August 10, 2026

BSE Limited
Department of Corporate Services
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort,
Mumbai – 400 001

Security Code: **523405**

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

Symbol: **JMFINANCIL**

Dear Sirs,

Sub: **Transcript of the Earnings Conference Call**

Pursuant to Regulation 30 of the SEBI Listing Regulations, read with Para A of Part A of Schedule III thereto, we are enclosing the transcript of the earnings conference call of the Company held on Tuesday, August 4, 2026.

The said transcript has also been uploaded on the website of the Company at https://www.jmfl.com/investor-relations/financial-results and the same can be accessed by scanning the QR Code.

We request you to kindly take the above on your record and disseminate the same on your website, as you may deem appropriate.

Thank you.

Yours truly,
For **JM Financial Limited**

Hemant Vijay Pandya
Digitally signed by Hemant Vijay Pandya
Date: 2026.08.10 14:51:07 +05'30'

Hemant Pandya
Company Secretary & Compliance Officer

Encl.: as above

JM Financial Limited

Q1FY27 Earnings Conference Call

August 4, 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 zero on your touchtone phone.

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

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

Vishal Kampani: Thank you. On behalf of JM Financial, we extend a very warm welcome to all of you to our earnings conference call to discuss our financial results for the quarter ended June 2026. You would have seen our results presentation and press release on the stock exchanges and the website. I hope you've had a chance to go through the same.

On the call, we also have Sonia Dasgupta, MD and CEO of Investment Banking; Anuj Kapoor, Head of our Private Wealth; Manish Sheth, MD and CEO of our Home Loans business; and Nishit Shah, our Group CFO. I will give the key updates and hand over to Nishit, who will take you all through the numbers.

Quarter 1 results demonstrate the strength of our diversified business model, and pleased to report that the Private Markets segment provided very strong cushion to the earnings amidst volatility in Capital Markets. We have always maintained that Private Markets business can be a strong countercyclical force to the volatility in Capital Markets, and our Q1 results validate the same.

Net revenue for us increased 13% Y-o-Y to INR883 crores. Pre-provision operating profit increased by 21% year-on-year to INR469 crores, and PAT (ex-provisions) before minorities increased by 24% Y-o-Y to INR379 crores.

In Private Markets, we witnessed one of the best quarters for our Asset Reconstruction business with very strong resolutions in distressed credit assets during the quarter, where we collected over INR2,000 crores and the group share of that cash flow was over INR1,200 crores.

Corporate Advisory and Capital Markets had a slow quarter, primarily because of lack of IPO issuances and primary market activity. However, our pipeline of transactions is extremely strong with almost INR220,000 crores of pipeline of DRHP filed IPO transactions. The INR220,000 crores number includes filings of National Stock Exchange as well as Jio Platforms.

Even if you were to exclude those two large IPOs, we've seen a decent growth, and the pipeline is at INR150,000 crores. We are witnessing early signs of recovery in Capital Markets, which will help us execute, hopefully, majority of our pipeline in the rest of the year.

The month of July, our revenues on the transaction side in Corporate Advisory and Capital Markets for the month of July already exceed what we have done in June, which is a very, very positive sign. And we've also seen the reversal of FDI flows to becoming net buyers from being net sellers. And if that trend were to continue or even remain stable, we are hopeful that we should be able to pull through with a significant amount of our pipeline.

In Wealth Management, performance was a little subdued because of weak transactional business, which is again related to the markets and also the primary market issuance, but the recurring AUM and loans have shown good traction.

In Asset Management, we are increasing the bouquet of mutual fund products and recently launched JM Multi Asset Allocation Fund. On the AIF front, we launched our JM Pre-IPO fund as well as our JM Credit Fund. We're expecting very good numbers in most of these funds and we continue to invest in the Asset Management business. We have outlined INR150 crores investment further into Asset Management over the next 2 years.

On our Affordable Housing business, it reported a strong Y-o-Y growth in disbursements of 87% and a 28% Y-o-Y growth in AUM. That business is now on a solid footing. And again, we focus on listing that separately in a span of 2 to 3 years.

With this brief update, I'm handing over the call to Nishit, to take you through the financials in detail.

Nishit Shah: Thank you, Vishal. On the financial numbers for Q1 FY27, net revenue increased by 13% Y-o-Y to INR883 crores, and pre-provision operating profit increased by 21%. Profit after tax, (ex-provisions) before minority interests, increased by 24% to INR379 crores, and profit after tax, (ex-provisions) after minority, stood flat at INR302 crores.

Reported PAT for the quarter stood at INR292 crores, resulting in an annualized ROE of approximately 11%. The consolidated net worth stood at INR10,900 crores, translating to a book value of approximately INR114 per share. The leverage is 1x.

