JM Financial Limited

Q2FY27 Earnings Conference Call

November 5, 2026

Moderator: Ladies and gentlemen, good day 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 this 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. Parth Jariwala from DAM Capital. Thank you, and over to you, sir.

Parth Jariwala: Thank you. Good afternoon, everyone, and welcome to Q2FY27 Earnings Call of JM Financial. On behalf of DAM Capital, I thank the management for giving us the opportunity to host the call.

On the call, we have Vishal Kampani, Vice Chairman and Managing Director. We have Sonia Dasgupta, Managing Director and CEO of Investment Banking, Anuj Kapoor, Head of Private Wealth, Amitabh Mohanty, CEO of JM Financial Asset Management Limited, Manish Sheth, MD and CEO of JM Financial Home Loans, and Nishit Shah, Group CFO.

Without further ado, I will give the call to Vishal to take you through the key updates. Thank you and over to you, Vishal.

Vishal Kampani: Thank you, Parth. Thank you, everyone, for joining the call. We have seen very good progress on the build-out of our customer franchise across each of our businesses. The Q2 FY27 results are supported by a very strong performance in corporate advisory and capital markets businesses.

All the operating parameters in most of the businesses are showing healthy trends. Pleased to report that we were ranked #1 across IPOs and QIPs and closed transactions of INR83,000 crores in Q2. The pipeline for our equity, our debt, our advisory business is extremely robust.

We still have INR130,000 crores worth of transactions, which are already filed with the regulator for execution over the next 12 months, and many more to be filed this quarter and next quarter.

On the private markets business, we witnessed strong disbursements during the quarter. I had earlier guided for around 20% growth year-on-year. We have kind of already hit that target in the first six months of the year, with almost INR1,000 crores of disbursement during the quarter. A significant portion of that is to our franchise clients, which are our corporate advisory clients under the bespoke vertical.

The standard loans have grown by 22% on a Y-o-Y basis in the private markets business. Our cash and cash equivalents have reduced quarter-on-quarter from approximately INR3,000 crores to INR1,700 crores, largely because of these disbursements and also because we have repaid some borrowings without the need to borrow significantly. Over the next one year, because of

the growth that we are seeing ahead, we will resume adding to leverage on the private markets balance sheet.

In wealth management, recurring AUM and loans continue to show very good traction. They have grown approximately 17% to almost INR40,000 crores. And the focus has been on improving productivity. We are, as mentioned in my earlier two calls, carefully monitoring the performance of our sales teams across ultra HNI, HNI and the retail segments, and making sure that all the sales teams are adding to productivity on a month-on-month basis. This will continue to be our endeavor and our focus for the next six months.

In asset management, we achieved the first close of our maiden Pre-IPO Fund. In the first close itself, we have raised over INR700 crores. We are also expecting the first close of our second performing credit fund within this financial year. So, very pleased to report that we have seen very good traction in the alternative space, and we look to build upon that.

Our affordable housing finance business reported a 30% year-on-year growth in AUM and a 48% year-on-year growth in disbursements. The AUM in the business now stands at almost INR4,000 crores.

In line with our earlier guidance of higher distribution, we have declared an interim dividend of INR1.65 per share, now taking the total payout to INR7.6 per share over the last six quarters. This INR7.6 per share represents a dividend payout of INR727 crores in the last six quarters.

With this brief update, I will ask Nishit to take you through the numbers, and then we can open up for Q&A. Thank you.

Nishit Shah: Thank you, Vishal. Consolidated interest income increased by 12% year-on-year to INR437 crores. Standard loan book across private markets, wealth, and affordable home loans business has increased 23% year-on-year to INR10,270 crores. Fees, commission, and brokerage income increased by 38% quarter-on-quarter to INR520 crores on the back of investment banking transactions and growth in recurring AUM in the wealth management business.

For Q2 FY27, consolidated net revenue stood at INR712 crores, and profit after tax after non-controlling interest stood at INR240 crores. For the half year, net revenue grew by 7% to almost INR1,600 crores, and profit after tax and non-controlling interests stood at INR531 crores. The consolidated net worth, excluding non-controlling interests, stood at approximately INR11,000 crores, translating to a book value of INR115 per share. Consolidated gross leverage is 1x.

Coming to the business segments.

Corporate Advisory and Capital Markets. This includes the investment banking business and the institutional equities business. For Q2 FY27, net revenue grew 2.5x quarter-on-quarter to INR286 crores, and profit after tax grew 4x quarter-on-quarter to INR127 crores. During the quarter, we have witnessed reduction in deal values in some of the transactions. For the half year, net revenue stood at INR400 crores, and profit after tax stood at INR158 crores. Annualized ROE for the segment stood at approximately 36%.

Next Segment is Private Markets. This business comprises of private credit, which is bespoke real estate and distressed credit, and investments, which include private equity funds, REITs, etcetera. Disbursements in the private markets for the second quarter doubled to INR977 crores, primarily in the bespoke category. Standard loans have grown by 22% to INR4,748 crores.

With the increase in loan book, the cash and cash equivalents for this segment have reduced from INR3,077 crores in June 2026 to INR1,691 crores in September 2026. Net revenue and profit after tax and non-controlling interests for the quarter stood at INR120 crores and INR77 crores respectively. For the half year, net revenue grew by 63% to INR582 crores, and profit after tax stood at INR305 crores.

Third segment is wealth and asset management. On wealth management, sales and relationship managers strength stood at 948 professionals with 71 branches and 898 franchisees.

