

D I V E R G E N T



T H I N K I N G

THE HUNT REPORT

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Dear Reader,

We are pleased to present the tenth issue of The Hunt Report, the half-yearly industry roundup of key trends influencing executive hiring across industries.

With increasing impetus on Government of India's ambitious 'Make in India' and 'Digital India' initiatives, India will gradually see a steady inflow of not just foreign investment, but also inflow of foreign talent and home-coming of resources based overseas. The challenge for leadership here lies in managing a cross culture work-force and creating harmony between HR and business goals. Leadership with multi-cultural exposure is the need of the hour with many sectors like reinsurance importing talent from hubs such as Singapore, Dubai and Hong Kong.

Many industries have been dealing with shortage of skills, by transplanting talent from other sectors with a view bringing in leadership with diverse skill sets and ability to steer organizational growth with out of the box solutions. In real estate, there is increase in demand for professionals across treasury and fund raising, strategy and marketing, and project management with need for raising funds to execute stalled and new projects.

A kind of trend reversal is seen in traditional consumer sectors with a few senior leaders going back to their traditional-sector companies to meet demand for professionals with some e-commerce experience. Similarly in speciality chemicals, the growing thrust on digital technology, intelligent manufacturing, data analytics, and applied research will necessitate professionals at senior levels from other sectors.

In this report we bring to you papers showcasing more such trends from sectors like healthcare, payments, e-commerce logistics, automotive engineering, infrastructure, pharmaceuticals, energy and financial services among others.

Also look out for special insights on Vietnam Banking, Indo French Defence and the impact of the crucial GST bill on manufacturing.

We welcome your comments and feedback at: editor.thr@hunt-partners.com

Happy Reading!

Hunt Partners
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We would love to hear from you! email us on editor.thr@hunt-partners.com

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CFO-HR Harmony towards common business goals

Author *S Venkat*

{ The company benefits immensely if the finance and human resource functions are in accord }

The HR Head and the CFO are the respective leaders of the 'soft' and 'hard' domains in a company. The former deals with people, culture, and behaviour – the soft side; the latter with data, facts, and money – the hard side. While these may look like completely divergent functions, for a company's success, they need to be in harmony. Most crucial decisions are usually taken collectively, often with unanimous feedback from both the soft and the hard sides of businesses.

How to derive the best from both and work towards common business goals

The uniqueness of the role of HR Head and the CFO is that they have a holistic view of the company and are possibly the only two roles that have some independence from the CEO. They bring on the table different perspectives, but ones that are aligned to company values.

HR needs to be careful not to fall into the perception trap of dealing with emotions and feelings alone. The CFO, on the other hand, needs to respect that data and facts have their own limitations. The reality of corporate life is that no decision can be either fully subjective or fully objective. An organisation, like a human being,

needs to be able to take decisions, often with incomplete data, in a fast-changing environment. Here is where a good CFO-HR Head partnership can make a big difference.

CFOs can provide HR-Heads the ammunition to evaluate objective criteria

At a practical level, HR needs to work towards building measurement capability and objective criteria wherever possible. In manpower-intensive industries (for example consulting), HR often plays a critical role in utilisation and optimisation of existing resources, with a direct and very measurable contribution to a company's bottom-line. The CFO needs to be able to support this role through IT enablement, which will help provide factual data, trend analysis, progress against long-term goals, and building common platforms for interactions.

HR Heads can steer CFOs in the right direction through intuitive calls

Good CFOs recognise the need to balance data inference with a good-quality 'gut' call. No matter how data-driven

the CFO, the ultimate implementation of a decision will be either effective or ineffective depending on the people who are implementing it, the people on whom the implementation is done, and the context of the implementation. None of these factors are capable of being measured, at least not at a financial level. However, smart HR Heads are very aware and focussed on factors such as productivity, profit per employee, and need for managing people costs within the P&L and could provide valuable insights.

Symbiosis is the best way forward

At the end of the day, there is no HR-way or CFO-way of doing things – there is an 'organisation-way' of doing things in which both HR and CFO will play key roles. Very rarely can decisions or actions be characterised as purely HR or purely finance OR can decisions be characterised as correct or incorrect as soon as they are taken. How well an organisation is able to mesh and balance HR and finance views while taking decisions and implementing actions will end up determining its success rate.

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Mycfo is India's largest and fastest growing cfo services company and a leading player in providing Finance Effectiveness solutions

Productivity in Services

HEALTHCARE

Authors *Jagannadha Naraparaju, Mayank Kumar*

The appropriate approach is to focus on improving productivity of existing infrastructure and human resources in tandem with scaling up

Service industries must focus on productivity for profitable growth.

The services sector currently stands at US\$ 1.1tn, nearly 57% of India's GDP. It is expected to grow by US\$ 100bn+ annually. This is equivalent to an addition of 1.5x the size of Reliance Industries every year. During such a rapid growth phase, every company is attempting to scale up and capture greater market share. However, substantial and sustainable profitable growth cannot occur without focus on productivity improvement.

As of August 2015, the Purchasing Manager's Index (PMI) of services sector was 51.8 (measure developed by HSBC; >50 indicates growth phase). Given current size of the services sector, this represents a significant growth potential.

In the last two decades, services sector growth in India has primarily depended on IT/ ITeS. A host of factors is changing this – rising disposable income, increasing awareness due to mobile internet penetration, cost advantages, policy support, and FDI investments. Today, healthcare and e-commerce are significant contributors

to growth in the services sector. While developments in the e-commerce industry are widely talked about, the growth of the healthcare industry hasn't attracted similar public and media attention.

Sneak peek at the healthcare industry

The Indian healthcare market's current size is US\$ 75bn – with a CAGR of 15%, this industry will cross the current size of the IT/ITeS industry in the next 3-4 years. It is predicted that healthcare shall take just three years to move to US\$ 115-120bn from US\$ 75bn while it took four years for IT/ITeS to achieve similar growth.

Key challenges in healthcare

Currently, the healthcare industry is facing challenges such as infrastructure gaps (lack of hospital beds and underutilisation of existing resources) and scarcity of skilled workforce (doctors, technicians). One route to overcome this is to invest – several healthcare companies are doing so. However, typical project lead times are of several years in duration and developing a skilled doctor takes even longer. Fi-

nancially, a dramatic increase in capacity is likely to bring margins under pressure, if the quality of service starts dipping.

Productivity improvement: Better approach to invigorate scalability

We believe the appropriate approach here is to focus on improving productivity of existing infrastructure and human resources in tandem with scaling up. This route will deliver quicker capacity increase and ensure profitable growth. For instance, one of our clients, a healthcare service provider is looking at a growth of 20x in five years. We are working on increasing the productivity of its skilled workforce by 20-25%. This will drive a significant increase in profitability. Taking into consideration growth in the industry and investments in capacity, it is likely that the profits of the company will be more than 2x of its current revenue in the next four years.

