



JM Financial Limited
Q4 FY26 Earnings Conference Call
June 01, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Conference Call of JM Financial Limited. As a reminder, all participant lines will remain 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 the 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 will now hand the conference over to Mr. Vishal Kampani for opening remarks. Thank you, and over to you.

Vishal Kampani: Yes. Thank you all for joining our quarterly and annual call to discuss our Quarter and Year End March '26 results. On the call, I have Sonia, Chirag, Manish, Amitabh and Nishit, our senior management team.

I wanted to start by giving a 2-year update. We had announced our strategic pivot sometime in May 2024. And I just want to talk about the pivot and how we fared in the last 2 years. I'll start with the first segment, which is our Corporate Advisory and Capital Markets segment. We've seen a revenue growth of 26% for the 2 years in that business. And our revenues have moved from INR592 crores to almost INR946 crores.

And we've seen our operating profit before tax grow from INR328 crores to INR452 crores and a healthy margin of 48%. And despite escalated geopolitical tensions and market volatility, our total fees, commission and brokerage business, which CACM is a large part of and so is Wealth Management, has seen a decent 10% year-on-year growth as well to almost INR1,753 crores.

On the IPO front, our pipeline is at INR140,000 crores. There is a little bit of volatility in the markets that we continue to see, which was there in Q4 and Q1 of this financial year as well and until the FPI selling continues, it's becoming increasingly difficult to get IPOs done.

Having said that, very happy to report that our pipeline remains strong. Even the non-IPO pipeline in terms of QIPs and blocks and other kind of transactions on the M&A and private equity side is building up very well. But as I said, that execution may be slow even in quarter 1 of this financial year. For this business, we need a clear 7 to 8 months visibility of the year to be able to push a large part of the pipeline through. And we are hoping that for this year, the second half will be better than the first half.

Coming to Private Markets. We had guided INR250 crores to INR300 crores of recovery in each of the years FY26, '27 and '28, we've achieved over INR270 crores in FY26, and we seem to be pretty much on target to be between the INR250 crores and INR300 crores number for FY27.

The business obviously has reported a PAT of over INR540 crores for this year. And there has been a significant amount of derisking on the balance sheet with a lot of repayments and prepayments on the real estate side. And incrementally, this year, we'll see a lot of repayments on the distressed credit side.

Focus now will be on origination to syndicate. And that anyway, we have made very decent progress last year, and we continue to believe that this year, we will grow more. And if the equity markets are going to be a little slow, we will see more incremental activity happening on the credit side.

On the Wealth Management side, we've expanded the talent base in the business. A lot of these costs have been up-fronted, and now we are focused on improving productivity in the business. Last 2 years, the revenue growth in this business has been close to 17%, and the profit growth has been over 40%. And as I said, bulk of the talent base has been expanded, and we will hope that we are able to increase profitability this year.

On the Asset Management side, again, we've had almost 38% of revenue growth, and we've expanded our equity funds. We are currently marketing a pre-IPO fund as well as a credit fund, and there is a decent amount of excitement despite the volatility in the markets for both of these products. And we are hoping that by the end of the year, we will have a significant close announced for both these AIF products. On the mutual fund side, we'll be expanding more of the products on the equity side to have a fuller basket of products for distribution.

Affordable home loans, we've seen a very strong growth in AUM to almost INR3,500 crores now and a revenue growth of 37% in the last 2 years. And the profit growth in this business has been over 75% in the last 2 years. Collection efficiencies remain at close to 99% levels and gross NPA in the business is less than 1%.

So overall, very satisfied, last 2 years with the performance of all of the operating businesses. And as I said, yes, we are in the midst of some volatility, but we continue heads down to focus on execution and keep building the pipeline. And as soon as markets become more receptive, I think some of our businesses like CACM and Private Markets will see much more execution.

So with that, I will hand over the call to Nishit to take you through our numbers. Thank you.

Nishit Shah:

Thank you, Vishal. For financial year '26, reported profit after tax and minority interest increased by 46% year-on-year to INR1,202 crores, which implies a return on equity of 11.7%. As you may be aware, in the third quarter of this financial year, there was an income on account of receipt of interest on income tax refund aggregating to around INR113 crores and statutory impact of new Labor Codes amounting to approximately INR22 crores. Operating profit after tax adjusted for such impact stood at INR1,133 crores, which is a year-on-year increase of 38%.

The consolidated net worth, excluding the minority interest stood at INR10,605 crores, translating to a book value of approximately INR111 per share. In line with our earlier guidance, we have increased the dividend to shareholders. Over the last 4 quarters, an aggregate of approximately INR5.95 per share of dividend has been paid or proposed, resulting in a distribution of approximately INR570 crores as dividend.

Coming to our business segments:

Corporate Advisory and Capital Markets which includes the investment banking and institutional equities business. We closed 41 capital markets transactions aggregating to approximately INR95,000 crores in FY26. In addition, we have filed documents for 55 IPOs aggregating to an issue size of approximately INR1,40,000 crores, and the pipeline of transactions is increasing.

On a year-on-year basis, net revenue for FY26 increased by 11% to approximately INR789 crores and operating profit after tax increased to INR347 crores. The capital employed in the business stood at INR829 crores, implying a return of equity of approximately 47%.