Wealth loan book grew by 30% year-on-year to approximately INR2,600 crores, and recurring AUM of our wealth business grew by 16% year-on-year to INR37,000 crores. Overall recurring AUM, including loans, stood at approximately INR40,000 crores, which is an increase of 17% year-on-year.

On a year-on-year basis, recurring revenues grew by 20% to INR216 crores. Profit after tax for the quarter increased by 57% quarter-on-quarter to INR30 crores. For the half year, recurring revenues grew by 20% to INR420 crores, and profit after tax stood at INR49 crores.

In the asset management business, we achieved the first close of our maiden Pre-IPO Fund with commitments of approximately INR700 crores. AIF AUM, including commitments across performing credit and Pre-IPO strategies, now stands at INR1,063 crores. Average AUM from non-liquid funds stood at approximately INR11,200 crores, which is up 7% on a quarter-on-quarter basis.

For our asset management business, management fees from MFs for Q2 FY27 increased by 24% to INR12 crores and by 40% to INR25 crores for the half year. Losses after minority interest stood at INR10 crores for the second quarter and INR14 crores for the half year.

Coming to affordable home loans business. This business includes our home loans business in the affordable segment. We have a branch network of 152 and a customer base of approximately 37,500.

Assets under management increased by 30% year-on-year to approximately INR3,900 odd crores. For the second quarter, as well as for the half year, revenue increased by 22% year-on-year to INR133 crores and INR256 crores respectively. Profit after tax and non-controlling interests increased by 41% year-on-year to INR18 crores for the current quarter and by 28% to INR35 crores for the half year.

With this brief update, I would hand over the call to the moderator for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Digant Haria from GreenEdge Wealth. Please go ahead.

Digant Haria: Yes, hi, team. Three questions from my side. Firstly, it has been a very tough market for the last six, seven months, and then last three months specifically, but we still managed something good in our capital markets and corporate advisory division.

Our pipeline is also very strong. How do you see the conversion, and what is the dependency on market for most of the transactions? Do we have more of M&A or market-independent transactions, which we are trying to chase in such an environment? Any comments here, Vishal?

Vishal Kampani: Yes, sure. I think, yes, the markets have been very choppy, but as I said on my last call, Digant, that we saw a revival of the business coming pretty strongly somewhere in the month of June on the primary side, and July, August, September has been very good. Luckily for us, we had a very good pipeline which was built in place. On the primary side, there has been a lot of interest, not only from mutual funds and domestic family offices, but we have also seen FPI participation in the primary markets.

Digant Haria: I see.

Vishal Kampani: We were very razor-sharp focused as management to make sure that as soon as we got the first opportunity, we were able to push many of our transactions and deals out. Also happy to report that a significant portion of our deals actually have traded up and have done very well post-listing.

Also, because of the difficult environment, though our revenue number Q1, Q2 is sharply up in corporate advisory and capital markets, we have approximately lost INR45 crores-INR50 crores of revenue purely because of the environment being difficult. Many of the deal sizes were reduced.

To give you the actual number, in the last quarter itself, we had a INR10,000 crores reduction in deal size, which actually got launched compared to where they were filed with the regulator. That is approximately 40 - 50 basis points of fee loss for us, INR40 crores-INR50 crores.

Despite that, I think the performance has been very solid. I think the developments in the markets today itself are very encouraging and very positive. If this momentum continues, then I think we will be able to easily, in the next six months, I would say five months, be able to significantly complete a large part of our pipeline.

As I have been saying for many quarters, this is not a business for the short term, right? If the growth in the Indian markets continue, I think peak -to- peak, you will only see good developments and lot of growth in the capital markets, private markets, and corporate advisory space. Right now, of course, things have been challenging, but deal activity is not stopping. Month of October has been decent and we hope that November, December also will be pretty decent.

Digant Haria: Perfect, Vishal. Thanks. Second part, which I thought was very interesting, was that in the private credit, we have seen a good loan book growth after some time. The cash and cash equivalents have come down. So probably the yields and income should start improving from

next quarter. Do you expect this number of INR4,500 crores to keep growing every quarter now? Has anything changed in that private credit market?

Vishal Kampani: No, as I again mentioned to you last call as well as the call before that is, we are very disciplined, right? When we see the right risk-adjusted returns which we can add to our balance sheet, we will do it. We saw that in the September quarter, so we added. Also, I think, whenever the equity markets get a bit choppy, there is always more action on the credit side.

So, I think it is a very good quarter for us specifically in September, because even private markets and private credit saw a lot of action. We have a very interesting model because when capital markets were not doing well in the June quarter, our private markets business, specifically ARC, had very good recoveries. You know the ARC business is lumpy, but it has seen very, very good recoveries.

I am also happy to inform that one very large account has got resolved. The final approval came through in NCLT in the month of October, which again gives us over almost INR330 crores-INR340 crores of liquidity before the close of this quarter. So I think there is just tremendous progress across every part of our business.

Some is a bit lumpy, and some is more steady. So, in the same way, private credit, I think, will be a little bit lumpy. I would not say it is going to be very steady, because there could be quarters where we do not like the risk-adjusted returns, and we do not want to do deals. If we feel we cannot syndicate, then we will not do it here. That is how it will be.

But as I mentioned last time as well, our endeavors to grow this business at 20% year-on-year, which I think we should be able to do.

Digant Haria: Okay. All right. Lastly, on this wealth side, we have given a split of recurring versus non-recurring transactional income this time. So, that's good to see that in the presentation. Just you'd want to highlight the progress. We've done a lot of hiring, and I think we closed an AIF successfully also. Just on the recurring part, what's happening and what efforts are you putting for the future? That's it from my side, Vishal.