So, while increasing capacity is a good thing, and very essential in a country like India, productivity improvement cannot be ignored if businesses want to generate higher return on capital.

GST IMPACT ON MANUFACTURING

GST is likely to be a strong positive and will propel India's manufacturing to the next level

The manufacturing sector has been a major driver for developing economies across the world. However, India's manufacturing performance has been relatively stagnant for the last two decades, with a mere 16% share in GDP. The sector has been plagued by a complex tax structure, inadequate infrastructure, and bureaucracy, thereby halving its ability to perform well on a global scale.

Despite numerous demand opportunities, manufacturing in India has been difficult due to a complex and bureaucratic compliance structure. A manufacturer in India must comply with regulations such as excise and octroi in a multi-layered tax system. The unified indirect tax structure (proposed in GST) is therefore certainly the way forward for this industry.

Boards across India recognise that in its nascent stages, GST will compel organisations to realign their business blockages such as production cost, production time, supply chain, compliance, logistics, etc. They also understand that given the gravity of this change, all major business dynamics will have to be thoroughly analysed to assess the impact of GST on their business.

Reduced cost of production

Manufacturing is a competitive industry. Reducing the cost of production while creating incremental value for customers poses a challenge for every business. The GST regime will be greatly

beneficial as reduction in tax cascading may lead to lower cost of production. The current issue of non-availability of tax credit of central/union taxes over state taxes and vice versa could be eliminated by allowing unrestrictive tax credit under GST.

Hassle-free supply of goods and export synergy

State-border checkpoints, which are tasked with material scrutiny and location-based tax compliance, negatively impact the overall production and logistic time and account for roughly 60% of a truck's transit time. These unproductive transit hours, coupled with regulatory impediments, reduce the efficiency of Indian manufacturers compared to their international counterparts. The new regime will assist the smooth flow of goods within the country. Reduced compliance scrutiny at border checkpoints will decrease transport hassles. Also, optimised supply chains and reduced cost of production will help upgrade India's standing in overall global manufacturing exports by leveraging GST synergy through price competitiveness.

Supply chain restructuring and warehouse re-engineering

The change in the indirect tax regime will require the management to review their supply strategies vis-à-vis the GST regime. Two specific aspects of GST (proposed in the draft law), namely an ad-

ditional 1% tax on supply of goods and input tax credit on inter-state sale, could propel the need for supply chain restructuring.

The consequential change in supply chain restructuring and the availability of input tax credit on the inter-state sale of goods and services could lead to warehouse re-engineering, which could remove a level of warehousing in the supply chain resulting in significant cost benefits.

Decreased compliance requirements

The web of excise, state VAT, octroi, service tax, etc., has made the compliance process in India extremely cumbersome. These taxes have their own varied set of compliances and bureaucratic hurdles. Apart from the regular compliance, manufacturers may have to carry out audit compliance under excise, VAT, and service tax as well.

According to the recently released GST Business Process and the Draft GST Law, it can be inferred that there will be a substantial increase in the 'ease of compliance' under the GST regime. As per the report, we can assume that the number of returns to be filed may increase but with GST's unidirectional nature towards one authority, bureaucratic engagements will ease considerably.

Area-based exemptions

GST would make the current area-based exemptions irrelevant. Without a final GST Act, whether or not these area-based exemptions would be available is a matter of concern. If discontinued, those who enrolled due to this incentive would lose.

GST rate

The GST regime may be perceived as a good indirect taxation system only if the tax rates do not exceed the revenue-neutral rate (RNR) expectation of the industry. If the GST rate is higher than expected (20–22%), it will negate every positive aspect of the new regime. Given the innate and progressive nature of indirect taxation, the burden of an increased overall RNR GST rate will ultimately fall on the end consumer.

Increased working capital requirement

From a company's perspective, working capital may have a negative effect, as stock transfer between branches will now be charged at every point of supply for which credit will be available to the succeeding branch at the time of sale to the end consumer. Organisations will now have to increase their working capital in tune with the incremental tax rate on supply to branches to ensure adequate cash flow availability in each stock turnover period.

Conclusion

GST has now come a long way and is close to implementation. The 122nd Constitutional Amendment Bill, which proposes the GST regime, is currently tabled in the Rajya Sabha. Given the Bill's significance, the government has been deliberating positively with the opposition to ensure that this paradigm shift in indirect tax is implemented in 2016. Expecting this shift soon, businesses across India have already started re-evaluating their strategies to align themselves to this change. The Draft GST Law, which was circulated on 3rd December 2015, has already created a furore among India Inc. and various associations, who have been pushing hard to ensure that GST is implemented as early as possible. The GST regime now only requires parliamentary consensus to become a reality.

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About SKP

SKP is a long established and rapidly growing professional services group located in six major cities across India. We specialise in providing sound business and tax guidance, accounting, and outsourcing services to international companies that are currently conducting or initiating business in India as well as those expanding overseas. We serve over 1,200 active clients including multinationals, companies listed on exchanges, and privately held and family-owned businesses from more than 45 countries.

ANIMAL HEALTH

Emerging growth driver for Pharma

Author **Anne Prabhu** Co-Author **Shrutika Arora**

This market is likely to see a CAGR of 10% with emerging markets taking the lead

Animal Health : New growth thrust visible

For decades, animal health was little more than a side business for big pharmaceutical companies. However, it has now emerged as a growth carrier and important profit driver for the pharmaceutical industry.

Global markets are placing added emphasis on the cost and quality of food products, including animal products – this trend is likely to drive innovation. Industry estimates peg the global animal health market to touch US\$ 37bn by 2017 with the global farm animal health segment growing at a CAGR of +10%, mainly due to swine and bovine vaccines (because of a rise in consumption of pork and beef globally¹). Emerging markets (such as India and China) should lead the animal health market in the Asia Pacific region.

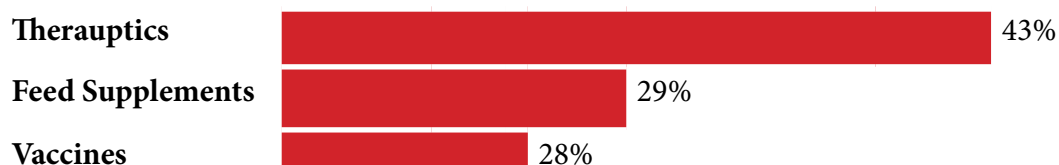
India's animal health industry: Stable present, great future

A large population, rising spending because of growing incomes, and a relatively stable economic and regulatory environment are the typical characteristics of an emerging market. India's animal health industry has been a major beneficiary of these – it is attracting a number of local and international companies (such as Merial, Virbac, and Vetquinol) that want to invest and gain from the high growth that this industry offers. In fact, high growth and low entry barriers are chief factors attracting these companies to invest in the Indian animal health industry.

