

Private Mkts Next Profit Engine for JM Fin, says MD Kampani

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Private Markets Emerge as Next Profit Engine for JM Financial

JM Financial has undergone a major restructuring over the past year, with wealth management and private markets likely to emerge as its growth engines. Vice chairman and managing director Vishal Kampani tells **Rozebud Gonsalves** and **Sangita Mehta** that private markets could surpass capital markets in profitability in the next two to three years. He says the IPO story will slow down if the secondary markets outperform and IPOs don't trade well. Edited excerpts:

JM Financial has restructured its operations over the last one year. What are the new focus areas?

We have four core businesses: capital markets & corporate advisory, wealth & asset management, private markets and home loans. Wealth and asset management continues to be the key focus area for us. We have onboarded 1,000 salespeople across our wealth management business with the focus to scale up this business.

Could you take us through the new organisation structure?

Capital markets & corporate advisory is our legacy business, built over 52 years. It includes M&A advisory, corporate restructuring, equity capital markets, institutional equities, and research. We are among the top two-three players in most of these products.

Second is wealth & asset management, which includes retail equity broking, distribution of financial products, wealth advisory, mutual funds, portfolio management and AIFs (alternative investment funds).

Next is private markets, which is a new focus area covering private companies, structured credit, private equity and distressed assets. For this segment, we leverage our NBFC capital, private equity platform, ARC expertise and family office network.

Lastly, we have the affordable home loan segment, which is growing 30%



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annually. We expect similar growth going forward. Strict credit checks keep risk low.

Which of the segments will be the growth engines?

Private markets businesses have the potential to become one of our biggest businesses. In terms of profitability, this will beat our capital markets business in the next two to three years. Private markets globally are huge, and India is catching up. We engage with companies five years before they hit the IPO market, not 12-18 months prior. This business combines origination, credit syndication, and equity investments. We have allocated ₹6,000 crore for private markets, which is the largest allocation among all businesses. Our IPO pipeline is ₹1.2 lakh crore, and exits for private equity will drive capital markets.

Can you elaborate on the private markets model?

Here we undertake promoter-level funding, provide private equity, fund startups and support institutional investors. We invest ₹50-500 crore in companies valued below ₹3,000 crore and syndicate the rest. We use our NBFC balance sheet, private equity funds and family office network to invest in the company. The flywheel is superb—private markets feed capital markets. We invest early, provide

credit, then pre-IPO funding, and finally take companies public. At every point in time, the company (which it funds) meets JM—credit, equity, pre-IPO, IPO, M&A. It's a full product flow under one umbrella. We avoid execution risk by partnering with experts.

How do you view IPO pricing considering that half the IPOs issued in FY26 are trading below the issue price?

IPO pricing is an art, driven by demand-supply. There is no science to price any IPO. It's highly behavioural and driven by demand-supply. In any big IPO boom, 30-40% of companies by volume don't deserve their valuations, but they go public because of frenzy. Domestic mutual funds have been disciplined, but some IPOs were overpriced. Success shouldn't be judged by listing gains—lock-up periods and secondary market trends matter. If secondary markets outperform and IPOs don't trade well, the IPO story will slow down. Also, if returns remain mediocre, IPO volumes will slow.

In the past, you have spoken about becoming debt-light. What is your strategy?

Earlier, we held assets on our books, pushing debt-equity to 3.5-4.0x. Now we cap it at 1x and syndicate excess exposure. This reduces risk and earns

fee income. We do not take execution risks ourselves now. We always partner for distressed assets.

What about home loans? How do you manage risk in self-employed segments?

We focus on affordable housing with strict credit checks: by city, industry, and property verification. We do not take up under-construction projects. LTV (loan-to-value) is capped at 45-50%. Defaults are 50-100 bps (basis points), much lower than perceived risk. Affordable housing is still a nascent industry. Urbanisation trends and first-home demand will remain strong for 30-40 years.

How is the NBFC business doing and is there any impact after RBI reduced arbitrage between banks and NBFCs?

Our NBFC is not for retail loans. It's a liquidity provider for private markets—wholesale lending, credit syndication and structured solutions only. Restrictions like land financing bans apply to NBFCs, but we've adapted. Recent RBI moves allowing domestic banks to fund acquisitions are a big positive for us. Earlier, this business was going offshore. We can now close M&A financing mandates locally instead of offshore.

What is the outlook on equity markets? When do you expect FIIs to reallocate funds to invest in India?

India is seen as a hedge to global growth engines like AI and defence. But we need to make a play in these sectors to sustain investor interest. Investors are watching whether India can build capabilities in AI and defence. Otherwise, they will prefer supply chains in other countries. If growth doesn't pick up and geopolitics remains tense, there will be more FPI (foreign portfolio investor) selling. Valuations need a deep correction for foreign investors to return.