The segment profit after tax stood at INR39 crores for quarter ended March 2026. The performance for the quarter ended March 2026 was impacted by lack of primary issuances amidst headwinds emerging from geopolitical issues.

On Private Markets, the business of Private Markets comprises of private credit, primarily corporate, bespoke, real estate and distressed credit and investments, which include private equity funds, REITs, etc. Private Markets is a very unique platform with a focus on providing differentiated solutions to our clients. Private Markets has witnessed significant organic reduction in balance sheet backed by strong repayments and prepayments as well as recoveries in the ARC business.

Operating profit before tax for FY26 grew 3.5x to INR742 crores and operating profit after tax after minority interest grew almost 3.6x to INR543 crores. The capital employed stood at approximately INR6,600 crores. The segment profit after minority interest stood at INR78 crores for quarter ended March 2026.

Wealth and Asset Management. First, I would like to update on Wealth Management. Our sales and RM strength has increased by 30% year-on-year to 1,046 employees. On physical expansion on a year-on-year basis, branches have increased by 10 to 72 branches and franchisees have increased to 874. The recurring AUM of all our wealth businesses grew by 10% year-on-year to approximately INR31,000 crores. The proportion of recurring to total AUM has also increased to 29%.

On a year-on-year basis, net revenue for FY26 increased by 9% to INR775 crores and operating profit after tax stood at INR132 crores. The performance for the quarter ended March 2026 was impacted by market volatility. The segment profit for the quarter stood at INR39 crores. The capital employed in the business stood at INR1,157 crores, implying a ROE of 12%.

On the mutual fund space, the average AUM from non-liquid mutual funds stood at approximately INR10,500 crores. The employee strength in the Asset Management business has increased 17% year-on-year to 217 employees. The pipeline of launch of alternative funds is strong.

For the Asset Management business, the management fees for mutual fund for FY26 has increased by 65% to approximately INR44 crores. The loss after minority interest stood at approximately INR30 crores for FY2026. The segment loss after minority interest stood at INR5 crores for quarter ended March 2026.

Affordable Home Loans. This business includes our home loans business in the affordable segment. We have expanded to a branch network of 151 and the customer base has crossed 33,000. AUM increased by 22% year-on-year to approximately INR3,460 crores. For FY26, revenue increased by 25% year-on-year to INR455 crores and operating profit after tax after minority interest increased by 45% to INR74 crores.

The capital employed in the business stood at approximately INR833 crores. The segment profit after minority interest stood at INR25 crores for quarter ended March 2026. The gross NPA stood at 0.5% and collection efficiency stood at 99.4% for March 31, 2026.

With this brief update, I will hand it over to the moderator for questions.

Moderator: Thank you. We take the first question from the line of Digant Haria from Greenedge Wealth.

Digant Haria: So the first question is in the capital, CACM division. Let's see, now it's almost like 4, 5 months where the FII selling has been extremely intense. And in this environment, getting big blocks and QIPs and IPOs is difficult. I think we had a very good deal pipeline until, say, Jan, Feb, probably the best ever.

So what's happening, if you can just give some flavour whether these companies are trimming down their valuation expectations? Or is everybody just waiting out that this war gets over and currency stabilizes and FIs come back? Any sense you can give on this part, Vishal or Sonia?

Vishal Kampani: Yes, sure. I'll take that like a macro question, Digant. Thank you. So I think one is, if you just look at the global theme, the biggest global theme right now is AI. And just the amount of capital spending that is happening on AI globally, a lot of the other markets are very attractive. And all the markets that all of you guys know, Korea, Taiwan, which have done extremely well, large part of the S&P, which has done very well is led by tech and AI stocks.

So it's really attractiveness of some of the other markets, which is driving FPI flow to those markets. And on top of that, a concern about India when you have the West Asia crisis and you have oil prices which are almost at even 90, 92 today, but have been elevated at upwards of 100 for a while in the last 3 months.

So I think in Jan, Feb itself, there was a bit of a slowdown, which, of course, went to almost no deal activity in March and April, and we've seen some revival mid-April. But still, we are not seeing a huge active participation of FPIs. And secondly, we are seeing domestic mutual funds being very conservative when it comes to pricing of IPOs and transactions.

And at the same time, I think there is a wait-and-watch approach all the issuers are taking. The pipeline is still becoming stronger and stronger. Flows on the SIP front and mutual funds still remain strong. So I think we just have to wait for the right time to be able to push our pipeline through.

The good part is that the way we see filings over the next couple of months, I think our pipeline year-on-year from, say, June, July last year to around September, October this year would have almost doubled. So when we get the quality time to actually push transactions through, I think those will be absolutely exceptional quarters.

So we are just building on the pipeline. At the same time, we are working closely with all of our clients to see if there are other solutions that we can provide them. If there are companies that need primary capital, can we raise primary capital from private equity sources, from sovereign sources, from structured credit sources.

So we are working on all of those very actively. And if the markets continue to remain in a similar situation for a while, then I'm pretty sure that many of the active issuers will change from trying to do an IPO to actually fund their balance sheets with other sources of capital, which, again, will be a good opportunity for us to get transactions through. So this is sort of the overview on what's happening in the space.