This industry is valued at US\$ 500mn in India and it is expected to touch US\$ 800mn by 2017. Poultry is forecast to be the fastest-growing segment at 12% annual growth, followed by companion animal/others at 5%, and pigs at almost 4%.

Though therapeutic products continue to dominate the Indian animal health market, veterinary vaccines have seen a surge in demand due to frequent outbreaks of the highly pathogenic avian flu in many parts of India.

INDIA ANIMAL HEALTH MARKET BY SEGMENT



International animal health companies: Recent trends

Strong competition from local Indian businesses has ensured that almost all international companies operating in India adapt their global strategies to suit local market needs – a large field force, locally relevant portfolios, and small pack sizes with India-specific pricing are some of the strategies that almost all international animal-health companies adopt for India.

Top global players in this segment are Zoetis, MSD Animal Health, Merial, Elanco, Bayer Animal Health, Boehringer Ingelheim, Novartis Animal Health (since acquired by Elanco), Virbac, and Vetoquinol.

While Virbac (Agrivet Farm-Care Division), Vetoquinol (Wockhardt Animal Health), and recently, Merial (Dosch Animal Health) have entered India via local acquisitions, all other players have grown organically. Lately, Eli Lilly's animal health business (Elanco) acquired Novartis Animal Health. Novartis' animal-health portfolio in India is large, including products for cattle, sheep, companion animals, and poultry – due to this, it is likely to post good growth.

Domestic players: Stiff competition

Despite intense competition from international businesses, domestic players (such as Indian Immunological, Zydus, Venky's India, Hester, and Indovax) have constantly evolved to stay relevant and remain segment leaders in many areas. Some of the key strategies adopted by most local animal-health companies include broad and deep product portfolios, large field force with many adopting species-wise teams, innovative market activities, and effective product life-cycle management.

With companies like Hester listing their shares on the stock exchange and Indian Immunological setting up a subsidiary in New Zealand, we believe that domestic players will continue to strengthen.

Hiring talent: Largely stable and positive

Animal health is fundamentally different from the human pharma business, with unique demands and complexities. This fundamental difference resulted in pharmaceutical companies such as Novartis divesting its animal health business and Pfizer spinning off its industry-leading animal health business into Zoetis. This difference is also supported by the fact that hiring across various executive levels in animal-health companies have been made from competitor animal-health companies and not from pure-play pharmaceutical companies given the clear demarcation in domain expertise and skill set requirements.

Increasingly, executives from international firms have been seeking opportunities with domestic players – and one of the major reasons they cite while doing so is 'to beat the inbuilt bureaucracy within international firms that restricts long-term growth'. Apart from this, there has been no major disruption in hiring trends – hiring outlook remains positive with increased demand in the long term. This is particularly true for the business / P&L roles in this segment for which overall profitability and identifying untapped markets is of prime importance.

1 Zoetis Investor Presentation

2 animalhealthindia.com

PEOPLE MOVEMENT >>

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FROM Bovian Healthcare	TO Aurinko Healthcare
WAS Senior General Manager	AS Managing Director

PADMESH CHATURVEDI

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DR. SANDEEP KARKHANIS

FROM Provimi Animal Nutrition India	TO Merial
WAS Managing Director & CEO	AS Country Manager

SUBRATA MUKHERJEE

FROM Bovian Healthcare	TO Sterling Lab
WAS CEO	AS COO

BOARD EVALUATION

Keeping non-conductive behaviour at bay

Author **Suresh Raina**

{ A management tool for continuous improvement and learning }

Board evaluations open up many opportunities

The crises that the corporate world has seen in the past decade or so have illustrated the potentially risky consequences of allowing 'group-think' in the boardroom. Since directors control major financial and human resources, and are ultimately responsible for highly complex organisations, 'board evaluation' has been found to be an effective way to keep non-conductive behaviour in check (both for the board and for individual members). This practice is not a negative mechanism for identifying failings, but a positive tool to encourage development and further improvement.

This kind of an evaluation provides the board with an opportunity to review the skills, experience, and diversity in terms of gender and perspective. Additionally, from a succession planning perspective, it provides the board with an opportunity to openly discuss whether the plans that are in place are adequate for the long-term success of the company. This practice also allows the board to evaluate the processes of board support and decision-making.

A full board evaluation may include a review of governance documents, committee charters, board-meeting minutes, agendas, and observations. Observing board dynamics and exchanges between directors during live meetings can be a very useful input while providing advice and recommendations for improvement – particularly related to the quality of board discussions.

The many benefits of Hunt's evaluation practice

In our board-evaluation practice, we have often observed that many directors are concerned that the exercise may reveal confidential information when we report evaluation outcomes. Well-designed and professionally executed evaluations address this concern very easily and provide the requisite confidentiality to the entire process.

These evaluations have the potential to achieve various benefits such as:

- **Composition of the board:** Ensuring that the board has a suitable mixture of skills and other attributes among the directors. Highlighting any inadequacies or areas that may be required while inviting new directors on board.
- **Improved decision-making:** Paving the way for the board to reconsider certain practices, including priorities on the agenda and the efficiency of its communication systems and information architecture.
- **Early-warning systems:** The process of raising directors' concerns acts as an early warning system to the board, which will allow changes to be implemented before more deep-rooted problems set in.
- **Improved performance:** Board and individual effectiveness progresses as a result of developmental assessment. Improvements in board

practices and structures help to enhance trust, respect, and business confidence.

- Improved accountability, transparency, and disclosure: The positive results of the board evaluation process can be included in a company's annual report, which would allow the board to frame and provide evidence of the value it creates for the company.

Hunt's board-evaluation principles

The process followed by Hunt Partners has been designed in consultation with Board Evaluations Ltd, UK, one of the foremost Board advisory firms in Europe. We adhere to the following principals:

- Definition of the evaluation objectives: It is important to define the key objectives of the evaluation – what directors collectively want to accomplish.
- Assigning responsibility to drive the evaluation process: Identification of the 'champion' to drive the process is most important, as it involves driving the process internally – this includes getting the directors to make time for the process and to ensure that the board follows up on the issues that emerge.
- Going beyond the boardroom and adopting best practices: Including few key senior-management team members who can interface with the board to seek and provide inputs. The board can also benchmark itself against other

high-performing boards and adopt best practices.

- Beyond compliance: Directors are interviewed individually on a confidential basis and asked for both their qualitative and quantitative assessments of key areas that determine the effectiveness of the board. The interviews are conducted by seasoned/trained boardroom consultants from Hunt Partners who understand boardroom issues, behaviours and CEO/board relations.
- Follow through with a commitment to address issues that emerge: Boards need to commit the time to review the results and address issues that are raised through the evaluation process by creating a structure that will allow implementation of the steps to improve effectiveness.

