI action and NCLT approvals and there can be a slip. So hopefully, we should be done.

We also have some recoveries on our ARC end, which have got approved by NCLT. And they're just waiting for the process to get completed. So, actually in total, INR260 crores to INR270 crores cash release has happened.

Our expectation over the next, say, 5 quarters could be between the ARC as well as the additional recoveries, we should expect another INR700 crores to INR750 crores of further cash release in terms of these assets getting resolved.

So, I guided a number earlier in one of my calls of INR1,500 crores in total, INR1,000 on the NBFC book, another INR400 crores to INR500 crores of cash released from the ARC. So far, fingers crossed, knock on wood, we are on target.

Akshay Jawahar: Okay. Great. That's good to know. My last question is on the wealth management piece. So while we compare it on a year-on-year basis, we see that the sales employees have increased, the branch network and everything has gone up.

But if I just compare it with Q2 2026, which is last quarter, there hasn't been a very large increase in your sales employees and in your branch network. But why is it that the profitability of the wealth management was placed in the current quarter versus the previous quarter has gone down significantly? Or am I looking at something wrong there?

Chirag Negandhi:

So, it's a combination of multiple things. One is the transactional revenue itself is lower in this quarter compared to the second quarter of FY 2026. And as we continue, you will see that we've done a big part of the build-out in terms of hiring RMs. You will see some volatility on a quarter-on-quarter basis as we now go out and launch the funds as well. Once we have all of this in place, I think a lot of this settles down.

But you have to give this a little bit of time. We've just ramped up the RM base. On revenue on the transactional side, there is some volatility in the markets just because of how the capital markets are and that's showing up as well. As we ramp up our recurring revenues, as we ramp up our product suite, and use our higher RM base, you'll see this becoming a little bit more lenient.

Akshay Jawahar:

What's our target RM, like what is the target level for the RM that you'll see like or target for the RM and sales employees?

Chirag Negandhi:

We're doing this gradually. So, I think we are done for this year. As we start building out the products, and we will now add them as this has been a big ramp up for us over the last 18 months or so. Now it's a little bit more of getting teams wherever we need to plug the gaps, etc. It's not going to be anywhere close to similar numbers in the next 18 to 24 months.

Vishal Kampani:

So in terms of percentage growth of RM, it will be obviously lower in calendar year 2026. And as I said earlier, that there are a few recruitments in place which will get closed by the June - July, purely because of March 31st being the year end and some people moving to us post the year end.

And then I think there will be a wait on the wealth management side to make sure that we are completely focused next year on productivity gains. And then we will relook again sometime in April, May, June 2027, whether we want to add more people or not. But the brokerage expansion, which is the broking piece on the retail broker side will continue. We won't stop on that.

That's a more low cost and a lower risk expansion that we are able to do and also plugging in sales of primary product through a lot of training that we are doing of the RMs through a division that we have internally, which focuses only on selling third-party products. And that will continue to push ahead on the expansion.

Moderator:

We take the next question from the line of Himanshu Upadhyay from Steadfort Investments.

Himanshu Upadhyay:

My first question was to Manish, okay? Manish, when we look at the JM Financial Home Loans numbers, the gross NPA as a percentage reduces quite significantly, I think from nearly 1% to 0.26% Y-o-Y. And even our net NPA has reduced quite significantly. Any specific reason for such a drastic fall? Because we have not seen any increase in provisions or anything there or what led to such an improvement?

Manish Sheth:

Yes. Himanshu, So, this quarter we have sold the NPA first time in last 8 years. We have sold a gross NPA worth INR57 crores and it has been sold without hitting anything on the P&L.

Basically, that means our provisions were good enough to cover the expected losses, and there is no incremental credit cost to the P&L. That also freed up a lot of bandwidth of the collection team for the additional recovery efforts which we put in on the bucket 2, bucket 3 cases. And that has also shown the results as we speak.

Himanshu Upadhyay: Okay. And one more thing. So, our provision coverage ratio remains 35%, okay? And after this cycle also, do you think that 35% is, you are comfortable or at some point of time we'll need to increase or we'll like to take it higher?

Manish Sheth: This is much comfortable. And in fact, proof of the pudding is that we actually exited with, giving a similar kind of ratio without hitting the P&L.

Moderator: We take the next question from the line of Sudharsan from Prosperity Wealth Management.

Sudharsan: Yes. So, my question is on the Private Credit bit. If you can just give me a breakup of the revenues between your interest component and syndication income fee component?

Vishal Kampani: Yes. We'll just pull it out and give it you.

Sudharsan: And second bit, so you mentioned like your loan growth can be somewhere around 20% given syndication component can be higher, which will bend down your loan component. So if you are to model in a number, is the ROE a better metric to look at? When your Q3 exit is around 7%, what would be the internal target for next year?

Vishal Kampani: Yes. Because the net worth in the business is quite large in this segment, it requires a lot of syndication volume to be pushed through for the fee incomes to be higher. So that is what we are focused on. But having said that, it cannot be at the cost of no growth in the loan book.