And I feel somewhere that FPI ownership in India is now down to 15%. Its high was around 19%. If you look at a 20-year chart, domestic ownership has gone from 8% to almost 18% and FPI is down close to 12%, 13%, went as high as 19%, is down to 15% now. But the market cap increase overall in India has been quite substantial. So even a 1% or 2% or 3% addition from FPIs and FPIs come back will be an excellent time for a lot of the large issues to go through.

Also, I must tell you that a lot of the companies that are going public or trying to raise capital all are very high-quality companies. They are backed by private equity. They have good growth plans. And these are very interesting assets for investors to own, whether it's domestic mutual funds or FPIs.

So we really like our pipeline a lot, and it's quite broad-based across many sectors. And I think, as I said, the second half of this year, I feel will be very different. We've seen this play out before where India is a favorite and Korea is not and Taiwan is not and now Korea and Taiwan or China are favorites and India is not. And these things from an FPI perspective, take turns.

So we'll wait for that window to open. And I feel confidently this time, it will be a good window of almost 12 months to 18 months, and we've got a very healthy pipeline to be able to again post solid profit growth over the next 2 years.

Digant Haria:

Right. Perfect. Thanks for that detailed answer, Vishal. Second question is, till that happens, till the market flow is revised. We were thinking that can private markets as a sector take up a little bit of heavy lifting. And because FY26, we have seen that at least on the provisioning part, there have been good amount of write-backs. But FY27, can we see a little bit of revenue growth also in this sector and our loan books.

Vishal Kampani:

As I said, we started 6 months ago to start focusing on growth in Private Markets. I must say that the risk-adjusted returns in real estate still are not attractive enough for us to deploy money into real estate. So we are going slow. But the corporate side has picked up very well. There have been a couple of distressed situations that we've participated in, of which a few of them will actually close in the June quarter.

And so you will see results of those in the June quarter itself. And I feel Private Markets will see good amount of loan book growth this year as well as I expect, as I said, around INR250 crores to INR300 crores of further recovery for ourselves to be on target to again have good profit growth in that segment this year.

Having said that, as I've told you, Digant, that we don't want to be at more than a certain debt equity ratio in the private market space of more than 2:1 or 3:1. And we are not trying to build an institutional lending balance sheet business, but we want to be more a liquidity provider and a syndicator of business.

So our business model will evolve to be more fee-based, more fee generative and syndication led. And these things take time to build, but the progress has been commendable. And personally, I'm very happy with the progress and happy to note that you will start seeing that progress in actual numbers. I mean, it already started last 6 months ago. You will see more of it over the next 2 years.

Digant Haria:

Got it. So Vishal, just to clarify that on the balance sheet part, our loan book currently is INR4,000 crores. Maybe that does not go much beyond INR5,000 crores eventually. But at least the transaction phase, it improves the net revenue, or the fee income will start showing up, right, in a meaningful way?

Vishal Kampani:

Yes. See, if you look in FY24, we were at INR10,000 crores of loan book, '25 came down to around INR5,000 crores and '26 has come down to INR4,000 crores, and significant repayment in this book has been real estate, right? Also, real estate saw a tremendous cycle right from '22, '23, '24, '25. And now finally, I'm seeing early signs of slowdown.

So it is to build that book back on the corporate side and more diversified, you will not jump to INR10,000 crores, but the loan book will remain at INR4,000 crores to INR5,000 crores. Our idea, just based on the capital that we have, this loan book will grow. And I've said this 6 months ago as well in one of our calls that our target is to grow the loan book at 15% to 20% year-on-year.

When we are syndicating also, we are taking stuff on our balance sheet as well, right? We are participating in the syndication. It's not that we are not going to be having interest income. It's just that interest income has de-grown in the last 2 years. And that's why when you look at the combined consolidated revenue, you see a revenue fall.

And therefore, when you break up the piece, that's why in my opening remarks, I was highlighting the revenue growth of CACM, the revenue growth of Wealth Management, the revenue growth of Asset Management, the revenue growth of Affordable Home Loans.

So each and every segment, which we have decided to focus on, pivot to and grow, the revenue growth is very healthy. And now we will add on top of that next 2 years, revenue growth in Private Markets ourselves. So you can model out on a consol basis where the business will go 2 years from now.

And you should not expect this volatility in CACM, which has come from last quarter, which, of course, adds some volatility in the business. But as I mentioned before as well, we look at the CACM business from a peak-to-peak perspective, and we are quite confident that we double the business every 4 to 5 years.

Digant Haria: Right, right, right. Perfect. Thanks, Vishal. And then my last question is in this Wealth piece, can I go ahead?

Vishal Kampani: Yes, please.

Digant Haria: Yes. Okay. So in the Wealth business, I just wanted to know that are there any cost levers which are available to us in the next 12 months because if Capital Markets remain slow, and we have a lot of new joiners who joined this business. So maybe productivity takes a little bit more of time. But are there any cost levers available for this year, which is FY27?

Vishal Kampani: Yes, I'll let Chirag answer that question.

Chirag Negandhi: So yes, Digant, look, it isn't necessary that the productivity takes that much longer for us. These people that have joined and the team that we have built up, the 80-odd RMs that we've added during the year have come in, in different times of the year or different months of the year as well. So we are expecting that a lot of the productivity gains will now start kicking in over the next 3 to 6 months.

