

The IPO market is expected to reach its next peak in 2026: Vishal Kampani

bl.interview

Thomas K Thomas
Hamsini Karthik
Mumbai

Fifty years after his father started JM Financial, Vishal Kampani, Non-Executive Vice Chairman of JM Financial, is on a renewed mission to scale up the business to greater heights. In an interview with *businessline*, Kampani outlines his vision for the company.

With your father Nimesh Kampani setting up the business 50 years back, how do you look at the achievements

Well, my father has always been an ardent believer in following the process to the teeth, not chasing the outcome. Achieving scale and profitability in business is important. But, throughout his journey, he drew contentment from his actions and relentless endeavours to add value to the clients. During the initial

days his core objective was to serve the large corporate houses in India, as well as foreign and domestic financial institutions keen to invest in domestic equity markets to the best of his ability. He had an extremely successful career as a business leader with an enviable track record of strategising and advising the most number of IPOs, M&As, and other business deals in the country and played a pivotal role in developing the Indian capital markets. I was formally drafted into the JM Financial leadership framework in 1997. So, I have spent literally half of the five decades of JM Financial's journey. In the next phase of growth, we need to make a much larger shift for achieving growth while retaining the core values and maintaining the service quality that we are known for.

What approach have you adopted to lead the legacy business?

Leading a legacy business comes with an entirely different type of pressure and

challenges compared to what entrepreneurs without a business lineage go through. When you are at the helm of a legacy business, you have some sort of support system around you, which helps you grow to a certain extent.

However, on the flip side, almost all the people around you keep reminding you that you are not destined to fail. And, that's a huge burden of expectation. Charting a path out of one's own is a tough call. Therefore, the approach for leading a legacy business has to be a little more measured compared to that of an entrepreneur in the start-up universe who is probably willing to take more risks. Having said that, there is a cultural shift gradually taking shape in India where the next generations of legacy businesses are charting their growth paths beyond their family business ecosystem.

What's your plan to break into the top mutual fund houses in India?

Breaking into the top league



... the traditional broking space is shrinking rapidly. A shift in market share is underway, which could act as a prelude to consolidation

VISHAL KAMPANI
Non-Executive Vice Chairman,
JM Financial



appears to be challenging, as the space is largely dominated by banks and legacy corporates. The mutual fund houses that have made it to the top with bigger AUM are leveraging their vast distribution networks. The smaller fund houses do not have the wherewithal to match the distribution competencies of the banks and corporate houses. However, the scenario is changing with the growth of technology intervention in mutual fund distribution and SEBI's initiatives to reduce mutual fund distribution

costs. Distribution commission hurts the profitability of smaller fund houses. So, in the 10 years, there will be greater opportunities for the smaller mutual funds to expand AUM and customer base.

How have the dynamics in the investment banking segment changed with the arrival of corporate banks? How have you altered your strategy to suit the evolved scenario?

I think when a corporate bank assumes the role of an

investment bank, matching the fundamental competencies of a pure-play investment bank remains a challenge. To offer investment banking solutions to growth-focussed companies, we have set up a division called emerging client's group over five years back. In 2022, the segment generated 40 per cent of the revenue and its share is expected to increase further.

Have tech-led brokerage firms intensified competition, and do you see consolidation happening because I think there are some 45-48 players in this space now?

I welcome those players, as they have been playing an enabling role in deepening the market penetration. They are bringing in new investors and a section of their customers are eventually migrating to full-fledged broking services.

Having said that, due to the capital requirements and upfront margin requirements, the traditional

broking space is shrinking rapidly. Therefore, there is no other option but to diversify. At the moment, a market share shift is underway in favour of the well-capitalised players, which could act as a prelude to consolidation. At JM Financial, we are steadily gaining market share in HNI, business broking business, and distribution businesses.

After Morgan Stanley, why haven't you gotten more strategic partners?

The JV partnership with Morgan Stanley was needed at that time. Earlier foreign portfolio investors (FPIs) weren't registered in India and partnership with global players was the need of the hour to carry out cross-border transactions related to American depository receipt (ADR), global depository receipt (GDR), foreign currency convertible bond (FCCB), etc. Today, FPIs are registered in India. So, collaboration and engagements have become smooth.

The IPO market has been a little tepid. Do you see more listings this year?

IPO is a cyclical business. Therefore, one needs to do a peak-to-peak comparison, not a quarter-on-quarter comparison. Growing at a CAGR of over 20 per cent, the IPO market in India doubles every four years. Therefore, after the peak of March 2022, the market is expected to reach its next peak in 2026. The historical data also indicate that the market has been growing in a fluctuating movement.

Any new consumer lending business you are looking at?

We have partnered with fintech players for building our education loans portfolio. The disbursement stands at ₹20 crore a month at the moment, which will go up to around ₹40 crore a month by April. The larger goal is to ramp up the outbound and domestic disbursements to ₹100 crore by April 2025.