On to the business segments,

Corporate Advisory and Capital Markets: This includes the investment banking and the institutional equities business. We closed 9 Capital Markets transactions aggregating to approximately INR22,000 crores in Q1 FY27. In addition, we have filed documents for 60 IPOs aggregating to an issue size of approximately INR150,000 crores and the pipeline of transactions is increasing. That pipeline does not include IPO transactions of Jio Platforms and National Stock Exchange.

For Q1 FY27, net revenue for the segment stood at INR115 crores as against INR182 crores and PAT stood at INR32 crores. The performance for the quarter was impacted by lack of primary issuances.

Wealth and Asset Management: On Wealth Management, our sales and RM strength is over 1,000 professionals with 71 branches and approximately 870 franchisees. Wealth loan book grew by 43% year-on-year to INR2,417 crores and recurring AUM of our wealth business grew to approximately INR33,400 crores. The proportion of recurring to total AUM has now increased to 30%. On a Y-o-Y basis, net revenue stood at INR185 crores as against INR211 crores and PAT stood at INR19 crores. The performance for the quarter was impacted by slow transaction business.

In the mutual fund space, the closing AUM from non-liquid funds showed signs of recovery and stood at approximately INR10,900 crores, up 16% on a quarter-on-quarter basis. The employee strength in the Asset Management business has increased by 10% year-on-year to 222 employees. For our Asset Management business, management fees from mutual funds for quarter 1 increased by 62% to INR13 crores. Loss after minority interests stood flat at INR5 crores.

Private Markets: This business comprises of private credit, that is, corporate, bespoke, real estate, and distressed credit, and investments which include private equity funds, REITs, AIFs, etc. Private Markets is a very unique platform with a focus on providing differentiated solutions to our clients. Private Markets witnessed significant recoveries in distressed credit assets.

Gross resolutions were over INR2,000 crores, of which group share of cash flows was over INR1,200 crores. Net revenue for Q1 FY27 doubled to INR462 crores and pre-provision operating profit grew almost 2.3x to INR375 crores. The segment profit after minority interest stood at INR228 crores for Q1 FY27.

Affordable Home Loans: This business includes our home loans business focused on the affordable segment. We have a branch network of 151 branches and a customer base of close to 36,000. AUM increased by 28% year-on-year to INR3,715 crores. For Q1 FY27, revenue increased by 22% Y-o-Y to INR123 crores and profit after tax and minority interests grew by 16% year-on-year to INR17 crores.

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

Digant Haria: My question is on the cyclicality that we see. This quarter, IPO transactions were weak. So the Corporate Advisory, Capital Markets division not doing well is kind of expected. But we see a very similar kind of weakness flowing in the wealth business and even the private credit, where the loan book growth has still not started.

So, Vishal, if you can just say that how does this cyclicality break? And like what time lines should we think about in terms of wealth scaling up on its own without a lot of transactions in the Corporate Advisory business? And when does private credit also pick up? I see recoveries are there, but when does that organic growth start?

Vishal Kampani: Yes. So let me address the private credit question first. If you see this Page 13 on our investor presentation, I think the bespoke book that we have, which includes loan against shares as well as the work we do on our corporate is on a 5-quarter high. In fact, if you see, it went down to almost INR2,700 crores and right now is at INR3,000 crores.

So what we had guided at the end of quarter 4 was this book should see at least a 15% to 20% growth Y-o-Y. So I think we've almost done half of that growth in the first quarter. So we are hoping that that trajectory will continue. So I think the growth has already started. And this is without a lot of syndication. Now there's more syndication to happen, and that itself will grow the book 15% to 20% quite comfortably till the end of the year.

You are seeing the overall book being flattish because it's just the real estate book, which is degrowing, as well as the non-core book, which obviously will keep degrowing. So the idea is just to focus on bespoke, where the growth is coming. And at some point in time, when we get comfortable on the risk-adjusted returns for real estate, as I mentioned earlier as well on my calls, we will start lending in real estate. We are still not sure whether the time is right.

So the growth in Private Markets on the credit side has already started. And even on the ARC front, we are seeing some very interesting transactions. We were able to do one large transaction even in June quarter. And it's a very interesting time where we are seeing some retail assets where there are decent returns, which we are able to close and do some transactions. And there will be some syndication that may happen on the ARC side as well.

And ARC, as you know, Digant, the recovery resolution is a lumpy business. Obviously, we've seen a phenomenal quarter in June quarter. But I think even the next few quarters, this year should be pretty decent from an ARC perspective. So all in all, I think Private Markets is in good shape. And we should be able to meet our guidance on the Private Markets side.