There is a lot of investment also that is going in towards the digital experience. That, to my mind, while we are building this out, the productivity gain or the cost savings will still take some time, but those will show in also. For this year, our focus is going to be on getting out the productivity from the teams that we have built out.

Digant Haria: Okay. And then Chirag, when you say productivities can even come in this year itself, FY27, so that would get reflected in probably higher AUMs and higher fees, right, the higher recurring AUM and higher fees? Is that right?

Chirag Negandhi: Higher recurring AUM, higher fees. You'll see this in multiple more products being distributed better, both internal and external, which reflect both on the recurring as well as on the transactional fees.

Digant Haria: Okay. And then when you refer to that digital investment, you said BlinkX and the digital broking piece, right, where we are making INR40 crores, INR50 crores kind of investments every year.

- Chirag Negandhi:** That's right, yes. We are trimming those down. We are cutting those down significantly. You'll hear more about the plans around BlinkX but you will see that number go down significantly over the next 3 to 6 months itself. So we are not talking about a futuristic number. And over the next quarter itself, you'll start seeing some savings coming in.
- Moderator:** We take the next question from the line of Vinit Thakur from Plus91 Asset Management.
- Vinit Thakur:** Most of my questions are already answered. I just wanted to know on the Bajaj Allianz valuation that you have mentioned for your business. Could you just shed some light on that?
- Vishal Kampani:** Yes, Manish will give you the detail.
- Manish Sheth:** Yes. So this was last year, June, I think Bajaj Allianz picked up 2.1% shares of JM Financial Home Loans Limited at INR48 per share valuation, which benchmarked our valuation to INR3,100 crores. They invested INR65 crores.
- Vinit Thakur:** Okay, sir. And what is the AUM number for alternatives platform, if you could give me?
- Vishal Kampani:** Sorry, I missed the question. Can you repeat that?
- Vinit Thakur:** What is the AUM number for alternatives platform?
- Vishal Kampani:** AUM number?
- Vinit Thakur:** Yes.
- Vishal Kampani:** Amitabh, go ahead.
- Amitabh Mohanty:** So we have got a committed amount of around INR347 crores for our first performing credit fund, and we are one deal away from full deployment. And we have had multiple exits and multiple payouts to our investors. So a very good track record has been built there. And we are right now doing our road shows for the second performing credit, which is our Select Credit fund and our pre-IPO fund from the AIF platform.
- Chirag Negandhi:** Just to add to what Amitabh said. We are very close to our first close on the pre-IPO fund as well. Our expectation on the total raise over there is north of INR1,000 crores. That will, of course, not be the first close, but the total close will be upwards of INR1,000 crores. And immediately after, we will also see the launch of the PE fund, where we expect to raise at least a similar number.
- Moderator:** We take the next question from the line of Kanishk Gupta from SS Family Office.
- Kanishk Gupta:** My question would be that over the past couple of years, management has communicated quite consistently that the transitioning away from the private credit book was a central task. But by most measures, a significant proportion of that transition now appears to be behind you. So as investors begin to look through to the other side, I want to understand specifically, not directionally, how you think about the end-state JM Financial over a 5-year horizon?

Vishal Kampani: Yes. Good question. So from a 5-year perspective, you will see JM Financial much more in the fees, commission and brokerage space. That will be a much larger percentage of our total revenues compared to what you have seen in the last 5 years, if I were to take a cumulative average of past 5 years versus next 5 years.

So when we talk about derisking of the private credit book, it's de-risking the balance sheet from having any concentration risk of real estate and ARC exposures, which is, I would say, almost completely done with last year and last to last year itself. And the pivot really is to build a much bigger Wealth Management, Asset Management and, of course, a much more profitable investment bank, which covers our Corporate Advisory, Capital Markets as well as Private Markets piece. It's quite simple and quite straightforward.

And Affordable Home Loans, our target, as I said, is to IPO the business by 2028, '29. The business has done very well. It's at INR3,500 crores of AUM, and we expect to grow AUM at 25% year-on-year.

Kanishk Gupta: Sir, as that book continues to release cash, which single business will receive the highest allocation of this freed up capital over the next couple of years to drive your 5-year growth?

Vishal Kampani: Wealth and Asset Management, followed by Affordable Home Loans. For the CACM and Private Market space, we do not need any new capital. In fact, the profits of those business will continue to fund the growth in Wealth Management, Asset Management and Affordable Home Loans.

Kanishk Gupta: And sir, your Wealth Management currently has an healthy AUM of over INR1 lakh crore, but yields just a 12% ROE. So if that is the long-term anchor, what structural changes are being made to put that specific segment's ROE past your current group cost of capital?

Vishal Kampani: Yes. The ROE has been subdued because of a lot of investment made in the last 3 years. So as we mentioned earlier that this year, we're going to focus a lot on increasing the productivity. So our idea is invest 2 to 3 years, harness your infrastructure for 1 year, 1.5 years, make it profitable. And as soon as we see the productivity kick-in and stabilize, we will again go back into investment mode because we see from a 5- to 10-year cycle, there is a lot of growth in the space, and it will require continuous investment. But at the same time, you can't continuously keep investing and not focus on productivity and returns. So it will be a combination of two.