A tool for continuous improvement

Done properly, a board evaluation is not a report card for the board or for individual directors. It is and should be viewed as a tool for continuous improvement and learning. Board evaluations provide a forum for directors to review and reinforce appropriate board and management roles and ensure that issues that may lie below the surface are identified and addressed promptly. Evaluations give the board an opportunity to identify and remove obstacles to better performance and to highlight best practices.

The board evaluation process leads to 'board effectiveness' through:

The **Right** structure

The **Right** people

The **Right** issues

The **Right** process

The **Right** culture

The **Right** information

The **Right** remuneration

The **Right** follow through

HEALTHCARE INDUSTRY

Hospitals: Growing opportunities

Author *Anne Prabhu* Co-Author *Shrutika Arora*

Seen growing at a CAGR of 17%
with positive hiring trends

A growing industry

Healthcare has become one of the largest sectors, both in terms of revenue and employment. The Indian healthcare industry is growing at a tremendous pace due to its strengthening coverage, services, and increasing expenditure by public and private players. The Indian healthcare sector is expected to grow at a compound annual growth rate (CAGR) of 17% in 2011-2020 to touch US\$ 280bn. It is expected to rank amongst the top-three healthcare markets in terms of incremental growth by 2020¹.

Of the total healthcare revenues in the country, hospitals account for 71%, pharmaceuticals for 13%, and medical equipment and supplies for 9%. The private sector continues to emerge as a vital force in India's healthcare industry, lending it both national and international repute. The private sector accounts for almost 72% of the country's total healthcare expenditure.

Notable trends

Telemedicine is a fast-emerging sector in India with many major hospitals (Apollo, AIIMS, Narayana Hrudayalaya) adopting telemedicine services and entering into a number of public-private partnerships (PPP). In 2012, the telemedicine market in India was valued at US\$ 7.5bn and is expected to grow at a CAGR of 20% to reach almost US\$ 19bn by 2017².

There is substantial demand for high-quality

and specialist healthcare services in tier-2 and tier-3 cities. To encourage the private sector to establish hospitals in these cities, the government has relaxed taxes on these hospitals for the first five years.

Health insurance is gaining momentum in India with gross healthcare insurance premium expanding at a CAGR of 26% over FY08-13. This trend is likely to continue, benefitting the healthcare industry.

Investments

Rising income levels, an aging population, increasing insurance penetration and the demand-supply imbalance presents a big opportunity for players to increase bed capacity and for further investments in the sector across the country.

Some of the recent major investments in the Indian healthcare industry are :

- Sanofi-Synthelabo had invested US\$ 14.5mn in Apollo Sugar Clinics Ltd (ASCL), a unit of its subsidiary Apollo Health and Lifestyle.
- Apollo Hospitals Enterprise (AHEL) plans to add another 2,000 beds over the next two financial years, at a cost of around US\$ 241mn.
- Temasek Holdings has acquired the entire 17.74% stake of Punj Lloyd in Global Health, which owns and operates the Medanta super specialty hospital.

- CDC has invested US\$ 48mn in Narayana Hrudayalaya Hospitals, a multi-speciality healthcare provider. With this investment, Narayana Health will expand affordable treatment in eastern, central, and western India.
- Apollo Health and Lifestyle has acquired Nova Specialty Hospitals at an estimated cost of US\$ 21.71-22.32mn.

Talent movement

The healthcare sector, which is often called a 'recession proof' industry, has shown positive hiring trends over the past year and according to experts, this trend is likely to continue. With substantial investments/acquisitions, and growing scale of operations of day-care surgery and speciality clinics, we have noticed a sudden upswing for talent that will be able to manage the fluent operations at these centres. While we saw a couple of exits at the leadership level in the previous years for meatier roles in the Middle East/South East Asia, this year, the tide seems to have turned with leaders looking at opportunities within India, given the recent positive projections and investments in the sector.

The demand for quality talent remains high across sectors – most of this demand is from established large-scale hospital chains seeking penetration in tier-1 and tier-2 cities. Professionals having Medical Services and Operations roles continue to

be in demand due to the rising focus towards preventive healthcare, purchasing power, and health awareness.

Source:

1 IBEF Healthcare March 2015

2 Aranca Research Report

PEOPLE MOVEMENT >>

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TO JASLOK HOSPITAL & RESEARCH CENTRE

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IS Chief Operating Officer

PARTHA DAS

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WAS CFO

IS CEO

DEEPAK MAHNOT

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WAS Head - Marketing

IS Vice President - Marketing

DILPREET BRAR

FROM Fortis Healthcare

TO MedECUBE Healthcare

WAS Regional Director

IS Managing Director

THE BOARDROOM GAMES HAVE BEGUN. ARE YOU READY?



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SP Jain Institute of Management and Research

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CEO at Global Governance Services Limited and Consultant for Board Evaluations Limited
- **Mr. OP Bhatt**
Independent Director
- **Prof Prem Chandrani**
Faculty at SPJIMR
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INTERIM MANAGEMENT

Beginning to gain traction

Author *Suresh Raina*

{ Varied experience in critical situations gives interim managers a strategic advantage }

Interim Management also known as Transition Management means deploying senior executives for short-term temporary roles. It is basically a temporary provision of management resources and skills. The roles can be diverse – Head HR, CEO, CFO – just about any senior management positions.

In simpler terms, an interim manager is a highly experienced and specialized executive whom you can employ in your organization for a short period of time to solve a specific business problem. S/he is a master project manager and will not only act as a consultant and offer advice, but also solve the problem.

Interim Managers are most aptly suited in four typical situations:

- **Continuity:** The organization needs a quick fix or temporary replacement for a role/position. An example can be a CXO level person or a manager who has left without a successor in place.
- **Crisis:** A company is going through crisis and to handle such a situation, an interim manager, who is an expert, is hired to help sort out problems.
- **Project:** In case of a specialized assignment or project – could be related to finance, manufacturing, and finance, sales & marketing, or post-M&A stage.
- **Speed:** The organization can get such a professional on board in less than a month after it initiates a search.

Interim managers provide solution to any number of problems in businesses. They are committed to their role as a short-term staff member and their varied experience in critical situations gives them a strategic advantage when handling new problems.

For a layman, it may appear that 'interim manager' is just a fancy word for a management consultant. This is not the case! Some of their responsibilities do overlap, but there are very simple yet important differences between them. You can say that an interim manager is a management consultant, but a management consultant is not an interim manager.