Vishal Kampani: Yes. So, basically, all our efforts are going into building out the recurring side of the business. If you have a look at some of the numbers on page 14, we've had almost 20% growth year-on-year in our recurring revenue. Our assets have grown almost 17%. We are very focused on productivity. You've seen some rationalization on the headcount on the sales side, and that is all positive.

It is all sort of things that we have actioned and not stuff that we have lost to the market or competition. So, I think all in all, the progress is very decent. It's very competitive out there, but having a strong brand, having a strong culture of client first helps us retain some very good talent, and they're all progressing very well.

That strength in distribution is also allowing to build alternatives business, and that's why we had a very successful first close of our Pre-IPO Fund. We should be announcing our first investment very shortly as well. We hope to have a first close of our second credit fund to happen

this quarter as well. So, the magic of a strong distribution and the flywheel pushing hard into the manufactured products is working pretty well.

Digant Haria: All right, Vishal. Thank you for these details. Thank you and all the best to you.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Edelweiss Public Alternatives. Please go ahead.

Pavan Kumar: Hi, Vishal. Thank you for the opportunity.

Vishal Kampani: Sure.

Pavan Kumar: Couple of questions. On the private credit book, that you have mentioned, investments have gone down from INR3,070 crores to like INR1,700 crores. You mentioned that you will increase the borrowing over the year, but the investment book, is it going to remain at like INR1,700 crores, or do you think it will go back to the INR3,100 crores? Basically, follow-up to what Digant was saying, will the yield start increasing in this overall private credit side?

Vishal Kampani: Yes, so the investment book is largely cash. I mean, we will obviously always maintain some level of cash, and that is healthy to do just in terms of your ALM structure and the opportunities that you may encounter on the loans and investment side. I think we are getting close to there, so I think we will at least want to always maintain INR1,000 crores of cash as just pure cash.

Therefore, I think with this quarter's planned disbursement, we will probably need to start borrowing from next quarter itself. We also usually sometimes face some prepayments on the wholesale side. So, we will plan for that, but definitely, I think we have reached the bottom of our debt equity in this business, which currently is at 0.8x. I can confidently say that we have bottomed.

I think we will look to borrow, and we will look to use the borrowing to grow. Secondly, we have some very interesting investments long term on the equity and the alternative side, which we want to hold. I think we necessarily have to suffer mark-to-market every quarter for it.

For example, we merged one of our ARC assets into Gokaldas Exports, and we take a quarterly mark-to-market on that, and it is a fantastic company, and it has suffered because of the tariff which has been placed by the U.S. government, and the U.S. is a large market for them.

But we really believe in the long-term management and long-term progress that the management is making in that business, so we want to stay invested. So, we will face some volatility on the equity and alternative side, but that is fine.

On the distressed credit side, if you look at page 13 closely of our presentation, the number has come down to almost INR2,825 crores in terms of SR investments, and we have another INR350 crores of cash resolution to JM, a total resolution of almost INR800 crores this quarter.

So, that number is going down, and we will look to invest more on the SR side as well. We are seeing a lot of interesting retail portfolios from a number of NBFCs, so I think we will see good growth on a granular basis on the ARC side as well.

So, it is quite exciting, and because of growth on the equity alternative, on the SR and the loan book side, I think it is time to renew borrowing. We have tremendous leverage capacity because we have limits to go up to 4x debt equity in this business, and we are at 0.8. We are in good shape, and we will keep investing in private markets across whichever asset class gives us the best risk-adjusted return.

Pavan Kumar: Thank you so much. On the same thing, on the bespoke book that went up to INR3,800 crores this quarter from INR3,000. How much of that lending is related to LAS or capital market, like the high-end IPO activity that we have seen? My question is this INR3,800 going to be structural, or will it fall off in a shorter duration?

Vishal Kampani: No, no. A significant portion of this INR800 for last quarter is in the two to three year bucket in terms of maturity.

The LAS margin trade finance and last short-term book, that is all in wealth management, because that's the margin trade finance book, and a lot of wealth customers, they need financing. We do not do too much of short-term last. In the private markets book, the individual LAS business is all in wealth management.

In private markets, it's all corporate borrowing, promoter borrowing, which is very seldom less than one year. Where you will see the volatility in terms of the number going down is when we are syndicating it down, not to keep the risk on our balance sheet.

Pavan Kumar: Fair enough.

Vishal Kampani: It's not that we're doing short-term loans. Most of the loans in bespoke are between two to three years, and real estate is between three to four years, and the SR structures are anywhere between 18 months to 36 months. There's rarely anything which is being done, unless there are some large corporations which just need some short liquidity financing, which we do from time to time, but it's very small in terms of the numbers.

Pavan Kumar: Got it. Just two questions on the private credit book. The real estate, you said that you are seeing a lot of opportunities, but the book continues to be stable, not increase. Is there any kind of stress that you are seeing in the sector or any of the top metros that you generally focus on?

Vishal Kampani: No, we are not seeing any particular stress, but the pricing is a challenge. Everybody wants real estate to be priced at the same level as corporate, and that does not work for us. Real estate needs to be at least at a 200-300 basis points pricing above corporate.

Pavan Kumar: Fair enough. Is that the only reason for the drop in yield? I mean, the LAS book going up and then the real estate staying stable, and the overall book falling.

Vishal Kampani: Absolutely.