Kanishk Gupta: And sir, lastly, on transformation in financial services are frequently declared successful before the proof is in numbers. So 5 years from now, reviewing this period, setting aside revenue growth and AUM milestone or book quality, what would be the single metric, just one, that you would tell me unambiguously that this restructuring has genuinely created durable shareholder value?

Vishal Kampani: So overall, if you ask me, I think if we are able to get to 15% revenue growth and a 15% ROE, that kind of will be fabulous on our capital base, but it will be different at different points in time. So for example, when capital markets slow down the way they have last quarter and this quarter, there will be some seasonality in earnings in the Capital Markets business. But therefore, you have to look at that business from a peak-to-peak perspective.

But if I were to answer your question, two most important things for us will be 15% revenue growth and 15% return on equity at the end of the investment cycle for these businesses. And I think we are kind of there. I mean we are investing a lot. If we had not put those investments, then many of those businesses are already there. Affordable Housing also, if you see our leverage ratios are very low. We front-ended capitalized the business. The ROAs look very healthy. As soon as we add more leverage and grow the business, our ROEs will get there.

Similarly, for the Wealth Management and the equity broking businesses, a lot of investment has been made. There were a lot of costs in digital, which will go down over the next couple of years and will get expensed over a broader base, so we get some operating leverage. So I think all the signs in Wealth Management and Affordable Housing are already there.

Asset Management will still see a burn for 2 years as we are scaling and growing the business and making investments and maybe a slightly longer cycle to the desired ROE. But among the 3 businesses, Asset Management has the highest operating leverage once you turn the investment cycle into profitability. So quite confident of that happening as well.

And our investment bank already operates at a very high margin and very high ROE. And Private Markets, as soon as the loan book starts expanding with 15%, 20% of growth and the syndication engine further kicks in, it will grow very well. And we are committed to declaring 50% of that PAT as dividend every year for our shareholders.

And therefore, literally in the last 14 months, we have declared INR570 crores of dividend to our shareholders, and this is a significant amount. So you're seeing tons of growth coming in over the next few years as well as a good amount of cash flow being repaid back to investors.

Kanishk Gupta: And Nishit ji, would you like something to add something to this?

Nishit Shah: No, I think most of the points are covered by Vishal.

Moderator: We take the next question from the line of Nilesh Doshi from Prospero Tree AMC.

Nilesh Doshi: Am I audible, sir?

Vishal Kampani: Yes, go ahead.

Nilesh Doshi: Sir, is there any chance of segment-wise demerger to unlock the value of each segment, Wealth, AMC, ARC, Capital Market, NBFC. Because recently, there is a one brokerage is listed and its wealth management company is also listed and in both the company, investors made a good money. So is there any chance for the JM Financial to unlock the value for the shareholder by demerging?

Vishal Kampani: Yes, there is always a chance to demerge to unlock shareholder value, but our businesses need to get bigger. We don't want them to list till they are bigger. Secondly, we also have to see the applicability, whether from a technical perspective, we are able to do a demerger, not do a demerger.

Third, we have a plan to give a lot of stock options in each of these businesses and people may even prefer listing of these units separately as IPOs. So right now, we're very focused on just scaling these businesses. We will come to liquidity in these units and reward for shareholders maybe after a year or 2 years. But as of now, we don't want to distract ourselves with any of these moves. We just want to focus on building scale and scale with profitability.

Nilesh Doshi: Okay, sir. And sir, my next question is that, Digant, has asked about primary market and the primary market is currently, is dull. So many IPOs are not coming. But at the same time, many companies have announced the buyback proposals. Are we managing other than the Wipro's buyback proposal? Or as a merchant banker, are we advising our corporate clients to come out with any buybacks?

Vishal Kampani: Yes, Sonia will answer that question.

Sonia Dasgupta Yes. So we are always engaged with our clients and wherever the stock price is attractive and we have enough of liquidity on the balance sheet, we are actively engaged with a lot of them. Also, the government has given a very good tax leeway for non-promoter shareholders to be rewarded through buybacks. So we are engaged with a lot of them, and you will see some announcements just as we have seen with some IT companies. Others may also look at that at an opportune time.

Nilesh Doshi: Okay. And sir, my last question is regarding Corporate Advisory and Capital Markets. Sir, in FY24, our net revenue was around INR530 crores. For the current year, FY26, it is INR789 crores. It means the incremental revenue is INR259 crores. But at the same time, employee cost has gone up by INR100 crores from INR165 crores to INR265 crores.

The revenue has gone by INR259 crores, employee cost increased by INR100 crores. And our PAT also increased by INR100 crores. It means are we working on some marginal costing principle or because whatever the company and employee are earning the same amount, INR100 crores, INR100 crores, our PAT has grown by INR100 crores and employee cost also increased by INR100 crores. Please explain.

Vishal Kampani: No. So that's a good question. I think we are very focused on looking at revenue per employee in this segment. Having said that, the important thing is that our pipeline has expanded so much that we need to have a lot of people to be able to execute the pipeline. So this is more forward thinking and front-loading and having the right teams to be able to originate and execute the business that we have.

So for example, if you go back to FY '23, when we were looking at the business to execute for '24 and '25, the pipeline was not even half of the number of INR140,000 crores. In fact, it was close to INR45,000 crores to INR50,000 crores, if I remember correctly. And we could potentially see this number by October be at INR2 lakh crores.