On the wealth side, as I've maintained that the investments have all been made. Teams are in place. This year is a focus in terms of productivity. There is a good sort of feedback on the client side. We are adding clients. Our recurring AUM is growing. But of course, we were a transactional-heavy firm. And last year as well as last to last year, there were a lot of transactions done on the private side. And that transaction activity on the private side, which, as a market participant, you will know, has not been as encouraging in the last 6 months. So it's really a drop on that front. It doesn't take away anything from the business that we are building.

Even in terms of the wealth broking accounts that we've been able to open, the number of loans we've been able to grow on the margin side for most of these customers have been very, very encouraging. So I think it's just about continuing to focus on the execution, and fairly confident at some point in time we'll see very, very encouraging sort of stats and numbers on the wealth business, as said.

I mean, you asked me for a time line. I mean, I've always maintained that it's a 2- to 3-year build-out. The recruitment phase is sort of completed last 18 months to 2 years. And hopefully, this year and next year is the time where we should see good sort of returns from that business.

Anything you want to add to the same, Anuj, please go ahead or it's all covered?

Anuj Kapoor: Yes. I think, as Vishal mentioned, the recurring AUM is building up very well. We are focusing on increasing the share of our recurring business in the overall AUM and revenues. And as Vishal mentioned, the build-out has happened. We've penetrated into 21 cities into India, built out offshore as well. So really, the focus is on productivity and enhancing that, especially for the new relationship managers we've hired over the last 12 to 18 months.

Digant Haria: Okay. Second question is that this quarter was very good for ARC recoveries. And Vishal, as you said, it's a lumpy business. So maybe this quarter saw very good recoveries. If you can just give some color on like what happened and what more to expect? That will be useful because this is a pretty heavy quarter on that division.

Vishal Kampani: Yes. So Digant, most of the resolutions, which we have done in the ARC last quarter, have all been from the new book. When I say new book is it's all the new underwriting that has happened post-COVID. In fact, largely in 2023, '24, and '25. And the returns have been fairly decent. I think our overall IRRs have been 18% plus in all of those transactions.

We have completely moved away, as you know, from taking any sort of turnaround risk ourselves in the ARC. So these are all well-structured transactions.

So, I think it's all in all looking good. As I said, we've deployed a bit also in June quarter at the ARC level, and we expect returns to be similar in that space. So ARC wholesale returns are around 18% to 22%. And at the retail asset levels, the returns are around 15% to 18%. So all in all, on average, we're able to clock anywhere between 16% to 18%. So that should continue.

We also have 2 or 3 large resolutions which are still pending from the pre-COVID book. And there has been a lot of encouraging sort of movement on all of those in the last 1 year as well. And I talked a bit about it in the last call that I think this year, we'll see very good cash flow and recovery from the ARC, and it's already visible in terms of Q1. And I think there will be some more, fingers crossed, over the next 9 months as well.

And this doesn't include any of the write-backs that we expect on the provisions we've made on our real estate book. So there is not much of that in Q1. But there's progress being made on that front as well, which, again, hopefully, we should be able to report in the next 9 months.

Digant Haria: Great. So, Vishal, in this ARC part, like you said that retail is 15%, 16%, wholesale is maybe around 22%. So, what portion of the INR12,000 crores of capital employed in this division, debt plus equity, what portion would earn this kind of yield? Like would it be the...

Vishal Kampani: INR12,000 crores is the value of SR. It's not our capital deployed. So, if you again focus on just Page 13.

Digant Haria: So, you're talking about the ROEs, right? What you were saying was the ROEs, right?

Vishal Kampani: I'm saying the IRR to us. So, I'll explain to you, when you see Page 13, you see our distressed credit portfolio was INR3,665 crores at the end of quarter 4 '26, which is now INR3,114 crores. This includes almost INR1,200 crores of recovery and INR600 crores of new transactions done. And the movement over here is roughly between INR500 crores and INR600 crores.

So that is what has been our capital deployed. The SRs are where we have syndication and where we have partners also holding the SRs, whether in the form of banks or hedge funds internationally or other large HNIs who are partnering with us. So that return belongs to them. So our investment in the INR12,000 crores is INR3,114 crores.

So when I talk about returns for us, now in this INR3,114 crores, some book is the old book and some book is the new book. So a lot of the new book already has got paid. The old book, we are waiting on certain resolutions to happen. Assume the book is roughly 50-50. And on the new book, which is roughly almost half of the book, INR1,600 crores, we should be expecting close to 16% to 18% average sort of IRR. So that's the way to model it out.