Pavan Kumar: Thank you. On the ARC, you mentioned that there is one inflow of INR300 crores that got resolved in October, right? How much will be the gain to us? Second thing is, what is the kind of overall recovery expectation for this year and then the next year?

Vishal Kampani: Yes, we don't disclose specific asset gains, but some of that is already factored into our fair value changes that you report quarter-on-quarter, but some will come this quarter. ARC, after this large asset is resolved, will still have over INR2,000 crores in SR investments, which we will look to resolve and get the cash back over the next 18 months to two years. Usually, the returns on that are modeled at around 16%-18%.

Pavan Kumar: Got it. Thank you so much, Vishal. Those are my questions. Thanks. Once again, all the best.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Chintan Patel from PhillipCapital India Private Limited. Please go ahead.

Chintan Patel: Thanks. Thanks for the opportunity, sir. Sir, my question on capital market, as the heavy deal pipeline, roughly around INR130,000 crores, 48 IPO is likely to come with several things sorted out on the capital market side. How do you see the segment growth going forward? What kind of growth one can envisage over the near to medium term? Whether we are seeing margin and ROE likely to go back FY25 levels?

Vishal Kampani: Yes, just to get your question right, you want to understand the growth of the capital market and IPO segment pipeline, right?

Chintan Patel: Yes.

Vishal Kampani: Yes. The growth still remains very strong. You will see more filings that we will do even in the December quarter and March quarter. The number of mandates that we are winning is sort of best in class right now. The business is looking very good. The ROE over here in the business is extremely high because we do not need capital in this segment.

It actually operates almost an infinite ROE because the capital we have is just the profit that we have ploughed back and kept as cash on the balance sheet in this business. We try to maintain one year of cost as cash.

That is what we continue. Around INR400 crores, INR500 crores of cash is maintained. But the profitability here is, we expect it to grow at around 15%-20% from a peak-to-peak perspective. Compounding 15%-20%, and we see a new peak every four to five years in this business here.

Chintan Patel: Got it. Sir, on the wealth management side, we have been focusing on productivity. Recurring AUM and recurring revenues grow in line with, by around 20%. Can you share some color on profitability on recurring business? What could be the margin on a recurring business?

Vishal Kampani: Yes, sure. On the yields front, we have roughly gross yields of around 50 basis points on the recurring side, and we have net yields of around 35 basis points on the recurring business. It is

actually 51 basis points on gross and roughly 35 basis points on net. As we scale, as you know that last 18 months, we have done a lot of recruitment.

Last, in fact, not 18, I would say 36 months, we have done a lot of recruitment, and over the last six months, we have been focusing a lot on productivity, and we will continuously have that cycle. We will have 18 months to two years of strong recruitment, and then we will focus one year, one and a half years on making it much more productive.

I think as we scale and we reach more operating leverage, I think this business will get more profitable, and you will see a better gross yield and better net yield numbers. For the wealth business, we broke even in the month of September. September was a very good month, both for recurring revenues as well as some transaction revenues. I hope that trend continues, but Anuj, you can add more in terms of how do you see profitability in the business.

Anuj Kapoor: I think the new assets, recurring assets that we are adding are at a yield of north of 60 basis points. Hence, you will see an improvement in these gross yields as we keep on adding new assets.

Chintan Patel: Got it. Okay. Sir, on a asset management side, AUM is largely flat on a sequential basis. Your SIP book is come down from INR90 crores to INR87 crores. Considering the lot of MFs coming out and competition is increasing, can we give some sense on this business? What is our strategy, and what would be the growth we are envisaging over the next couple of years?

Vishal Kampani: Yes, let me just add one or two points, and Amitabh can then answer that question. I think we are seeing a lot of players enter this segment, but many of the schemes, especially on the small-cap side and mid-cap side and flexi-cap side, have seen volatility in the last one year, purely coming out of macro and maybe some concentrated calls.

Therefore, better risk management as well as having a broader basket of funds is more important to be able to leverage the broad spectrum mutual fund opportunity. In the last six months, that is what the team has endeavored to build.

Second, we see a big opportunity on the alternative side, and we are building on that pretty strongly, and we think the point of break-even for alternatives is going to be a lot faster than the point of break-even for the mutual fund assets. So, therefore, it is equally important for us to grow the equity mutual fund piece as well as the alternatives piece. Amitabh, if you want to add something.

Amitabh Mohanty: Yes, as Vishal said, we are looking at the AMC platform as a whole and not the mutual fund platform in isolation. The whole idea is to ensure that there are multiple income streams, revenue streams, which are not correlated to each other. So, while we will continue to build our mutual fund book, a lot of focus is on the AIF side.

Like Vishal mentioned, our first close of our Pre-IPO Fund has been done. We have garnered a very respectable INR700+ crores in the first close and hope to do the final close in the next few months. Roadshows are on for our second performing credit fund. The first performing credit

fund is fully drawn down, well on the way to full deployment. Also, we are looking to start more strategies under the credit side of the AIF platform.

Further, next year, early next year, we will be looking to start a SIF platform as well. So, you will see the mutual fund, the AMC having three distinct revenue streams, one from the alternates, one from SIFs, and the third one from the mutual fund. And each will have their own timelines on break-even.

Mutual fund will take a bit more time, and given the challenging market conditions, it is taking a bit more time. But if you look at our alternates, I think that will achieve break-even reasonably fast. And SIFs, again, once we start, we will figure out the timeline. So, building very, very robust revenue streams, which is diversified and uncorrelated, and therefore gives more predictability in volatile markets.