Now you tell me, if I have to move in execution in 4 years from INR40,000 crores, INR50,000 crores pipeline to INR2 lakh crores pipeline, it cannot be done with the same team size. Also, the revenue pool estimates from the pipeline that we have right now almost double of the revenue pool estimates we had 3 to 4 years ago. So, it's just business planning.

Second, we, of course, introduced the entire derivative business, which has got built on the institutional equity platform last year, which required a lot of people to join us. And third, we have the highest research coverage on the Street. This was a tactical decision taken 2 years ago and fully executed. We're almost at 400 stocks in terms of active coverage and almost 150 stocks in terms of soft coverage. There is no Tier 1 bank on the Street, which has this kind of coverage. And this coverage, again, is helping us win a lot of business and differentiate ourselves with a lot of clients.

So I think it's a very strategic build. And as I said, you will see the results of that. We've seen some market volatility. If this market volatility was not there in the last 3, 4 months, we probably would have punched out INR30,000 crores to INR40,000 crores of more transactions there. So as a deal house, we are really on top of the game. We are literally number 1, number 2 and number 3 across products, and we continue to add to that momentum.

Moderator: We take the next question from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: A couple of questions from my end. One is, see, Vishal, historically, you have mentioned that some of the businesses that we have feed into each other, right? Like even on this call, you mentioned that a weak equity market might become impetus for a credit market to pick up, right, in a way. So in such a volatile environment, right, for the past 4 months, markets have been quite volatile for that matter, for 18-odd months now, things not have been rosy.

So can you help us with some of the instances in the platform nature of our business where one business maybe feeds into each other or the other businesses is not apparent in numbers, but at least there are discussions going on and the strength of the platform is only increasing. At least if you can share a couple of instance that would help us appreciate this part of our business.

Vishal Kampani: Yes. So I think let me just give you some perspective, right? I mean you are seeing this volatility, but you also have to appreciate that there's significant growth tailwinds in actually each of the businesses, right?

And that is the reason why we gave actual pipeline numbers out and IPOs which are getting filed, actually give you a number in terms of deal activity and people wanting to raise capital. So I think CACM has seen tremendous amount of growth.

Private Markets is a clear decision we took as a management to degrow balance sheet for 2 years. And we stuck to that decision, and we still have increased profits from write-backs as well as syndication. And you've seen tremendous amount of revenue growth in Wealth Management, Asset Management as well as Affordable Home Loans.

Wealth Management at 17%, Asset Management and Home Loans at 37%, 38%. So there is tailwinds in each and every business. The reason you see volatility is because as a percentage, CACM and Private Markets are a larger part of the revenue pool. They're bigger businesses today.

The growth rates of CACM itself over those 2 years has been 26%, again, because the tailwinds have been strong. So when you see 1 or 2 quarters of volatility, you're seeing that volatility in a business that has grown revenue at 26% in 2 years, and therefore, the volatility looks very sharp. But the underlying business actually is growing from strength-to-strength in terms of the business volume being added.

So therefore, again, if you're modeling our business, model Capital Markets, Corporate Advisory, Private Markets from a peak-to-peak perspective and model Wealth Management, Affordable Home Loans, Asset Management on a quarter-on-quarter perspective. And if you just take a slightly longer-term horizon, you will actually see substantial amount of growth, both in revenue and profitability.

And now the inter-linkage between the 2 also is important because as Chirag explained earlier, there is a decent amount of transactional revenue we have in our Wealth Management purely because we are a very active investment bank, right? So when we see transactions, there are family offices, there is a lot of retail distribution through IPOs.

So there's a lot of profitability our Wealth Management earns, even though we are focused incrementally more and more on recurring revenue. Today, we don't want to ignore the transactional revenue. We are able to generate because of the interplay between our investment bank and Wealth Management.

So again, it is going from strength-to-strength because our transactions in investment banking allow us to open many more accounts in our Wealth Management business. Those Wealth Management accounts get opened because of transactional revenue, but eventually, when they're serviced well, they convert into recurring revenue. So there's a very strong flywheel which operates in the background and which will continue to operate.

The number of referrals we are getting now from our Wealth Management for our investment banking business also has improved, which is a very, very good sign, because there is reverse origination happening in the flywheel as well. So I think everything is in the right direction. It's just a few of the businesses face volatility from the market, and we are used to it. I mean we've been seeing it for 54 years. So it's not new to us.

Prolin Nandu:

Sure. Thank you so much, Vishal, for that. My second question would be, as was earlier discussed in the call, that this is the year where you can reap some of the benefits that you have made investments in the past couple of years, right, in some sense. So how do you internally evaluate the ROIs or returns on some of these investments?

And again, maybe from a qualitative perspective, if you can share a couple of instances, right, say, some of the investments where ROI has been quite large and where probably ROI has not met your internal kind of a benchmark?

Vishal Kampani: Yes. Let's take an example of the broking business. I think on the physical franchisee as well as the trading business with HNIs on the equity broking side has done extremely well. Our margin trade finance book, which used to be INR300 crores, INR400 crores has ended the year at almost INR2,000 crores. And if I were to segregate just broking operations from Wealth Management, that business probably is at 25% to 30% return on equity. So that has done very well.