Digant Haria: Perfect. And once these old ARC transactions, they get resolved, money comes, we deploy it in a similar way, so that itself increases our yield in terms of the year?

Vishal Kampani: Yes. So I'm happy to report that with this kind of cash that we've generated and the expected cash flows over the next 6 months, our ARC will be debt-free. I mean, it's been like a 7-year cycle. 7 years back, we were at peak debt to equity of almost 3x in the ARC, and we will be debt-free. And if we generate all of this cash, then not only are we debt-free, but just the cash should be able to generate going forward safely 16% to 18% IRR. So I think we are in a very, very good position. A lot of hard work done by the ARC team, and we're very happy with the outcome.

Digant Haria: Was there a good amount of fee income from syndication also in this quarter? So anything you would just like to highlight here? That's the last from my side.

Vishal Kampani: Yes. So on the credit side, we had roughly INR20 crores of syndication income for June quarter. So I think the numbers will only get better over a longer period of time.

Moderator: The next question is from the line of Nitin Jain from Fairvalue Equity Advisory.

Nitin Jain: So I would just like to double-click on the wealth business. So although the recurring AUM as a part of the overall AUM has increased over the year, the profitability seems to have dropped sharply in this business. Can you provide some color what caused this drop?

Anuj Kapoor: Sure. I think one of the reasons was highlighted earlier that the fact that the transactional revenue has gone down, and that's across the Street, the transactional volumes have come down. Secondly, also, we've hired a lot of RMs over the last 18 months, as was highlighted earlier.

Now all the RMs have a certain gestation cycle of getting profitable in the next 2- to 3-year time frame. So, we are going through that period where the focus is outrightly on improving productivity and making sure that they are productive and hence, profitable in the coming year as well. So that's the reason because we hired massively in the last 18 months, the profitability impact will come in the coming months.

Nitin Jain: Right. So just a follow-up to that. You've indicated that the major recruitment phase seems to be behind us. So would it be safe to assume that the employee expenses as a percentage of the revenue of this business should decline going forward, right?

Anuj Kapoor: Yes. They would have peaked now. And we will not stop hiring, but we will hire judiciously and selectively where there are gaps, but most of the hiring is behind us.

Vishal Kampani: Also from a recruitment perspective, you have to understand that wealth is an extremely important channel for us, even from an investment banking perspective, purely from a distribution of deals, both on the private as well as the capital market side.

Secondly, it's a very important channel for us from marketing our AIF and marketing some of our Asset Management products. So there needs to be a certain critical size that we need to have. So you need to reach that critical size, make that productive. And then after a year to 18 months, again, start reinvesting. So that is the journey that we have. We have a 5-year plan, which was cleared by the Board last year and we are following that as closely as we can.

Nitin Jain: Okay. That's helpful. My last question is, how are we implementing AI across the firm? So just for example, if you look at the IB division, the number of companies under research coverage, they have increased from around 300 to 360. The employee count also has increased proportionately. So are we not seeing any efficiencies from implementation of AI?

Vishal Kampani: Well, we're seeing very early efficiencies. But unfortunately, for us, an AI-driven robot on the sell side is not yet acceptable to buy-side analysts. The day that starts happening, we'll see a tremendous amount of AI efficiency. So yes, in terms of analysis, scraping annual reports, giving you data, doing comparable company analysis, all of that, yes, is getting implemented.

Also, we have to be mindful on the regulatory side in terms of what we can do and what we can't do, what kind of disclosures we need to give while we are using AI for a lot of the analysis. So a lot of work happening. Can we say that we are on completely top of maximizing the AI potential right now? We are not. And when will we get there? Frankly, we don't even know. We are still learning ourselves.

A lot of the AI you talk about, all developments that have happened only in the last 6 months. As you aggressively start using AI, the token cost can go up like crazy. So let's wait and watch. We are very open to implementing a lot of AI. And we know that at some point in time, we necessarily will have to. But I think this is a better question suited for maybe a year to 18 months down the line in terms of what have you been able to achieve and implement in terms of AI. I think on the analysis side, on the risk side, you can do a lot, but front office is still limited here.

Moderator: The next question is from the line of Kanishk Gupta from SS Family Office.

Kanishk Gupta: I would like to ask on the Asset Management side of the business, the AUM has largely been flat but the partners have gone up and SIP book was down 30%. So, what's being done on that side of the business to get it back on track and keep it growing?

Nishit Shah: This is Nishit here. So, if you look at it on a quarter-on-quarter basis, there has been an increase in the closing AUM by almost 16% as far as the non-liquid schemes are concerned. Your observation is valid in terms of the SIP book coming down. But having said that, we've engaged with a lot of our channel partners. The performance of the schemes has also seen improvement, especially some of the schemes like small cap funds, etcetera. So hopefully, that kind of fall will be arrested, especially when we are looking at data in the month of July.