And therefore, our modelling is roughly a 15%, 20% growth in loan book, but maybe a 30% to 40% increase in syndication volumes. So, in short, I assume that you have INR100 loan book. You have to do INR40 or more business in which roughly 40% of that, so say, INR15 or INR16 stays on balance sheet. But the balance has to be sold down at the minimum.

Nishit Shah: So, to answer your question with respect to the income split, so roughly for the 9 months, approximately INR600 crores is on account of interest income largely from the NBFCs. The fees and commission income is roughly around INR75 crores. And the rest of the income is with respect to the ARC business as well as some of the investments that we have in the private markets. So that is kind of the breakup of the income.

Vishal Kampani: And ARC revenue is partly fees and part of it shows up in the fair value changes because all the investments that we hold are in the form of security receipts. And so the gains and losses depending on the exits that we do shows up in the changes in fair value.

Sudharsan: Okay. Understood. Got it. And on the HFC bit, you mentioned you've exited the GNPA portion. So, was it to your own ARC? Or is it a third-party ARC?

Manish Sheth: No, third-party ARC. It is not JM ARC.

Sudharsan: Okay. And was it a cash settlement? Or is it a security settlement?

Manish Sheth: Cash. Fully cash settlement. No risk to our balance sheet after sell-down.

Sudharsan: Okay. And these were 100% provided when you made the transaction?

Manish Sheth: Yes, it was sold without hitting anything on the P&L.

Moderator: We take the next question from the line of Dhruvesh Sanghvi from Prospero Tree Financial Services.

Dhruvesh Sanghvi: I just wanted to understand, you have been constantly saying that this has been one of the best few years and potentially your next 5 years out of your 30-year career in investment banking, CACM areas. And if I have to just extrapolate that if things really work out the way you are imagining for the next couple of years, does the potential INR1,000 crores number of the CACM which we are already almost achieving in this year, does it go up to like INR2,000 crores? Is that a kind of a possibility? Or I mean if I'm just gazing a little bit ahead. And how much of the team expansion is required in this business? Because this essentially is a very team or a human-centric business of relationships. So, does it automatically mean that we will also have to look at a massive team expansion in the same area again?

Vishal Kampani: Yes. So, these are all great questions. Let me just take it one by one. So one is, generally, if your economy is expanding at a certain rate, your capital markets will generally expand at, at least 1.5x that rate. There is no science to it, but it's generally observed in Western markets. If you go back to the history in the U.S. or in Japan, when there was a solid expansion in GDP and a lot of growth, the capital markets expanded 1.5x to 2x of GDP growth.

So if capital markets are expanding at, say, 12% to 15% in the country, a brand like ours, and if you're focused on the business and able to do more deals, then I think we should be able to expand faster. So that's why the revenue in terms of growth should be minimum at a 15% level. And if there is less volatility, which we've seen, all of us have seen as capital market players from geopolitics, then, of course, the number can be even as high as 20%.

Now when you have 15% to 20% kind of revenue growth, how do you make that growth more profitable? One is, you choose the right deals and the right transactions. Like sometimes people feel it's great to be part of a big deal. But a big deal is not necessarily a big fee-paying deal and sometimes a big deal has many large and too many numbers of banks on the transaction. So, you have to choose where your resources can get deployed from a profitability perspective. And that is what we are constantly focused on.

But having said that, the most interesting part of the business is the breadth. We used to have a lot of repeat business from, say, 20 clients even 15 years ago, and that really contributed a lot in terms of our revenue growth and profitability. And that has completely changed. It's just the universe of clients has become so large that the breadth of the business has completely changed.

And that gets into the question of recruitment that you have to recruit more. Challenge is that there is an explosion of costs on the talent side when you want to hire, and you may not really

get the right quality every time. So, it's also a difficult human resource challenge that you face when you're expanding like this. So, it's a challenging time in terms of high revenue growth and how you maintain your market share. But it's fun. We definitely would choose this over a silent market here.

And on top of that, there's also a very strong flywheel between what we do on the Corporate Advisory and Capital Markets side, it feeds in a big way into our wealth management business in terms of transactional revenue. It may not be happening every quarter. But even if we get it right two quarters in a year, it adds to ROE in a significant way with no additional cost, because all of the origination costs sit in the investment bank.

And third, the flywheel also operates into our Private Markets business. And as our Private Markets business becomes bigger on the equity and the lending side, we will be originating a lot of the companies that eventually will go public or do M&A right from our Private Markets business.

And, as our wealth management gets bigger over the next 2 years or 3 years, we will originate a lot of private companies who will need our capital market support in terms of deals and transactions and advisory which, again, adds to origination without really recruiting as much in the CACM segment here.

So, it's a nice flywheel. Sometimes it feels a bit fluid because a lot of the teams are expanding. A lot of people are working on execution. But I feel it will all come together, and that's where you see the power of the franchise playing through over the next 2, 3 years.

Dhruvesh Sanghvi: Okay. Great. And so slightly a little bit specific I mean, I understand the flywheel effect completely now, and you have been talking about it many years and partially executed now. So, I appreciate it, but that is going to take some time.

