

# As a CEO, facing a crisis almost every year for the first decade prepares you for the future: JM Financial's Vishal Kampani

A formula for succession: Vishal Kampani recaps his journey as Group CEO, mistakes he's made and what differentiates JM Financial from the rest.

PAVAN LALL | JULY 29, 2023 / 08:06 PM IST



Stockholm. London. Tokyo. New York. Paris. They're not just names of key metros around the world, but also cities with key financial markets and large stock markets. "Do we have a Mumbai meeting room?" I ask Vishal Kampani, 47, who's casually dressed in slacks and a checked shirt and greets me with a handshake. "In fact, we do. Mumbai is here on the 7th floor, it's the largest one here and can hold as many as 40 people."

I'm at the office of investment bank JM Financial in Worli to meet Kampani who runs the business on a day-to-day basis. While private-equity firms and other financial entities often name their rooms after trees, planets, or even characters from films, here the focus is on finance.

The ante-room to his office is decorated with images of Jain Tirthankaras (monks) Shantinath and Ajitnath. A few steps further inside Kampani's room reveals typical C-suite environs: Papers, personal memorabilia, including photographs of his children, awards he's received, books, and a twin-screen computer used by most financial professionals.

Only insiders would know that the wood-panelled wall behind him separates his office from that of Nimesh Kampani, his fathers and co-founder of the storied firm, who is one of the "KKK" trio of homegrown investment banks (Uday Kotak, Hemendra Kothari and Nimesh Kampani). The second book on the shelf between them is called "Succession" and hard to miss for anyone visiting the office.

Born in Mumbai, Kampani went to Sydenham College after high school and says that the highlight there was meeting his girlfriend - now his wife. He also spent time working with his father at JM Financial all through across different departments: equity sales, equity research and debt sales, debt syndication, accounting.

"I learnt a hell of a lot on the job," he adds. The learning continued at home too. "My father would talk to clients on the phone, when I was sitting around and I could hear only one side of the conversation, and always trying to imagine what the other side had said," Kampani says. "So my first introduction to macroeconomics was really hearing my father discuss how the economy would move and what could happen to markets."

Circa 1994, their biggest competitor, the Hemendra Kothari-led DSP Financial Consultants, announced a joint venture with Merrill Lynch. Soon, another upcoming competitor, the Uday Kotak-led Kotak Investment Banking, created a joint venture with Goldman Sachs. JM Financial announced their joint venture with Morgan Stanley a little later in 1997, and Kampani was involved in it throughout. "It was quite a complicated joint venture, that; and the partners told me I should come to New York to work and be part of the analyst programme, and get exposure to investment banking...so I went across to New York and I was there for a while. I did equity capital markets and a bit of FIG investment banking," Kampani says. He came back to India after a couple years, then did a masters at London Business School, and by 2008, the entire landscape had shifted with all three of India's homegrown investment banks parting ways with their foreign partners.

That was important because there was circumspection if JM Financial could make it alone. DSP had sold out, Kotak had gotten a bank licence and gotten much bigger.

Today, at its 50th anniversary, Kampani says they are one of the few standalone entities competing with bank-owned dealmakers that include Axis, ICICI Securities and Kotak across M&A, equity, private equity, debt, and advisory business. Recent deals have included exclusive advisory for the open offer made by the Adani Group for NDTV, LIC's IPO, Bajaj Auto's share buyback, Escorts stake sale to Kubota and others.

**“The way my father and I look at things are distinctly different. I think he is a lot more debt averse, and believes we should grow the fee business a lot more. Second, he preferred personal involvement, and felt the CEO should have control of everything that's going on.”**



- VISHAL KAMPANI

Nimesh Kampani gave up full-time directorship when he turned 70 in 2016, at which point his son took over as the Group CEO. "Every year was a challenge. I'd barely gotten appointed and there was demonetization. Then the

## IL&FS phase

where suddenly liquidity was extremely tight, especially for NBFC businesses which hurt. By the time we got out of IL&FS, we had COVID, followed by a global war, and commodity prices going up," he says.

Even so, JM Financial reported profit after tax for FY 22-23 at Rs 597 crore, total income of Rs 3,343 crore for FY 22-23 and a market cap of over Rs 7,000 crore. JM Financial have worked on the Birlas QIP, the JSW Infrastructure IPO that they filed, and the TVS Logistics IPO coming up.

What differentiates them? Our "integrated investment bank approach", Kampani says. "The integrated investment bank where people basically interact with the top 2,000 companies of this country and their promoters. We have equity offerings, fixed-income offerings, M&A offerings, trust structures, alternative investments, plain vanilla mutual funds, all at the company level and the promoter level. Effectively the cross-sell becomes very high as all six interact with each other."

Of course, Kampani still consults the founder of the firm and is quick to admit that he has made mistakes as well. "There'll be macro and micro mistakes. I should have allocated less capital to wholesale lending, and more capital to retail lending years ago. One big error is that we should have started our journey in digital broking five years or six years ago. I think I should have gone deeper into that, instead of just leaving it to a general two-hour discussion," he says. "If we had built that capability five years earlier, we would have had Rs 300-400 crore of more profit today."

There are different styles at play. "The way my father and I look at things are distinctly different. I think my (father) is a lot more debt-averse, number one, and believes we should grow the fee business a lot more. Second, he preferred personal involvement, and felt the CEO should have control of everything that's going on," Kampani says, adding that today that is just not possible. "You have to delegate and sometimes people will make mistakes and you have to work with them and guide them."

"I get a lot more credit compared to the work my team does. I spend 40 percent of my time on management. I would love the credit, but it's not true," Kampani says. He adds that at one time he did do deals. "I worked on the entire Ultratech acquisition, the whole negotiation, L&T, the structuring, working with the CFO, putting the deal together. But that year, I did nothing else. Then, I worked on the Ambani family restructuring, the whole valuation, and for four months only did that."

Once in management, it's very hard to do it all, which is why delegation is the key. He doesn't say it but that's one of the more valuable lessons he's learned over the years.