Vishal Kampani: I think one thing that we had a concentration of more small and mid-cap schemes. Flexi-cap also had a concentration, which was largely in small and mid-cap. So when the small and mid-cap space corrected earlier this year and late last year, that was a time when there was some loss of AUM. And what Nishit is saying is that a large part of that AUM loss has been corrected, and we did not stop engaging with distributors. In fact, we went on the front foot. We engaged more with distributors. We added even more channels of marketing at that point in time.

So when the revival, which has already happened in the last 3 months in terms of performance, happens, then we can look forward and add more AUM and add more clients on the mutual fund side. So hopefully, we should be back on track both on the SIP book as well as AUM growth very quickly over the next couple of quarters.

Kanishk Gupta: Some kind of quantitative targets that you can provide, so that will help investors track the progress better?

Vishal Kampani: Yes, we can provide them separately.

Kanishk Gupta: Okay. And my next question would be on the ROE front. So you had guided towards a 15% ROE over time. So can you explicitly break it down what would you consider a steady-state ROE through a normalized cycle, excluding market tailwinds or peak capital market conditions?

Vishal Kampani: Yes. So if you look at the ROE of last year, we were almost 11.5%. And we've paid a significant amount of the profit out as dividend. And as you know that we cannot pay more dividend or give capital back because of restrictions we have in our NBFCs in terms of payout ratios by the regulator. You can't pay more than 50% of your profit in the NBFCs. That actually constrains the amount of capital we can give back.

But having said that, this year, I think we should be in a similar range or maybe even better in terms of ROE. And as the Wealth Management business becomes more profitable and scales, and the losses in Asset Management reduce, and we attain operating leverage in the AMC business, which is probably 2 years out, that's when I think you'll see a stronger kicker in ROE.

Now again, the CACM business, the Corporate Advisory and Capital Markets business, over a longer cycle is a very, very high ROE business. Despite the subdued markets, they are at 15% ROE for last quarter. So in effect, they're actually a 35% to 40% ROE business. So the only place where we could have a ROE lag, which is below the teens, is going to be the private market space over the long-term. And that is where we want to push on much more syndication income and make that a much larger platform to generate ROEs.

And that probably is going to be, again, 3 to 4 years away. But having said that, the initial traction in the business has been very good. June quarter has been very good in terms of ARC. And we also have a lot of recovery and resolution income, which, even in the meanwhile, we'll be able to generate healthy ROEs.

Kanishk Gupta: And which of these levers is most dependent on market conditions versus purely execution-led?

Vishal Kampani: Capital Markets and Corporate Advisory is completely driven by market conditions. But again, as I said, even market conditions being weak, the business has generated 15% return on equity. So I don't worry about base ROE in that business. Execution is completely on the Wealth and Asset Management business. That is where we have to execute and we have to make sure that we're able to push ROEs into the mid to high teens.

Kanishk Gupta: Got it. And my last question would be on that you had rightly emphasized continued investment in Wealth Management and Asset Management. So could you help us understand what objective milestones or return thresholds you internally use to evaluate whether these investments are creating shareholder value differently?

Vishal Kampani: Yes. Let me give you a short example of our mutual fund business. I think so far, we've invested INR150 crores in our mutual fund business in the last 3 years when we started the journey to build it out. When we started the journey to build it out, our equity AUM was less than INR500 crores. Today, our equity AUM is almost INR10,500 crores.

So by any extent of any comparable valuation that you take, most mutual funds are able to exit at close to 6% to 8% of equity AUM at the minimum. So even if I take a number of 7% on average, it means that the value of the stake we have in the AMC is worth INR750 crores odd, while the investment that we've put in the AMC is INR150 crores.

As I said that we're going to be investing another INR150 crores over the next 2 to 3 years in our AMC. And if that is able to take our AUMs in the AMC to INR25,000 crores, and if you use a similar metric of, say, 7% to 8% of AUM, that means INR300 crores of investment that we have made in the 5 years, 2 years, 2.5 years forward, has actually created value of over INR2,000 crores for us.

So I think because the business is not making profitability today, it's not accretive to ROE and earnings, you're not able to see the value. But the underlying value is being created every year as we keep focusing on the execution.

So similar example, we can give you to our high net worth margin trade financing business. Our margin trade financing book 5 years ago was less than INR400 crores. The business is today, the book is almost INR2,500 crores. And the combined yield between interest rates as well as the broking yield that we make on this book is almost 13.5%. And it's turned out to be a very liquid, relatively safe book to grow. And we see that we can easily grow this book again at 15% year-on-year for the next 3 years.