INTERIM MANAGERS

MANAGEMENT CONSULTANTS

Interim managers not only provide advice about a situation, s/he also implements measures to solve the problem while functioning as strategists, analysts, and planners

A consultant provides advice, but does not implement the solution

An interim manager will always try to cut costs and improve company effectiveness to achieve organizational goals as quickly as possible. This will assist in building his or her reputation. They are focused on the company's profitability – not their consultancy's profitability. They are not incentivised to sell additional services that a company does not need

A consultant may try to push additional services or “stretch out” the service to increase his or her own revenue or that of the agency

Knowledge transfer – they will transfer a huge amount of skill, contacts, and experience to your team, which will remain long after they have left

A consultant most of the time maintains a distance from the operating team and very little knowledge transfer is expected

An interim manager reports directly to the employer, and not through a third-party agency. So the employer is well informed and there is no conflict of interest

A consultant reports to his or her agency, who then reports to you, costing valuable time and other resources

Interim managers work with the team provided by the company as it sees fit. They will roll up their sleeves when needed and also deliver the strategy

A consultant works with the people he or she chooses and brings them into your company instead of adapting to work with the people you already have.

Interim managers are usually specialists in their particular fields. Their experience is vast and relates to the particular field that you hire them for

Consultants generally do not specialize in one area

Clearly, interim managers are able to perform far more specialized jobs for the company, using their own resources and reporting only to the company management. They execute a project assignment from start to finish, overseeing current operation/tasks, developing strategies for improvement, and implementing strategies.

It is a relatively new concept in India, as companies have yet to become comfortable with confidentiality, credibility, and accountability of interim managers. However, as the concept continues to grow, with experience, it has started to gain acceptance.

Another factor for its success in India will come from the advantage of having not just a consultant who can offer advice or a solution to the problem, but one who can implement those solutions too. Globally, people consider interim management as a career option after the age of 40; in India, this figure is higher at 50 years. Interestingly, the Indian business market has a large interim resource base that can be accessed.

In India, the interim management segment has begun to see traction in the past few years – we expect that it will continue to grow at an accelerated pace in times ahead.

CROSS BORDER

Indo-French Defense Manufacturing Cooperation

Author **Arjun Erry** Co-Authors **Igor Quezel Perron, Eric Salmon & Partners (France)**

{ With growing ties between the two countries,
talent with diverse skills and multi-cultural
exposure will be in demand }

Good run in the last six months, shift towards high-performance chemicals continues

Although it has not yet reached the € 12bn target set by both the governments when the French President visited India in January 2008, Indo-French bilateral trade has grown. During his presidential visit to India in February 2015, President Hollande reaffirmed France's willingness to deepen political and economic ties with India.

FDI - likely to rise

France is the 3rd largest foreign investor in India, with a cumulative investment of approximately US\$ 19bn. Top sectors attracting FDI inflows from France are chemicals (18%), cement (15%), services (9%), fuels (6%), electrical equipment (5%), and auto. There are about 800 French companies in India (subsidiaries or JVs, rep offices or branch offices) employing about 250,000 people.

In 2011, India was the 13th largest foreign investor in France in terms of project numbers. Indian investments in France have been growing – Indian companies have invested around € 1bn from April 1996 in sectors such as pharmaceuticals (Ranbaxy and Wockhardt), software (Tata Consultancy Services, Infosys, and Wipro), wine (Kingfisher), steel (Tata, Electrosteel), plastics (Sintex), railway wagons (Titagarh Wagons), aerospace (Cades/Axis)

and auto parts (Jyoti). France houses 110 Indian-owned companies (including 27 greenfield investments) that employ over 5,600 persons.

Defence cooperation: Deepening ties

France has been a long-standing and reliable supplier of fighter planes and light utility helicopters to the Indian armed services with aircraft such as Breguet Alizé, Dassault Ouragan, Dassault Mystère IV, Sepecat Jaguar, Aerospatiale SA 315B Lama, Aérospatiale Alouette III, and Dassault Mirage 2000. France also jointly developed the HAL/Turbomeca Shakti helicopter engines for HAL Dhruv. DRDO 3D Multi-Function Control Radar (MFCR) was developed as part of the Indian anti-ballistic missile program in cooperation with THALES of France. DCNS is building six Scorpène submarines of INS Kalvari class, which will be armed with SM.39 Exocet anti-ship missiles, under a technology transfer agreement at Mazagon Docks in Mumbai.

To reinforce each other's ties in every sector, including in strategic domains, India and France launched a strategic partnership in 1998. Since then, both countries have had high-level discussions aiming to enhance their strategic dialogue and cooperation.

Recently, Dassault Rafale won the Indian MMR-CA competition to supply 126 medium multi-role

combat aircraft to the Indian Air Force. In April 2015, the inability to conclude negotiations on contractual obligations led the Modi government to transform the acquisition into G2G procurement for 36 aircraft in flyaway condition to equip three squadrons of the Indian Air Force.

The 'Make in India' campaign will lead to increased manufacturing FDI from France to India. This will greatly increase the number of joint-venture relationships. The JV partnerships could be between the government and private organizations (example DCNS-MDL), or between private organizations in the realm of defence (for example Reliance Defence, Mahindra Defence, L&T Defence).

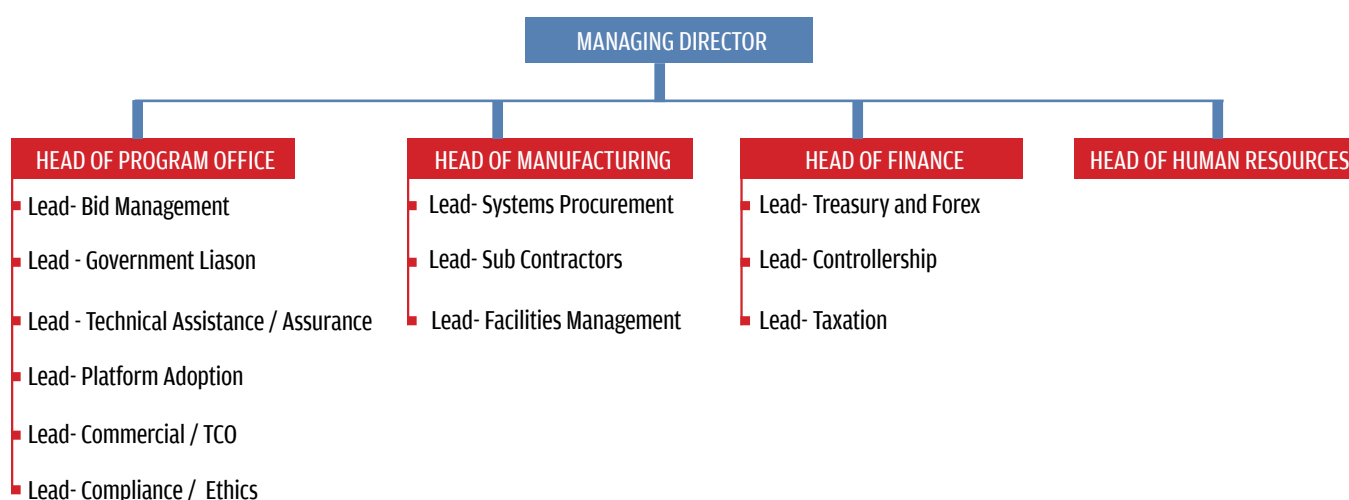
Leadership talent impact

JVs will need leadership talent with diverse skills and multi-cultural exposure. Given the contours of the collaborations, the JVs will need leaders with a combination of technical, commercial, and business skills. In particular, we believe the JVs will need to create the Program Office, which will be its engine.