Wealth Management, 3 to 4 years ago, we were a very small player. We've significantly added to the talent pool. Of course, we've ignored ROE in the time being. And this year, we want to focus on productivity. Stand-alone, that business will breakeven in FY27. If I remove the broking revenues from Wealth Management, it breaks even in FY27. So the idea is make sure that it breaks even in FY27 and then we see a profitable path to a stronger ROE in '28, '29.

But having said that, if the breakeven is achieved and we are seeing a very good productivity in terms of revenue per head improve across the wealth managers, we could, in '28, '29, looking at the market scenario, again, go into an investment cycle because we want to be a much larger player in Wealth Management. So this is just a rough explanation I'm giving you in terms of how we are looking at the business.

I think long-term ROEs in Wealth Management should be in the mid-teens, between maybe 15% to around 18% for us, but let the investment phase get over, and then maybe sometime next year, we can give you a detailed breakup of how this business has operated and done.

Moderator: We take the next question from the line of Varun Bahl from Ploutos Investment.

Varun Bahl: I had just one question. Could you give some color on the existing INR4,000 crores Private Markets book and the syndication engine, which is going to be driving this 15% to 20% growth? What sectors, where are you seeing this growth coming from?

Vishal Kampani: Yes. We've actually pretty much detailed out the whole book on Page 13 of our investor presentation. So if you look at the year-end March '26, we have INR2,685 crores in corporate loans. We have INR1,100 crores in real estate loans. We have a small non-core book on MSME and financial institutions, which will become zero by the end of the year, which is INR228 crores. So that's the INR4,000 crores sort of breakup.

Then if you look at the investment side, we've got distressed credit at INR3,665 crores. These are actually interest-earning assets. They are just structured in the form of security receipts because the ARC invests in trust securities. So you can actually sort of count that as loan book, but it sits in the investment book. And of course, we have INR3,000 crores of cash and some of that cash is invested in liquid mutual funds, G-secs and AAA bonds to earn higher yields. We have some group ICDs. We use this group ICDs to fund some of our internal businesses, which is around INR500 crores.

And we have an equity portfolio and alternative portfolio of INR971 crores and INR458 crores, respectively. The alternative portfolio includes some REIT investments, some InvIT investments and investments into some AIFs. And the equity portfolio is all public equities, listed equities, all of which can be exited within a few weeks.

- Varun Bahl:** Yes. That's great. And this corporate book is divided across sectors? Or do you see any strong space for the growth book?
- Vishal Kampani:** No, the corporate book is very well diversified. See, the corporate book has always been very well diversified because the origination engine there is not focused on one industry like the real estate industry. So it has all sorts of sectors and all sorts of companies at different sizes.
- But the breakup of this INR2,685 crores currently will be a lot in large caps, large cap promoters as of now. So syndication is a lot more easier with sort of the large cap. The way we define large cap is above INR10,000 crores business size.
- Moderator:** We take the next question from the line of Pavan from Edelweiss.
- Pavan:** I have three questions. The first question is what is the net inflows targeted in the Wealth Management segment in FY27?
- Chirag Negandhi:** Yes, Chirag here. I mean, the outlook for us on an average is to grow the business by 20% to 25% for the year. We believe we've made the investments in the people. So I think you'll probably see on a conservative side, you can take 20%.
- Pavan:** That also includes like the mark-to-market movement, right?
- Vishal Kampani:** You can't predict the mark-to-market. So this will just be 20% growth on the book. I mean if the mark-to-market is hard, then it may even impact flows. So it's very hard to predict mark-to-market.
- Pavan:** Are you saying target is about INR6,000 crores of inflows?
- Vishal Kampani:** Yes, correct.
- Pavan:** Okay. Thank you so much. Second question is on the Private Markets core loan book, the INR4,000 crores book, what is the kind of growth target for this year that you're looking?
- Vishal Kampani:** 15% to 20%. You can assume roughly INR5,000 crores of book target for March '27.
- Pavan:** Okay. And how much would be coming from real estate, how much from the LAS and from the pure private credit?
- Vishal Kampani:** Yes. So I think if we had seen decent growth in real estate, the number would have been higher. As I said, we are still not seeing good risk-adjusted returns in real estate lending. So I still want to be more cautious because I think the sunny side of the cycle is over. The next couple of years for real estate sales is not going to be as stable as it was last 5 years.
- And therefore, if we have to lend in real estate, which usually is a 3- to 5-year loan, then we just need a higher return for the risk that we are underwriting. So I would imagine that real estate would be a slower growth compared to corporate.

Having said that, if things change and we see interesting risk-adjusted returns in real estate, we'll be happy to deploy the same. And all our teams are kind of rightsized to take care of the opportunity. And in fact, real estate for us is just going to become an additional sector as part of the overall loan book because we don't have any plans to organically grow real estate as one space.

So it will get added to the overall standard loans book that we report here. But we will continue reporting what share of real estate is there as part of total book. But the management of both those loan books will be merged into one management.

Pavan: Got it. On the syndication side, you said that you are expecting much better flows this year, including the fee income. But recently, interest rates have gone up since the start of the year. So how are you seeing the conversations go? Are you changing any of your guidance?

Vishal Kampani: No, on the fixed income side, I would not change my guidance so early. And always remember that if there is a big slowdown on the capital market, especially the equity side, with a lag effect, usually, which is around 6 months, you see a lot of pick-up in credit and pick-up in private equity placements.