Chintan Patel: Okay, got it, sir. Sir, we are looking for any products on a GIFT City platform because couple of products are just coming out and getting a good responses. So, how do you see this platform? We are looking out some product on this platform?

Amitabh Mohanty: We are, but that's a slightly medium-term in nature. We are looking to stabilize the first of the three platforms, which are right now live, and the SIF, which is early next year. Post that, we will look at the GIFT City entity. We can fund both inflows as well as outflows. That's on the anvil.

Anuj Kapoor: Just to add, meanwhile, we continue to distribute third-party products very actively through GIFT City, providing access to our clients to quality international product. Also, we have a setup in Singapore through a variable capital company structure, which actually serves as an alternative to GIFT City and a quite effective and efficient one as well. We engage quite deeply with our clients, and that business is also growing quite well.

Vishal Kampani: That business actually has scaled in AUM from literally zero 18 months ago to over $225 million today. It's almost seeing quarterly net asset additions of more than $30 million-$40 million.

Chintan Patel: Okay.

Vishal Kampani: That's also all asset management, but it's primarily driven by internal distribution.

Chintan Patel: Okay. Perfect, sir. Thank you. Thanks for taking my question. That is all from my end.

Moderator: Thank you. The next question is from the line of Parth from DAM Capital. Please go ahead.

Parth: Hi, team. Thanks for the opportunity. There are two questions. One, if I look at the sequential performance across segments, the metrics have improved, profitability has also improved, except for private markets, which had one-offs in Q1 due to a large resolution.

Essentially, I want to understand what is the outlook across segments for the rest of the year, while you have alluded to capital markets outlook, but some color on other segments also will be helpful on where the momentum is, whether it is sustaining or not. Secondly, on the wealth

side, the RMs have reduced. It is more to do with the productivity improvement or there is anything else to read into?

Thirdly, sir, if on a broad consolidated level, can we bring a split between what is our recurring revenue or a steady state income and some portion which is linked to capital markets or transactions which have been kindly slower in this last six months? How has been the steady state revenue or recurring revenue improved over last year? That would be really helpful.

Vishal Kampani: Yes. Let me just answer the second question right away that the loss in RMs that you have seen is purely on productivity basis, and that is all planned internally because we want a more sharper sales franchise. There is nothing more to read into it. In fact, by the end of the year, end of the financial year, and early next year, we will be back to recruiting again.

It is just about, as I said, you have a phase of recruitment and you have a phase of making that recruitment productive. Nishit has the answer to your recurring revenues and transactional revenue split on a broad basis. He will just take you through the numbers.

Nishit Shah: Yes. Parth, basically approximately 50% of our revenues are from recurring sources out of the total revenue. Also, I would like to add that our brokerage on the institutional side as well as the non-institutional side is extremely sticky. Those revenues are about 12%-15% of the total revenues. If we add both of them, it is roughly 62%-65%, which you can club under the recurring bucket.

The rest of the revenues are transactional, and within transactional, as you are aware, we have leadership in the investment banking business. We had some movement on account of mark-to-market as well as certain recoveries on the ARC. That can be a little volatile, but at least 62%-65% of the revenues are recurring in nature.

Vishal Kampani: Now, coming to your first question, I think I've broadly given that guidance before as well. I think each of our businesses are seeing very exciting times, and we've guided that corporate advisory and capital markets will see anywhere between a 15%-20% growth over the next couple of years, three to five years.

We've guided private markets will see a similar number, around 20% increase on the loan book and around 15% increase on the investment side. As I mentioned earlier, we're kind of running out of cash, so we probably will add to debt capacity because of growth, which is a very, very good sign.

Wealth management, we've maintained 20%-25% growth in AUM, subject to mark-to-market. Sometimes these numbers can be closer to 20%, and if the markets are good, numbers are closer to 25%.

We are adding infrastructure and spending on technology on a continuous basis in the broking business, and that growth will continue. I think our cash market share has literally grown every year in the last five to six years, which again is a healthy sign. Asset management, again, we expect to have 15%-20% growth.

We need to broad-base our manufactured product breadth, which we are doing. We are adding more mutual fund schemes and adding some very interesting credit products, and we already have a Pre-IPO Fund product, so that is very exciting, and we see good growth over there. On the home loan side, we've talked about 25%-30% growth in AUM, and we've already hit INR4,000 crores of AUM there.

Overall, I think if you were to sort of weighted average this number, we're looking at 20% growth, at least for the next five years, year-on-year. A lot of investments have been made, and I think we'll see very decent profitability emerge out of that.

Parth Jariwala: Sure. Thank you.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Anubhav Goel from Cosma Ventures. Please go ahead.

Anubhav Goel: Yes. Hi, sir. Sir, I have just one question. In wealth, we are focusing on productivity, and the RM number has come down this quarter. I just wanted your thoughts on how the total AUM, and especially the recurring AUM number from this current INR37,000 crores can end up for the next one, two quarter. Will it broadly stay here, or can it grow on a quarterly basis?

Anuj Kapoor: I think partly it is a function of market, so that is the mark-to-market effect. Otherwise, on a steady state basis, we will add at the growth rates at which Vishal mentioned. One thing to note is that in spite of the number of RMs falling, there has been a steady growth in the recurring AUM number. We do hope to grow, expect rather to grow this number in double digits.

Anubhav Goel: So sir, if market conditions are reasonable, we can expect some growth from this INR37,000 crores number to come even for the third quarter?

Anuj Kapoor: Absolutely.