The Head of the Program Office will have key personnel attached to his/her staff. These will include senior executives responsible for bid-management, government liaison, technical assistance/assurance, platform adoption, commercial, and compliance. The executives in the P.O. will need to have excellent relationships within the buying organizations, such as with Ministries of Defence, Ministry of Finance, Ministry of Heavy Industry and the Armed Forces Leadership, DRDO, etc. Further, the P.O. will need to have executives who can think strategically and work on long-term projects, given that the procurement lifecycle of large bids can be anywhere from 1-5 years.

The Head of the P.O. will be the 'business-champion' and it is s/he who will spearhead and manage the life-cycle of the bid process. This will entail being able to leverage the enormous resources of the parent companies – hence the P.O. executives will need to have unique cross and multi-cultural capabilities to be effective across geographies. Further, they will need to have excellent collaboration and leadership capabilities to draw on the strengths of the parent organization, without having direct control over these resources.

Organization Chart - Defense Manufacturing and Service Joint Venture



ASEAN

Vietnam Banking

Author **Arjun Erry** Co-authors **Fabrice Desmarescaux, Eric Salmon & Partners (ASEAN)**

Acute shortage of trained professionals in the banking sector

Vietnam, a one-party communist state, is one of South-East Asia's fastest-growing economies. It has set its sights on becoming a developed nation by 2020. Vietnam's GDP was US\$ 186bn in 2014, representing 0.30% of the world's economy. The shift from a centrally planned economy to a market-economy over the last two decades is paying off, with an average annual growth of 7%.

With a population of 85mn people, Vietnam attracts investors to its largely untapped market. Its strategic geographical position in one of the world's most economically dynamic regions, stable political situation, high economic-growth, and low production costs are seen as attractive.

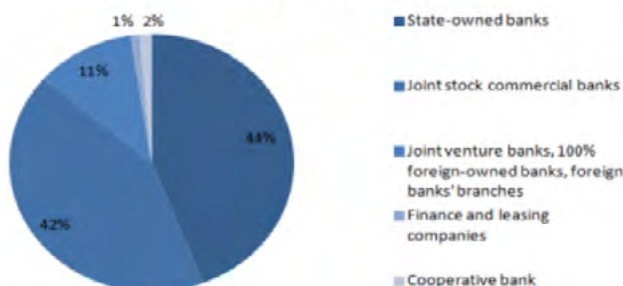
Since 1992, Vietnam's banking system has consisted of a combination of state-owned, joint-stock,

joint-venture, and foreign banks. However, the banking system is still dominated by the state-owned commercial banks (SOCBs), which account for more than 70% of all bank deposits.

Foreign banks operating in Vietnam include Standard Chartered Bank, HSBC, and ANZ. Other foreign groups such as Sumitomo, Mizhuo, or Commonwealth Bank of Australia have taken stakes in Vietnamese banks. However, the largest players in the country remain state-owned banks led by Agribank and CTG.

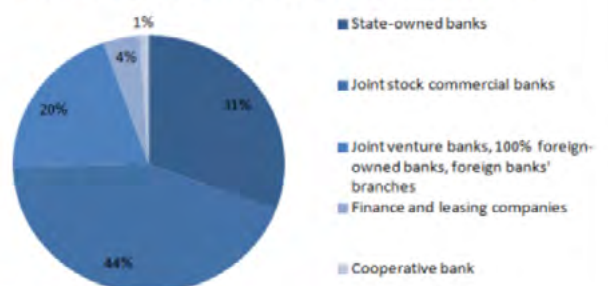
Banking in Vietnam suffers from low public confidence, regulatory and managerial weakness, high levels of non-performing loans, non-compliance with Basel capital standards, and the absence of international auditing. Hence, the banking sector is poised for a rapid change.

Banking Sector Assets by Type



Source: The State Bank of Vietnam, 30 September 2014

Banking Sector Chartered Capital by Type



Source: The State Bank of Vietnam, 30 September 2014

Vietnam banking sector challenges – many have talent implications

Regulatory: Banks face significant upheaval as local and international regulations rapidly change. Change in policies need strategic HR support.

- Rising personnel costs: Salaries in Vietnam have increased steadily in the past five years. This is a direct consequence of shortage of skills as banks poach from each other's limited talent pool.
- Skills mismatch: The skill level of the current workforce does not match future plans. Programmes to develop and train people are an imperative.
- A younger workforce: The increasing numbers of millennials in the workplace will place demands on banks' corporate structures, talent, and reward strategies.

These challenges have made Vietnam one of ASEAN's most challenging markets in terms of talent. Unsurprisingly, within its banking sector, talent is a 'hot topic'. "The banking market in Vietnam is still at an early stage of development – there is significant scope for growth and reasons to be optimistic. Having said that, there are more than a few challenges which lie ahead – the utmost of which is ensuring we have the right people with the right skills to lead our business," Sumit Dutta, CEO HSBC Vietnam.

The ability to attract and recruit the right talent is fundamental to executing banks' growth strategies — particularly at a senior level. To fill the massive gap in capabilities, the best banks have adopted an array of strategies such as:

- Over-hiring at the junior and mid-level: Given the high level of attrition, it takes up to five management associates to produce one VP-level executive. Banks must hire in excess of their current needs to ensure that they will have the middle management they require 5-8 years after an associate is hired.
- Hiring young graduates from foreign universities, fund bright students to attend foreign universities, importing foreign executives for critical capabilities: Few Vietnamese executives have been properly trained in technical roles such as risk management, credit, treasury, wealth management, or compliance. For the foreseeable future, banks will need to rely on foreign executives for these positions.
- Tap into the potential 'returnees': There are executives of Vietnamese descent in America, Europe, and Australia. While their cultural compatibility and language skills depend on how closely they have stayed connected with the culture of their parents, at times, they represent an acceptable middle ground and working in Vietnam may be a career booster for them too.