So, I think there are some very interesting businesses that have already been built, scaled and grown, and value has already been created tremendously. And we are not short of capital or not even short of talent. So, we'll continue investing. Our horizon is much more long term. We are not a private equity house which needs to exit in the next 3 to 4 years. So, we'll keep building this business with a perspective, which is almost a decade or more.

Moderator: The next question is from the line of Umang Adatia, an Individual Investor.

Umang Adatia: Sir, first of all, great set of results. I want to ask one question about the Private Markets. Sir, since you mentioned to one of the fellow participants in the call that private markets ROE would remain in teens for the next few years. So, sir, my question is that so much of the capital is employed in private market. Whether management is thinking of any capital mix in the coming time because as you can see, 60% to 65% of the capital employed is in the private markets. And you know that ROEs of private markets is literally dragging ROE down of the overall group. So any comment on that?

Vishal Kampani: Yes. So that's a very good observation and we are acutely aware of it. See, as I explained to you that bulk of our net worth is in our two large NBFCs, JM Financial Credit Solutions and JM Financial Products. And as I said, that these NBFCs also have debt. Our leverage is 1:1. And we have debt which is payable nicely over the next 6, 7 years. It's well distributed. And in the business, we are generating good profit from interest income as well as investments.

So, the point is as per RBI rules, we cannot distribute more than 50% of our PAT out as per the rules. So, if Private Markets, for example, has made a profit of, say, INR250 crores, I cannot this quarter distribute more than INR125 crores of it. That means 50% of this net worth is actually getting plowed back into business because of regulatory reasons.

And therefore, we have to have growth, both on the syndication side as well as the loan book side as well as the investment side such that we are able to make adequate returns. I would imagine that our current debt equity, which has reached 0.8x, I think we are almost at the lowest. And going forward over the next 2 to 3 years, the debt equity will climb back.

If you look at Page 13, again, debt equity in FY24 was 1.9x and it's come down to 0.8x. And that's another reason why the ROE is hurting. The business is immensely profitable. It's just that we are not taking in enough of transactions today and therefore, we don't have a need for leverage. As the syndication business starts ramping, the picture will change. And I see us within a period of 3 years being back to 2x debt equity. And therefore, the ROEs will substantially improve.

And the point I was trying to make is that we have a lot of resolutions in our ARC, and sort of the recoveries on the provided book in real estate, which will be able to add profit in the next 8 quarters, giving you a decent ROE despite the pickup in the book taking 2 to 3 years. So we are kind of hedged in a way. And when we reach that 2:1 debt equity kind of milestone over the next 3 years with syndication income flowing through, you will see a healthy sort of teens income because inherently, with syndication, the ROA of the business needs to be rich enough that you don't need to lever to 4x to 5x to make that kind of returns. And again, that is the reason why when you see the investment side on Page 13, it's a very well-diversified book.

We target 16% to 18% on the distressed credit book, right? The cash, unfortunately, is sitting at 6%. And we have INR3,000 crores of cash, which, hopefully, we should be able to deploy, as I said. And we've increased our allocation to alternatives to almost INR500-odd crores, which used to be a INR300 crores number. And to equities, we've kept the number at INR970 crores. It's been in the INR900 crores range for the last 5 quarters. But if we see a market correction, if we see that there are returns to be made in public equities on a risk-adjusted basis of 15% to 16%, we will deploy more in public equities.

On the loan book side, we have bespoke, we have real estate. And the combination of bespoke and real estate, we target a return of roughly 13% to 14%. So that is the kind of strategy for what returns we want from our standard loans and our investments in the private markets space.

Now, even the mix also over time will change. See if you look at FY24, right, our standard loans were INR10,000 crores, but our investments, including distressed credit, were roughly INR8,500 crores. While the investment number has remained the same at around INR8,000 crores, the standard loan has decreased from INR10,000 crores to INR4,000 crores, largely because the real estate and the non-core book came down, right? This INR4,000 crores number, as I explained to Digant, will start increasing at 15% to 20% every year.

So in the next 3 years, you potentially will see that number close to INR7,000 crores to INR7,500 crores to INR8,000 crores. So it will be a good 1:1 kind of mix between investments and standard loans. And you will have recovery income, and therefore, the profitability will go up even faster. And what we've maintained is that because of the capital that we have, we should be able to use a lot of the profits we earn from these NBFCs, and almost 50% of that is allowed from a regulatory perspective, will be given back as dividend and paid out to shareholders.

Moderator: The next question is from the line of Parth from DAM Capital.