Vishal Kampani: Absolutely.

Anubhav Goel: Okay, great to hear. Thank you so much.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Kanishk Gupta from SS Family Office. Please go ahead.

Kanishk Gupta: Yes, very good afternoon. You previously highlighted a two and a half to three year gestation period for the new RMs that were hired during the expansion phase. So with wealth management, excluding the broking, is targeted to break even in FY27. Given the pressure on the transactional revenues, what would be the current average net new money per RM being captured by the new cohort versus the mature cohort?

Anuj Kapoor: So I think the net new money additions that are getting done by the new cohort have actually been quite encouraging because as they have joined, they have transferred assets as well from their previous relationships. Whereas the existing cohort continues to add on a steady state basis in terms of top-ups from existing clients, as well as all across consistently adding new clients as well. In terms of the net additions, I will have to just come back to you on the number.

Vishal Kampani: It would be roughly INR75 crores per RM, roughly.

Kanishk Gupta: This is for the new cohort?

Vishal Kampani: This will be for the existing cohort. The new cohort will be probably half that number.

Kanishk Gupta: Okay. By when do we expect the employee expense ratios to peak relative to the fee income?

Vishal Kampani: It will take a while, no? Because as I said, from next year, we will get into recruitment mode again, because the build strategy is up to 2030. As I said, the idea is you recruit for two years, and then you figure out who is productive in your system, who is not, and then you rationalize a bit, and then you get back to recruitment again. You have to look at it as you rightly asked the question from a cohort-to-cohort perspective.

By March, I think we will be much more clear that in the last three years, what we have recruited, who has stayed back, and most of the RMs who will be back in our system, who are in our system in March, will be profitable. As I mentioned also for the month of September, the wealth business on a standalone basis had broken even.

Hopefully that trend continues, then you will have a full year of profitability in FY28, which is a delay roughly of three or four quarters from where we originally planned it. There is also a lot of transactional income volatility that we have seen in the last six months to nine months, which is the reduction in the growth of the revenues, and therefore a slight delay in profitability.

Kanishk Gupta: Got it. Thank you very much for the detailed answer. That's it from my side, and all the very best for the future.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Akshay Jawahar from Banyan Tree Associates LLP. Please go ahead.

Akshay Jawahar: Yes, thank you for the opportunity. My first question was on the private credit space. If you look at the unit metrics, like your real estate and the non-core loan book is coming down. The yield is higher on a quarter-on-quarter basis. The standard loans have also increased, have grown well, basically on a quarter-to-quarter basis. Why is it that on a year-on-year basis, the net revenue has not seen any growth, or has seen a very marginal growth, if at all any?

Vishal Kampani: No, I think because there was a lot of recovery in that business from the assets last year, no? What happens when you have recovery, you also first add to interest income on the recovery, no?

Vishal Kampani: What page are you on?

Akshay Jawahar: I am actually just pulling Excel out, just give me a second. Net revenue, I think it will be there in the Excel that you will put out. Yes, it is on Page 22.

Vishal Kampani: Yes.

Akshay Jawahar: Of the, yes. There the net revenue in Q2 FY26 is about INR124 crores, and in Q2 FY27 is INR120 crores. What I want to understand is that operationally, all the assets under management and the loan book, everything is progressing well. Your yield between Q2 FY27 and Q2 FY26 has also improved. Why is the revenue not growing in the same direction?

Vishal Kampani: No, this must be because of net gain on fair value changes, which we report on the ARC side, and also because we were carrying a lot more liquidity at that point in time. Second, as I said, there will be some level of higher gross interest income because of recoveries in the first half that we saw last year.

It is not a very meaningful number because, end of the day, as I said, if you have shares in Gokaldas and we have shares in some of the resolutions that we have done, we face mark-to-market differences, which could be around INR10 crores-INR15 crores. If you were to ignore that, you will probably see 10%-12% growth in the net revenue.

Akshay Jawahar: Okay.

Vishal Kampani: I would actually focus on the same page, just focus on half one to half two, because having a more broader perspective is better than having a narrower quarter perspective. If you see the half one FY26 revenues, if you go to page 22 of our presentation, the half one net revenue is actually INR357 crores, while the half one for FY27 is INR582 crores.

If you see the operating PBT, it is almost the same because there was a write-back last year of INR231 crores, while the write-back so far this year is only INR15. Frankly, we are expecting some more write-backs to happen in the next six to nine months because we still have a lot of NPA recovery which is underway.

The underlying growth of net revenue is pretty strong. It is actually 63% up year-over-year, and this does not include the write-backs from the impairment done on financial assets earlier.

Akshay Jawahar: Right. But the 63% also includes the ARC component, right? Which in this year again would now come in Q3, correct? About 300 crores?

Vishal Kampani: No, no, no. The ARC recovery was in Q1 of this year and NPA recovery was Q1 of last year. It is just, it is lumpy, right? Sometimes it is Q1, sometimes it is Q3, because we have had a lot of turnaround assets which are all maturing and giving us capital back. As the ARC adds more and more retail granular assets, the volatility in their earnings also will reduce considerably over the next few years.

Therefore, it is better to focus from a half-to-half perspective. So think of it this way. Just look at the net revenue line on the H1 FY26 and H1 FY27. If you were to ignore the write-back of

the profit from the NBFC perspective of INR231 crores and INR15 crores, there has been a phenomenal growth in operating PBT in this business, right? Because you just shave off INR231 crores from INR478 crores, right? The growth will be almost 60% in operating profit before tax.