PEOPLE MOVEMENT >>

SINGH SURINDER

FROM Hong Leong Bank Berhad (HLBB), Kuala Lumpur

TO Techcombank, Vietnam

WAS General Manager & Head Global Transaction Services

AS Head, Transaction Banking cum Project Director Wholesale Banking

DMITRIY KOLECHKO

FROM Hypo Alpe-Adria-Bank d.d., Herzegovina

TO Vietnam Prosperity Bank - VP Bank, Vietnam

WAS Chief Risk Officer

IS Chief Risk Officer

NADEEM KAZMI

FROM Mashreqbank, Qatar

TO Maritime Bank, Vietnam

WAS Chief Risk Officer Qatar & Head of International Retail Risk

IS Chief Risk Officer & Head Risk Management and Compliance

DENNY KARIM

FROM Bank Danamon Indonesia

TO Techcombank (TCB), Vietnam

WAS Senior Vice President, Distribution Head

IS Sales and Distribution Director - Transformation and Project Lead

MICHAEL KETTLE

FROM Bankwest, Australia

TO Vietnam International Bank (VIB) – Ngân Hàng Quốc Tế

WAS Business Owner - Advanced Internal Ratings Based (AIRB) Accreditation Program

IS Chief Operating Officer - Risk Division, Vietnam

MURAT YULDASHEV

FROM Vietnam Technological and Commercial Bank (Techcombank), Kazakhstan

TO Vietnam Technological and Commercial Bank (Techcombank), Vietnam

WAS managing director

IS CEO

AYMAR DE LIEDEKERKE BEAUFORT

FROM BNP Paribas, Germany

TO BNP Paribas, Vietnam

WAS Head of Corporate Banking Germany

IS Country head and CEO

CASH BOX – A PROBLEM OF PLENTY!

Excess cash can become a big liability – cash management is a valuable skill

Cash management is vital to the health, survival, and growth of businesses. Since cash is the most frequent focus for entrepreneurs, effective management of liquid funds needs a right approach. In order to balance the need for liquidity and align the excess cash in proper investment buckets to achieve maximum return, a study of (1) business cycle and (2) cash flow in terms of business plan and strategies are required.

The Problem of Excess Cash

With local companies going international, India is increasingly occupying an important position in the global set up. India remains a preferred destination for multinationals in view of its cutting-edge in software services, research and development, cost competitiveness, and human capital skills.

Generally, the Indian affiliates of multinationals tend to perform supporting functions – such as software development, global procurement services, and accounting and finance – that benefit the international operations. The Indian affiliate is remunerated at 'arm's length' by adopting a 'cost-plus' model to cover expenses incurred along-with appropriate mark-up. The setting of transfer-pricing benchmarks of 15-20% mark-up over cost (in line with Safe Harbour Rules or expectations of Indian tax authorities; commensurate with analysis of functions performed and risks undertaken) has resulted in accumulation of cash with Indian affiliates. Cash reserves generally build up for profitable companies in sectors that do not have high capital spending. In capital-intensive sectors, cash profits are usually higher against profits booked after depreciation on assets. When foreign currency (say USD) is stronger than the Indian rupee, an Indian affiliate would have higher operating income, resulting in higher cash.

Cash accumulation for corporates that do not have growth/expansion/diversification plans in India is voluminous and has become acute over a period.

Challenges and the acute need for better cash management

While a cash-rich situation is good and signifies strong financial performance with support for future growth ideas, holding excess cash (beyond an appropriate level) and for prolonged periods can be expensive. This is due to the opportunity cost attached to it and depreciation of Indian currency. The impact seems evident in terms of low return on assets, inefficiency in putting funds to use, and inadequate controls on cash spending.

Historically, multinationals have adopted various measures to release cash trapped in India to their overseas entities that have funding requirement. To remit funds overseas, they generally use the following options:

OPTION	HIGH LEVEL COMMENTS
Dividend Payout	Subject to profitability Attracts dividend distribution tax in the hands of the company
Buyback of shares	Limitation on the extent of buy-back vis- -vis capital and other parameters Attracts tax liability for the company, known as 'buyback tax' Tested for 'deemed dividend' applicability to the extent of accumulated profits
Capital Reduction	Subject to Court process and approvals Tested for 'deemed dividend' applicability to the extent of accumulated profits

As is evident, these options attract tax, are subjected to corporate and exchange control regulations, and are time consuming. The Indian entity lending to its overseas affiliates is also ruled out because it is not permissible under exchange-control regulations. Therefore, there is an acute need to efficiently manage the cash inflows and look at ways to free up the cash.

Cash management is a valuable skill/service

Multinationals are examining legitimate ways and options to reduce cash or release and repatriate excess cash held in India. The emphasis is on solutions that will have sustainable impact over a period.

Commercial decisions will focus on structuring the business model to regulate cash flow, assessment at regular intervals, and parking or disbursing excess balances for effective use. Companies can look at following options to manage funds and repatriate surplus funds:

a. Examining global business model and streamlining revenue generation for Indian affiliate in line with transfer pricing benchmarks

- Business functional analysis
- Value chain analysis

b. Evaluating options for repatriation of funds that include

- Tax efficient income-extraction strategies such as royalty or fees for technical services such that the overall tax liability is mitigated
- Capital restructuring from the perspective of adopting beneficial capital gain regime

The effective solution to the problem of the 'cash trap' can be reached after examining (1) the company's unique business model, (2) financial, accounting, tax and transfer pricing positions and impact, and (3) other regulatory framework as applicable to the taxpayer

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EMERGING TRENDS IN HR

The great Indian HR rope trick

Author **Anne Prabhu** Co-Author **Sumitra Bishwakarma**

{ Traditional HR functions are undergoing a dramatic change }

Traditional HR function is going through a shakeup driven by the changing nature of business conduct – the endeavour of this change is to make businesses fruitful with cost-effective people solutions, and to create a culture where people and innovation thrive.

Some of the emerging trends in traditional HR functions include:

Technology and people analytics:

Organisations are recognising the need for a dedicated people-analytics function in order to produce insights from complex data gathered across employee lifecycles. In a recent pulse survey, a stunning 86% of organisations reported that creating their people-analytics function is a strategic priority. Insights from such data weigh heavily on creating practices in HR. While HR earlier used many anecdotal patterns and adopted a reactive approach, today analysis largely decides course of action and HR intervention.

Real-time succession planning across levels:

While many organisations are adequately armed with succession planning at leadership levels, a noticeable trend is that this is now not limited to CXO level, but followed across hierarchies – it is usually in cognizance of the employee's growth and career aspirations and business needs. The mentor-mentee model is gaining acceptance

across sectors and employees are welcoming the prospect of linked growth where a manager mentors juniors to move up the corporate ladder.

Competency-based compensation benchmarking:

Rewards, including compensation benefits and wellness programs – historically a talent-retention tool – is now a strategic tool designed to engage critical talent necessary for business. The stress is on hiring the right talent and rewarding the individual correctly. Companies are increasingly relying on workforce analytics to harness the power in compensation and achieve business results.

Aligning policies for a diverse population:

Demographic changes in the workforce imply that diversity is becoming a necessity rather than an objective in today's world. A recent report from the Centre for Talent Innovation in New York identified 'two-dimensional diversity', which distinguishes inherent or surface-level diversity (gender, age, religious background, socio-economic background) from acquired diversity (cultural fluency, social media skills, cross-functional knowledge, global mind set). Organisations are adapting their talent strategies for a diverse workforce through newer job designs to attract and retain previously untapped sections of the workforce.