Parth: Sir, I have a very similar question to a previous participant on the wealth side of it. So sir, I understand that till we achieve a certain scale, there would be certain cyclicality built to the business because of transactional revenues. But I just want to get a sense on how kind of we are focusing on getting the ARR numbers better?

And what are the kind of targets our RMs have right now to see that you have the 5-year plan, which you have decided for is kind of met. So essentially, I'm trying to get a sense on what kind of earnings CAGR you are looking at in the next couple of years for us? Some color would be useful here, sir.

Vishal Kampani: Anuj will answer that question.

Anuj Kapoor: Sure. So, as we mentioned, we hired about 100-plus RMs over the last 18 months. Now the average life of an RM to become profitable is roughly about 2.5 to 3 years. So, we've split the RM cohort between the old and the new cohorts. Now the old cohort is very well productive and profitable. And we continue to monitor that profitability, and growth in that profitability very, very closely.

In the new cohort, the whole focus is on making sure that the cohort productivity enhances. And that gets supplemented by a lot of factors with a lot of third-party alliances that we're doing in the market because of the scale that we have achieved now on the distribution side.

Secondly, we are doing our own product, as we spoke about some of the AIFs that we have launched on pre-IPO and credit. That distribution gets scaled up with the scale-up that we have in wealth. And thirdly, also with closer collaboration with some of the other divisions within the firm, especially the investment bank and the equities business.

So all in all, the whole idea is to focus on productivity, enhancing productivity and making sure that the new cohort of RMs, these 100-plus RMs get to profitability within the next year or so. And that's what we are focusing on. We are closely monitoring the net new money additions being made by each and every single RM and the team profitability is something that we are monitoring.

In terms of the revenue growth that we are targeting, just to broadly talk about the industry, industry is going at early to mid-teens. And given the growth that we are targeting, we are targeting in excess of the industry growth that is expected.

Parth: Got it, sir. That was helpful. Just one thing here. What kind of net inflows are we expecting for this year? And could you give the number for this quarter versus previous quarter?

Nishit Shah: I think the net flows for this quarter is roughly around INR2,000-odd crores. And as we had guided earlier on the last year's call, we are targeting about INR6,000-odd crores at the minimum.

Moderator: The next question is from the line of Siddarth S from NAFA.

Siddarth S: So, I'd just like to get some clarity on if you have any plans to venture into the gold loan books in your NBFC division. I see that your housing loan segment has seen a very healthy growth. I just want to confirm if you have any plans to enter there and that's something.

Manish Sheth: No. So, Manish here from JM Financial Home Loans. Basically, there is no plan today to enter any of this noncore business. As of now, we are concentrating more on the home loans business.

Vishal Kampani: Yes. We keep evaluating businesses all the time. But as of now, absolutely no interest in entering gold loans.

Moderator: The next question is from the line of Vinay, an individual investor.

Vinay: Actually, there is a lot of tailwind for capital market businesses that's going on for last 4 to 5 years. But what I have seen that we are still not able to capitalize on it. So, we are doing some act on it. And you have planned last year and you are guiding for the future that we are focusing on it. But still what kind of road map are you seeing for Wealth Management, for Asset Management?

And second part question is that as an investor in JM Financial, I am holding all of the bunch of businesses. Are you planning any kind of demerger? So if I'm interested as you said on the call itself that your Asset Management business is valuable, having a nice INR750 crores valuation, but it's not reflecting those of losses. So, any kind of a demerger kind of things that you are planning like Edelweiss has done for Nuvama Wealth and your IIFL has done for 360 Wealth Management and broking business also for demerger?

Vishal Kampani: So yes, I'll answer that. So first of all, I think if you break up the Capital Markets business, you have to see what we do in Corporate Advisory and Capital Markets. If you see Page 11 of our investor presentation, in FY24, our revenue was INR592 crores. If you take that number back to

FY22 or FY23, the number would have been close to INR350 crores or INR400 crores. But even from FY24, a INR592 crores number has grown to INR946 crores last year.

In fact, in the last 3 years, because of the West Asia war, etc., we first time saw a significant slowdown in the last 6 months in terms of the transaction activity. Otherwise, we were well on course in this business and almost would have hit INR1,000 crores plus this year in terms of combined revenue of our investment banking, ECM, DCM and institutional equity franchise. So I think there has been tremendous growth. And I think we are one of the firms that has capitalized the most on it from our Corporate Advisory and Capital Markets business.

