

Retail Equity Research

JM Financial Ltd

Finance & Investments

CMP Rs. 143
Rating: Overweight
BSE CODE: 523405 NSE CODE: JMFINANCIL

JM Financial reported mixed Q1 FY2025 results, with consolidated revenue declining 16.6% YoY to Rs 1,094 crore, but net profit growing 5.9% YoY to Rs 187 crore. The revenue decline was primarily due to lower fees and commission income, which fell 7.3% YoY. However, brokerage income saw strong growth of 76.3% YoY.

Segment-wise, Investment Banking revenue remained flat YoY, while Mortgage Lending declined 1.2%. The Alternative & Distressed Credit segment turned loss-making this quarter. Asset Management, Wealth Management & Securities Business saw robust 61.5% YoY growth.

Near-term headwinds persist from regulatory restrictions on debt capital market activities and lending against shares. However, the diversified business model provides some cushion. The company is undertaking strategic initiatives like increasing stake in JM Financial Credit Solutions to 89.67% and divesting stake in the asset reconstruction business..

Company Data

Market Cap (cr)	Rs.	13,667.33
Enterprise Value (cr)	Rs.	17,922.53
Outstanding Shares (cr)		95.58
52 week high	Rs.	158.00
52 week low	Rs.	69.00
1m average volume (lacs)		326.42
Face value	Rs.	1.00

Consolidated (cr)	FY22	FY23	FY24
Sales	3724.39	3290.56	4785.84
Growth(%)	16%	-12%	45%
EBITDA	2466.59	2162.35	2821.49
EBITDA Margin(%)	66.2%	65.7%	59.0%
PAT	773.16	597.29	409.84
Growth(%)	31%	-23%	-31%
EPS	8.1	6.3	4.3
P/E	8.3	9.5	17.4
P/B	0.8	0.7	0.8
EV/EBITDA	7.0	8.9	9.1
ROE(%)	10%	7.3%	5%
ROCE(%)	11%	8.9%	7.7%
ROIC(%)	10%	7.7%	0.7%
D/E	1.76	1.96	1.91

Concalls Highlights

- Financial Performance & Business Segments:** Q1 FY25 revenues grew by 1% to ₹1,094 crores, and profit after tax increased by 3% to ₹171 crores. Retail mortgage loans saw a significant rise of 61% year-on-year, while SEBI margin financing more than doubled. The company is transitioning towards an off-balance sheet syndication model in key asset classes.
- Strategic Moves & Stake Acquisition:** JM Financial Limited is increasing its stake in JM Financial Credit Solutions from 47% to 95.6%, investing ₹1,282 crores. Additionally, the company is acquiring a 72% stake in JM Financial ARC, solidifying its interests in these entities.
- Operational Strategy & Outlook:** Focus on four key verticals: corporate advisory, wealth management, private credit syndication, and affordable home loans. The company aims for a simplified business structure with strong cash flow expectations, despite challenges in home finance disbursements in Tier 2 and Tier 3 cities.

Key Highlights

Diversified Business Segments: JM Financial operates across four primary segments—Investment Banking (35% of FY23 revenue), Mortgage Lending (38%), Distressed Credit (9%), and Asset Management (18%). The company's services span investment banking, private equity, institutional equities, mortgage lending, distressed credit recovery, and wealth management.

Revenue & Loan Book Mix: The consolidated loan book as of March 2023 stood at ₹15,653 crores, dominated by Wholesale Mortgage lending (54%), Retail Mortgage (12%), and Bespoke loans (17%). The revenue mix is primarily driven by interest income (59%), fees and commissions (20%), brokerage income (10%), and gains on fair value changes (6%).

Asset Quality & Investments: The company maintained a healthy asset quality with a GNPA of 3.4% and NNPA of 2.1% in FY23. As of March 2023, JM Financial had investments worth ₹3,585 crores, largely allocated to mutual funds and security receipts.

Growth in Wealth Management & AUM: JM Financial's wealth management AUM grew significantly, with Private Wealth AUM at ₹56,515 crores and Retail Wealth AUM at ₹23,828 crores as of FY23. The mutual fund business also saw substantial growth, with AUM reaching ₹10,000 crores.

Strategic Capex & Digital Focus: The company invested ₹90 crores in building its digital capabilities and strengthening its asset management and credit businesses. It plans to continue making significant investments in technology and expanding its asset management operations over the next two years.

Strategic Initiatives: JM Financial is transitioning to an off-balance sheet syndication model across various asset classes, with a focus on real estate and corporate credit. It is also strengthening its presence in wealth management, with assets under management (AUM) exceeding ₹1 lakh crores and mutual fund AUM reaching ₹10,000 crores, reflecting robust growth in this segment.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Sales	1,066.65	1,197.38	1,235.99	1,260.70	1,077.05
Growth(%)	26%	12%	3%	2%	-15%
Expenses	472.77	534.77	429.87	579.97	462.16
Operating Profit	593.88	662.61	806.12	680.73	614.89
Growth(%)	54%	12%	22%	-16%	-10%
Other Income	14.47	16.58	24.97	-831.44	16.82
Depreciation	12.03	13.16	13.68	14.16	16.24
Interest	365.88	388.10	400.29	407.25	370.22
Profit before tax	230.44	277.93	417.12	-572.12	245.25
Tax	55.14	72.39	95.56	102.76	59.47
Net profit	165.90	194.94	277.68	-228.68	170.70
Growth(%)	66%	15%	30%	-221%	234%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	3,445.91	3,211.15	3,724.39	3,290.56	4,785.84
Growth(%)	-1%	-7%	16%	-12%	45%
Expenses	933.12	1,009.05	1,295.58	1,170.08	2,017.38
Operating Profit	2,512.79	2,202.10	2,428.81	2,120.48	2,768.46
Growth(%)	-9%	-12%	10%	-13%	31%
Other Income	7.63	15.37	38.74	52.51	-800.54
Depreciation	41.04	39.75	37.78	41.87	53.03
Interest	1,385.86	1,110.87	1,081.73	1,178.51	1,561.52
Profit before tax	1,093.52	1,066.85	1,348.04	952.61	353.37
Tax	315.98	260.79	355.67	243.85	325.85
Net profit	544.98	590.14	773.16	597.29	409.84
Growth(%)	-5%	8%	31%	-23%	-31%

Balance Sheet

(Rs Cr)

Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	84.12	95.27	95.41	95.48	95.56
Reserves	5,554.65	6,904.63	7,590.80	8,040.78	8,394.94
Borrowings	11,755.67	12,405.19	13,498.04	15,939.46	16,227.73
Other Liabilities	3,351.08	3,973.08	4,477.15	5,136.87	4,873.94
Total	20,745.52	23,378.17	25,661.40	29,212.59	29,592.17
Net Block	449.98	422.86	413.71	504.85	571.54
Capital Work in Progress	0.69	0.86	3.05	7.01	4.43
Investments	4,014.45	5,801.65	3,639.29	3,584.49	4,724.23
Other Assets	16,280.40	17,152.80	21,605.35	25,116.24	24,291.97
Total	20,745.52	23,378.17	25,661.40	29,212.59	29,592.17

Cash Flow

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	3164.13	969.28	-3458.08	-2307.2	3635.05
Cash from Investing Activity	-901.47	-2248.75	2613.92	-591.61	-2089.94
Cash from Financing Activity	-2204.53	1295.95	1280.72	2159.89	162.45
Net Cash Flow	58.13	16.48	436.56	-738.92	1707.56

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