So both those businesses, if equity continues to slow, will pick up even more after a 3- to 6-month lag because, see, corporates wait for the equity markets to fund them, but they don't keep waiting, right? When they need their capital for growth, they will within 6 months of no sort of equity market visibility, they will start very seriously going down alternative options, which would be credit and private equity.

Pavan: So H2, I mean, third quarter is probably when we see growth in both the corporate credit, private credit book and also in the syndication fee?

Vishal Kampani: Yes, I think so. See, for us, all 3 businesses are very important, right? Equity capital markets are very important, private equity syndication is very important, credit also is very important. So we will try and grow all 3. But my bet is India comes back and India comes back with a bang in the second half of this financial year.

So I hope I'm right. Having seen emerging market movements in the past, having closely seen what's going on in AI as well as some of the subsector spaces, I think we'll be on a good weighted second half, and I think we'll see a lot of equity issuance go through as well. Having said that, we are not slowing down on the Private Market side.

Moderator: We take the next question from the line of Aditya from Gojeran Capital.

Aditya: A couple of questions from my end. Firstly, on the Capital Market side, mostly the revenue is from the IPOs and mergers. That was my first question. And in the Wealth Management, you alluded that equity broking and all that comes under, so I just want a clarification on these two?

Vishal Kampani: Sorry, I didn't get your second question. What was your second question?

- Aditya:** In Wealth Management, can you bifurcate revenue? How much of revenue comes from the broking, you said, right, broking 25% to 30% is broking. So can you just confirm that?
- Vishal Kampani:** No, I said 25%, 30% will be if I were to break down the capital between the 2 businesses, then broking will have a higher ROE today because investments in Wealth Management are larger. So your first question is on Corporate Advisory and Capital Markets. There are actually 6 revenue streams.
- We have IPOs, then we have M&A advisory and then we have private equity and PE placements, then we have QIPs and block trading, then we have cash equities, and we have then revenue from derivatives. So we have 6 business lines that report in the CACM segment. And your broking revenue percentage, Nishit?
- Nishit Shah:** Yes. So on the wealth side, we look at it from a recurring and a transactional revenue basis. So that is equally split 50-50. So transaction would include broking plus the other transactions that the team does. We are looking at it from an overall Wealth Management perspective and not from a broking and all of that.
- Vishal Kampani:** Yes. So to answer your question, broking is not more than 50% of that business. 50% of that business is fees, commission and interests and 50% is roughly broking and others. But the actual number of broking is even lower because the transactional side revenue, which is also fee and commission revenue is booked on the transactional side income.
- Aditya:** Okay. Understood. That's helpful. Currently, on the 50% of the Wealth Management business, how much margins are we making there?
- Vishal Kampani:** How much, sorry?
- Aditya:** Margins are we making there in the Wealth Management currently?
- Nishit Shah:** See, it's more an integrated effort.
- Vishal Kampani:** We don't really break up the margin at the PBT level between transactional as well as recurring revenue because the RM is not incentivized to ignore one over the other. He is doing what's in the best interest of his client.
- So he goes behind recurring revenue, he goes behind transactional revenue, and he's also incentivized to open brokerage accounts for brokerage revenue and he's also incentivized to basically get margin trade finance clients who want to trade using leverage. So he has all of these 4 products. So it's just best to look at the business margin as one because the salesperson has all these products to sell.
- Aditya:** Understood. And this year, can we expect a margin expansion there in that Wealth Management total business?
- Vishal Kampani:** That is exactly the focus this year.

Aditya: Understood. Lastly, I have a question on Private Markets. I understand we went through a great transformation and we are making it asset-light. And I mean there are 2 years where the write-backs will happen. Then after that, where do you see the steady-state of this business and how much profit it can generate going forward?

Vishal Kampani: Yes. So I'll be honest, we haven't modeled that beyond 2 years. We modeled our Private Markets business only for 2 years to make sure we get the recoveries in place. But I think the simple way to model that is assume a standard loans on Page 13, if you see our standard loans, assume that loan book to grow at around 20% easily for the next 3 to 4 years, comfortably year-on-year.

And you will see a similar growth on the distressed credit side, which is the INR3,665 crores number that we have. You can assume a 15% sort of growth there for those assets. And I think opportunistically, we will add to equity and alternatives compared to some of the other houses in our business, we don't want to have large investments in equity and alternatives.

We will try and maintain that if we have a total asset book, which is around INR13,000 crores over here, which is our net worth and borrowing put together. Ideally, we will not have equity and alternatives cross 20% of that number. So we will be more 80% loans and 20% investments. So I think if you model that, you will get a decent sort of understanding of where this business can scale to ex the write-backs.

So again, I'll repeat for your benefit, 20% growth on standard loans, close to 15% growth on distressed credit, equity and alternatives to be not more than 20%. The returns you should expect on distressed credit should be around 16% to 18%. The returns on your standard loan book will be around 13% to 14%, and the returns we model long-term on equity and alternatives will be 15% to 16%. So the entire book is in the teens, ranging from 13% to 19%. And I've given you the allocations, the broad allocations.

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

Vishal Kampani: Thank you very much for attending our call, and I look forward to seeing you again after we report our June quarter. Thank you, everyone.

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