But if I have to see from a 3-year landscape, and let's say, we have this explosion in deals and all that, I would assume that the margins in the CACM cannot expand from what where we are today. Because it is a people-centric business and the incentivization needs to be done accordingly.

Vishal Kampani: Yes. That's right. So, it's very important to have the revenue growth between 15% to 20%. And as I said, it's how you choose your business, right? So let me give you a small example. The transaction that we put through on the syndication side, the large transaction in last quarter was Vodafone

It was a bond issue, which our team worked with the Vodafone team, structured a very interesting bond which explained the risk dynamics and placed it with a lot of institutional investors. The origination effort in terms of knowing the client was practically zero, because we know the client for almost 3 decades, and I've been working with the Birla Group for very long. This is just an example.

So, it's a core understanding. The coverage of the client is already in place. And the transaction was fully executed by our Private Markets division even though the relationship sits in our

Investment Banking division. So, you will see a lot of the flywheel effect of this. Once you strengthen and these teams become bigger, there is a lot of cross-selling, which you will see is possible. And also, see, cross-selling at the retail level and cross-selling at an institutional level are very different.

An institutional cross-selling is a lot easier. On the super high net worth, between private markets, capital markets, cross-selling is a lot easier. At the individual level, when you really go down retail and like banks, you have to cross-sell, that's when you need a different kind of process and a different kind of system. At the institutional level, it's about fixing the right revenue shares and fixing the right incentives, which makes people move and originate and execute these transactions.

Dhruvesh Sanghvi: Right. Great. I have two more questions. I'll ask the capital allocation first. In terms of INR24,000 crores balance sheet, like how do you personally think about INR24,000 crores? Like, I mean, as an owner of the company, how do you think about this money that, okay, this much is here, this much is here, and this is what my expectations are in the next 5 years?

Vishal Kampani: Yes. So, I think when you look at the INR24,000 crores balance sheet, a significant portion of that capital is actually allocated and sits in our Private Markets business and that is partly kind of a legacy, because we had built these NBFCs to do a lot of business on balance sheet, for example, land financing, which regulatory cannot be done on a balance sheet any longer. And as I've said earlier, that we'll pay out a healthy amount of dividends from the profitability of those businesses, and so we don't need to bloat the capital further in the Private Markets space.

On the home loans side, we are pretty well covered in terms of capital over the next 5 years. We don't need to raise any outside primary capital. We've fully funded the business for that growth. Wealth management, for us, the beauty of the business is that the traditional broking business is very profitable.

If I were to strip out the investments made in wealth management as well as digital, the core profit before tax is almost INR200 crores in that business. So that itself allows for funding and growth to happen in that business without any further capital allocation.

Asset management, we'll continue to allocate capital because we want to make that business bigger. The capital allocation there over the next 2 years when it becomes profitable, we'll be funding losses as well as investments that we will make in our real estate fund as well as our pre-IPO fund for growth.

Corporate Advisory and Capital Markets, we really don't see any further capital allocation. It's an extremely high ROE business and doesn't require too much of capital. So now when you look at the breakup of this capital employed, I think you already have a very high ROE business in Corporate Advisory and Capital Markets.

You have Asset Management and Wealth Management, which is going through a massive investment phase. The investment phase, sort of, will complete shortly in the next 1 year or 2 years. And then with the gains in productivity and the sheer revenue growth, we're hoping that, that business gets to a mid-teens ROE. So that is kind of a plan for 2026, 2027, 2028 and 2029.

The home loans business needs more leverage. As I said, it's fully capitalized. The ROA is very healthy and the business has been managed extremely well. I talked about 25% kind of AUM growth year-on-year for the next 3 to 4 years. But as they add leverage, you will see their ROE profile in the early teens very soon. So the question is only on the Private Markets business, how we can scale and how we can get that business close to a 12% to 13% ROE.

But that will take 2 to 3 years. We need to build out more syndication. We need to build out more syndication even on the private equity side, not just the credit side. And we are hoping that we gain some amount of market share because there is an uptick in retail NPAs. We're hoping that we'll be able to do some amount of transactions on the distressed book and clock some decent IRRs on the retail NPA space.

So that's kind of the plan for capital allocation. Our surplus cash has reduced Y-o-Y because of the buyout of the minority investors of JM Financial Credit Solutions. And going forward, the surplus of capital will get deployed on the loan side because large part of our surplus sits in the Private Markets space. As the loan book grows, it will get deployed.

Moderator: Thank you. Ladies and gentlemen, due to paucity of time, we take that as the last question, and we conclude the question-and-answer session. I now hand over the conference to Mr. Vishal Kampani for his closing comments.

Vishal Kampani: Thank you very much for attending our call for the third quarter. If there were any unanswered questions, please reach out to our CFO, Nishit. We will be happy to clarify and give you all the answers. Thank you all very much and look forward to seeing you all for the annual results call.

Moderator: Thank you. On behalf of JM Financial Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.