Akshay Jawahar: But again, Vishal, on your point of that growth of 60%, my counter there is that in Q1 of this year, there was an ARC recovery which happened, right?

Vishal Kampani: Correct, correct. That is what I am saying. I am saying the growth has been very strong because the ARC recovery happened, but Q1 of last year also had ARC recoveries.

Akshay Jawahar: Okay.

Vishal Kampani: That is why I am saying you look at the half-to-half. It is better to look at half-to-half. For example, if we have an ARC recovery in this quarter, we may not have it in Q4, right? Just look at private markets from a half-to-half perspective. It will give you a much better perspective than looking at it Q1.

Akshay Jawahar: Got it. And we are on track to broadly recover about INR250 crores-INR300 crores of the basically the reversals on the impairments, right?

Vishal Kampani: Yes. Yes. We have said INR250 crores this year. We are on track. Hopefully, fingers crossed, we should be able to close it by March 31st.

Akshay Jawahar: Okay, perfect. The other point I had on the wealth management side, again, maybe I am looking at it not in the best way, but like, again, on the wealth and asset management side, we have had the highest level of recurring AUM.

We have streamlined the sales force in terms of letting go of people who are not offering the right level of productivity. The total AUM is also at nearly its all-time high. What sort of growth? Why is the growth in the wealth management slower maybe than or am I looking at it wrong?

Vishal Kampani: Sorry, what is your question again?

Akshay Jawahar: Why is the growth slower?

Vishal Kampani: No, because wealth management also includes broking revenue, right? Because of certain changes in the regulation, which we are all aware of, the broking revenues were lower. While we maintain market share and increase market share, the broking revenue for the industry has been lower in this half compared to the previous half.

See, wealth management has broking income, interest income, and commission income from primary products and recurring revenues, no? The broking income has been a bit flat. If broking recovers strongly, then that will add to even further growth.

Akshay Jawahar: All right. Just one last, on the capital markets, you mentioned the previous, I think, talks when there has been broadly about 15%-20% year-on-year is what you will see over three to five years.

Vishal Kampani: Yes.

Akshay Jawahar: Just from a more short-term perspective, do you see the business growing that much in the next, for FY27, given that Q1 was highly depressed because of the environment? Do you see FY27 showing about 15%-20% growth for the full year?

Vishal Kampani: I think so. I would model in. April, May were really horrible months because we literally had no deals going through. The activity really started in June. I would think 15% is a very reasonable number to assume for the rest of the year, especially after the kind of the market lift that we have seen today and the results of the U.S. election. I think India should see a lot more positive momentum.

Feedback from foreign investors in the U.S. and U.K. is that a lot of the negativity was coming from high crude oil prices, tariffs, war in the Middle East, etcetera.

Also some part of it because of concentrated investments in the AI boom. I think all of these actually are very pro-India right now. Each of these parameters today, where we stand, literally in the last 24 hours, everything has changed to become pro-India.

Akshay Jawahar: All right. Got it. Okay. Thank you so much for your time, and all the best for the next quarter.

Vishal Kampani: Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Doshi from Prospero Tree AMC. Please go ahead.

Nilesh Doshi: Thanks for the opportunity. Sir, I have gone through the last six quarter results and found that the private markets and corporate advisory are the two major segments which contribute significantly to profit, but both are not contributing simultaneously. Is there any inverse relation between these two segments, and is there any chance that both segments will contribute at the same time?

Vishal Kampani: Yes, that is actually a great question. I have been also waiting for the quarter where both simultaneously perform very well, but for some reason, we have had the good luck of making sure that when capital markets and corporate advisory is a bit slow, private markets has done very well. I think in the private market, some part of the volatility, as I said, comes from the investment book.

It does not come so much from the loan book, because in the investment book, we have SRs which are a bit lumpy in nature in terms of their resolution. There is, of course, mark to market on the equity and alternative portfolio that we hold. Therefore, it becomes a bit lumpy.

As the loan book becomes bigger and we keep growing the loan book at 20%, and as the addition of retail assets increases in the ARC, the volatility of the private market business will reduce considerably. Hopefully, that will allow us to have more robust quarters, including both the businesses here. Having said that, I think a 15%-20% growth rate for both these businesses over the long term year -on -year is absolutely fair to expect from a house like us.

Nilesh Doshi: Sir, my understanding is that when the capital market is in a good shape, there is a more chance for the ARC to have a deal, so the private market may report the higher number in that quarter.

Vishal Kampani: No, that is not correct. I think, in fact, the ARC business as well as the private market business usually is pretty countercyclical to the equity capital market business. In fact, when equity capital markets is doing very, very well, the need for credit is quite low. ARC on the retail asset side is pretty uncorrelated to what we do on the capital market side completely, because it is just largely NBFC selling some of their bad loans to us.

What is related more to the capital market corporate advisory business is the bespoke business. Yes, there have been many instances in the past where all three have grown very well together.

Nilesh Doshi: Sir, last question. Is not good for the investor that the JM demerges the corporate advisory and capital market business as a separate listed entity to unlock the value because that business do not require the large capital and having the bigger or better ROE than the total business. Why JM is not thinking to demerge that business?

Vishal Kampani: I will tell you because this whole business has one big flywheel. A lot of the capital market clients, a lot of the corporate advisory clients, many of the private market clients work very closely with the wealth management business and the alternatives business. There are a tremendous amount of synergies. I do understand your question on the ROE front, and it is not that we have not thought about a demerger before.