Even when you look at our Wealth Management business, there has been significant growth on the broking side as well as if you look at the revenues in FY24, which was INR1,022 crores, FY26 resulted in INR1,400 crores. So over 2 years, there's been a 40% growth in revenues. But the reason the profitability has grown from INR91 crores to INR165 crores is because between wealth management, broking and asset management, there has been significant investments being made on the pure Wealth Management and Asset Management, right?

Broking is built out a lot more and it's a larger business compared to the other 2 and is already making a lot of profit. So we are re-channelizing the profits of our broking business and building a larger fee and commissions and distribution business and a much larger Asset Management business. So I think there is tremendous amount of growth here. It just needs to result in more profitability from the investments already made.

And coming to your last question on demerger, I think I've answered it before as well that we still feel that compared to our Capital Markets, Corporate Advisory and Private Markets business, Wealth and Asset Management is still small. We want to make it larger, give it a lot more scale. And at that point in time we will evaluate whether this business needs to go public or needs to be demerged.

And all of these demergers, etc., need to be seen from a lens of taxation as well. I understand they are shareholder-friendly, but it cannot result in any kind of tax sort of leakage for us. So we have to be careful while taking those decisions. But at the right time, when we are more profitable in Wealth and Asset Management, we will evaluate demerger or maybe a separate listing.

Vinay: Okay. Just one question, last question. Where you see your 3 to 5 years, the total Wealth Management as an asset base, you are basically more on Wealth Management, you're focusing, or Asset Management? The mutual fund part you are mainly focusing or on the Wealth Management? Where is the main focus?

Vishal Kampani: No, no. We are focusing on both. So we are focusing on pure Wealth Management. We are focusing on wealth management, which is led by broking. We are focused on Asset Management in terms of mutual funds. And we are also focused on alternatives. And we have credit alternatives fund and we have a pre-IPO fund and we'll add more to the AIF basket over time.

So the idea is to focus on each of these. And there is a very interesting flywheel that operates among these businesses. The larger our Wealth Management gets, the more they can distribute our Asset Management products. So that flywheel works very, very well here. So it's a focus on everything.

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

Akshay Jawahar: Yes. So I had a question on the ARC business that we referred to that INR1,200 crores our share. Given the lumpy nature of the transaction like you mentioned, I wanted to understand how does this specific transaction impact the net revenue for the Private Markets in Q1 '27?

Because on the face of it, you see a 2x growth in net revenue. But my understanding is that this was not there in Q1 '26. So how much of the Q1 '27 is impacted by the single transaction? And like you mentioned that you are expecting some more recoveries from the ARC piece in the balance part of the year. So how much would that be that you're expecting?

Vishal Kampani: Yes. So I think it's quite simple. So basically, as I explained, the INR3,000 crores of SR investment that we have on our Private Markets balance sheet, we are kind of modeling to make 16% to 18% return on the new book. And the 16% to 18% return on that is revenues. Obviously, this is funded partly by debt, partly by equity. But the debt will go down substantially. Once the debt goes down substantially by the end of this year, you will see on the remaining SR book, we are targeting 16% to 18% return to be generated on the same.

Now, what happens is we don't technically book all of this income every quarter. It's a bit lumpy in nature. Large part of the income is always booked when the resolution of the asset happens. And therefore, you saw a substantial profit that came into the June quarter because the resolution happened, the cash flow was banked by us, and therefore, we booked the profit.

So that is why it's lumpy. But the book growth will not be as lumpy as the profit lumpiness. You will see that we'll keep investing. For example, we got INR1,200 crores of cash flow. So INR3,665 crores, which was the number in Q4 FY'26, would go down by approximately INR1,200 crores, right, which takes it to around INR2,500 crores. And then we redeployed INR600 crores in new assets. And therefore, the SR number came back to INR3,114 crores.

And we kind of like the split of the investment book right now. What you will see is that if the equity markets get more attractive from a risk-return perspective, we can always allocate more cash to equity, which is only at INR970 crores today. Equity, we try and model 14% to 15% kind of returns.

And the standard loan book, as I explained earlier, the bespoke book will keep growing at 15%, 20% a year, and that will take leverage to basically grow. And we're already at 0.8x gross debt to equity. On a net basis, we are even lower. So balance sheet is in extremely good shape already and now we're just focusing on growth.

Akshay Jawahar: Understood. And I think on one of the previous calls, the call last time after Q4, we basically estimated that it will take 6 months for the capital market pace to recover. But I think that the starting of the call, you mentioned that July has been better than June.

Vishal Kampani: Yes. So, to our positive surprise, I think July has been a very, very good month. As I said, that most likely the revenues of the month of July are more than the revenues for the month of June.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Vishal Kampani, for closing comments.

Vishal Kampani: Yes. Thank you very much for logging on to our call and see you guys next quarter.

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