At the same time, I think our wealth management and asset management business needs to become a little larger, and then we can consider if we have to spin off maybe wealth management, asset management, or maybe wealth management and corporate advisory together from the listed company today. We have thought about this many times in the last few years.

We just want to focus on execution and scale these businesses before going into any restructuring, which could be something earlier than we need to do it. I think we will wait. We will take that decision appropriately at the right time, but your thought is very well noted.

Nilesh Doshi: Thank you, sir. All the best, and happy Diwali in advance, sir.

Vishal Kampani: Thank you. Happy Diwali.

Moderator: Thank you. The next question is from the line of Pavan Kumar from Edelweiss Public Alternatives. Please go ahead.

Pavan Kumar: Thank you for the opportunity to ask a follow-up question. On the wealth management, Anuj, just a small clarification. You were mentioning that the yields are around 51 basis points, right? Gross yields on the recurring business. If I take that 51 basis points on average AUM, I get like INR45 crores.

And on the MTF book, let's say I take 12% yield, I would get like INR75 crores. So that is INR120 crores, right? Can you explain the difference between the INR220 crores that we have

reported as revenue, INR216 crores that we have reported as revenue, versus what I am getting, the INR120 crores?

Vishal Kampani: There must be brokerage income also, no? Because there is also brokerage income from wealth clients, right?

Pavan Kumar: No, no. on the recurring side.

Vishal Kampani: On the recurring side, sorry.

Nishit Shah: On the recurring side, we also have other lending that we do. For example, the debtors financing as well as certain income that we earn on the fixed deposits, margins for clients etcetera, that we hold. So, all of that put together is the recurring income that we spoke.

Pavan Kumar: Is this like the margin, I mean, the money that is kept for trading in the F&O, that kind of a thing?

Nishit Shah: Yes.

Pavan Kumar: Thank you. Just one last question. On the dividend side, hello?

Vishal Kampani: Yes, go ahead.

Pavan Kumar: Any guidance on the final dividend for the year, full dividend? Like, so far you have announced two, right? One for the FY26 and then one which was announced this quarter.

Vishal Kampani: Yes, I think if you look at the interim dividend for last year, it was INR1.5, and we have increased interim by 10% to INR1.65. I think the final dividend we will decide based on the results of the next two quarters. But I am hoping that the growth should be similar to what we have done for the interim.

Pavan Kumar: Got it. Thank you. No other questions from me. All the best.

Moderator: Thank you. The next question is from the line of Sanjay Pandit from 1729 Capital. Please go ahead.

Sanjay Pandit: Hello, can you hear me?

Vishal Kampani: Yes.

Sanjay Pandit: Okay. This question is for Vishal. You are in the business of advising clients on capital structure, but you yourself as JM Financial have been sitting on excess capital for quite a while now and have a pretty low consolidated return on equity. You also have a stock that happens to be trading below tangible book value and well below NAV, maybe less than half of NAV today. Why not take this opportunity and do a large share buyback?

So one year from today, you can demonstrate better returns on equity and rectify over-capitalization. You know the prospects of the company better than any of us. What treasury

investment can you possibly make today that are better than buying back your own stock at, say, 50% or 60% of NAV? That is my question.

Vishal Kampani: Yes, that is a very good question. Fundamentally, one issue we have is that a significant portion of the liquidity that we have is in the NBFCs, and we've chosen to deploy that into business over the last one year because there is no method of taking out this liquidity from the NBFCs without having a tax hit first at a holding company level before we implement a buyback.

Second, a significant portion of the liquidity that we have in our holding company is in NSE stock, which was unlisted, which has just got listed, and we are subject to a six-month lockup. The six-month lockup expires in March 2027, which releases a significant portion of liquidity for us. We will take that call, what we do with that liquidity, in the month of April and May next year.

Sanjay Pandit: I see. The final question is, you talked about still targeting getting a 20% blended growth across the divisions. That makes a lot of sense over the next three to five years. What kind of PAT growth would accompany that revenue growth, and then what kind of return on equity could you expect to have, say, three years from today, sort of blended in a normalized year, do you think?

Vishal Kampani: Yes. I think we will be targeting a return on equity in the mid-teens. That would be the endeavor towards the end of the investment cycle of many of our businesses. I think, if the revenue growth is between 15% and 20%, then the profit growth should be between 20% and 25% as we achieve more and more operating scale.

The joker in the pack here remains, of course, some part of our business being exposed to capital markets, and there is some volatility. But I think if you look three to four years out, I think the business would have significantly grown. We are already seeing momentum on that. If you look at our numbers four or five years before, or eight or 10 years before, each of these businesses actually have doubled in size every four to five years.

Sanjay Pandit: Correct. Okay. Thanks. Those are my questions. I would just encourage you guys, use this rare opportunity when your stock is so low to do a buyback once you do get the liquidity because these opportunities don't come every time?

Vishal Kampani: I agree. As a promoter family, we creeped 1% last quarter. We have these constraints because large part of capital is stuck in NBFCs, as well as some part of it in the holding company is under lockup in National Stock Exchange shares, which just got listed.

Sanjay Pandit: Understood. Okay. Thanks so much for that.

Vishal Kampani: Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question of the day. I would like to hand the conference over to Mr. Vishal Kampani for closing comments.

Vishal Kampani: Thank you very much, all of you, for attending our call and for all the interesting questions. I wish everybody a very happy and prosperous Diwali and look forward to seeing you all again next quarter. Thank you.

Moderator: Thank you. On behalf of JM Financial, that concludes this conference. Thank you for joining us, and you may now disconnect the line.