HR policies created by employees:

HR-driven policies are moving from centre to edge in today's world. Organisations are realising that employees are an integral part of policy formulation and are therefore encouraging the formation of various counsels, which consists of employees across functions, age, and ethnicity – the employees in this counsel can contribute to policy formulation.

Shift from functional to behavioural:

There is an increased focus on hiring the 'right talent' based on behavioural competencies as compared to 'best talent'. A related trend is conducting competency assessments to gain insights into how potential employees behave in certain situations and into inter-personal behaviour – these provide data on fitment and team dynamics. Along with expertise-development, there has been a reassertion in inculcating certain behavioural traits in employees across the organisation.

Huge focus on employer branding: With the war for talent becoming increasingly fierce, employer branding across channels is becoming key for HR. Engagement is very much in focus with awards such as GPTW being published heavily. Organisations are using traditional and online mediums to build an image to attract talent.

With the HR and CEO / business relationships becoming more intertwined than ever before, HR is now better armed to contribute to the strategic heart of the organisation – this also means that it needs to fight to own its subject and prove its value and effectiveness.

PEOPLE MOVEMENT >>

YUGANTAR SAIKIA

FROM FICO (APAC)	TO Olacabs.com
WAS Senior Director	AS SVP & Chief Acquisition Officer

NEHA ASTHANA

FROM Housing.com	TO Media.Net
WAS Head - Talent Acquisition	AS Head - Talent Acquisition

HARI T.N

FROM TaxiForSure.com	TO Big Basket
WAS Chief People Officer	AS Head HR

MITALEE DABRAL

FROM Accenture	TO Olacabs.com
WAS AVP HR	AS Director HR -Business Partner

JASPINDER VORA

FROM Mercedes-Benz R& Development India	TO Amazon
WAS General Manager - Human Resources	AS Director - Global Talent Acquisition

POOJA GUPTA

FROM Myntra	TO Myntra
WAS Senior Vice President - HR	AS Advisor

MEKIN MAHESHWARI

FROM Flipkart	TO Flipkart
WAS Head - Human Resources	AS Advisor

MADHAVI LALL

FROM Accenture	TO Deutsche Bank
WAS Managing Director - HR	AS Managing Director, Head - HR, India

PRABIR JHA

FROM Reliance Industries	TO Cipla Ltd
WAS President and Group Chief HR Officer	AS Global Chief People Officer

MANOJ BISWAS

FROM Accenture	TO L & T infotech
WAS Managing Director - Human Resources	AS CHRO - Global HR Head

KANNIKA SAGAR

FROM AON Hewitt	TO HCL Infosystems
WAS HR Leader	AS Chief People Officer

VIKASH MODI

FROM Tata Motors Finance	TO Yes Bank
WAS Head - Human Resources	AS President - Human Capital Management

VISHAL MALHOTRA

FROM Indieon Technologies	TO Exza Infosystems Pvt. Ltd.
WAS Head - Human Resources & Ops	AS Co Founder & Director

ENGINEERING

Hiring continues to be slow

Author **Suresh Raina** Co-Author **Pooja Agarwal**

Some segments continue to see growth in hiring, especially sales and marketing and finance

The 'Make in India' campaign has received the attention of several infrastructure and engineering multinationals, including large companies such as GE, Alstom, ThyssenKrupp, and Mitsubishi. The opening up of the defence sector has also energised the sector with the government awarding a record 56 defence manufacturing permits to private-sector entities such as Mahindra, Tata, and Pipavav in the past year.

Traditional sectors such as heavy engineering and earthmoving are still waiting to see a rebound. A turnaround in mining has begun, but will take time to gather steam. Exports are seeing a positive trend, as demand from key markets such as the US and the UAE is rising. Apart from these traditional markets, markets in Eastern and Central Europe (such as Poland) show promise.

Hiring in this sector continues to be slow, as companies are trying to cut costs, restructure verticals, and wait for the markets to show consistent growth trends before making fresh investments.

We expect higher demand for sales and marketing leaders, followed by finance functions (which continue to be in demand). Commercial function will also continue seeing demand in 2015, especially in procurement and supply chain.

Investments and deals

- Honeywell Turbo Technologies partnered with Tata to develop its first ever petrol turbocharged engine.
- Royal Enfield acquired UK-based design-and-engineering company Harris Performance Products Ltd.
- Bharat Forge acquired Mecanique Generale Langroise (MGL), a French oil and gas machining company
- Airbus said it has begun sourcing components for almost all its jets from India; it aims to take its cumulative sourcing from India to US\$ 2bn by 2020.

PEOPLE MOVEMENT >>

SHANTANU KHOSLA

FROM Procter & Gamble TO Crompton Greaves (Consumer)
WAS CEO AS EVP and Managing Director

MATHEW JOB

FROM Racold (Ariston) TO Crompton Greaves (Consumer)
Thermo Ltd
WAS Managing Director AS CEO

SUBRAMANIAN SARMA

FROM Petrofac TO L&T
WAS CEO, Hydrocarbon arm

HASIT JOSHIPURA

FROM GSK TO L&T
WAS Head Corporate

FINANCIAL SERVICES

- Investment Management

Author **Praful Nangia** Co-Author **Sumitra Bishwakarma**

Indian MF industry continuing on a strong growth path; exciting new trends in hiring talent and retaining exceptional performers to emerge

The Indian MF industry continues to grow with average AUMs up 14%. Total net profit of the top-nine AMCs grew by 8%, taking cumulative profit to ₹15.82bn in FY14-15. HDFC still leads the industry with 16% PAT growth and 44% growth in AUM. The top-10 slots continue to be held by large domestic funds that have seen a rise in AUM and fund value. The Indian investment management industry received net inflows of ₹1.03tn in FY14-15 of which 69% was in equity – this helped AMCs to increase their PAT.

Consolidation is inevitable

With customers becoming investment savvy, regulators more prudent, and a plethora of competitive scheme launches, funds are not only grappling with the challenge of maintaining AUMs but also with the task of growing them while imparting value to customers. The industry is en-route to major consolidation. Large corporate-backed Indian fund houses have been aggressive in acquiring mid-sized foreign houses, reinforcing the latter's lack of confidence and understanding of the Indian market. Some key takeovers and investments:

Acquirer AMC	Acquired AMC
DHFL Pramerica	Deutsche
Kotak	Pinebridge
Birla Sun Life	ING
HDFC	Morgan Stanley
SBI	Daiwa

Consolidation has not hampered positive outlook

However, these acquisitions have not deterred investors from considering India as a positive investment destination with multiple inflows of funds and new product launches – a few examples:

- HWIC Asia picks up stake in Quantum Advisors
- Nippon Life Insurance increases stake in Reliance AMC
- UTI International Singapore launches India Dynamic Equity Fund
- Invesco acquires stake in Religare AMC

With the market outperforming and new entrants in the sector, the year saw some commendable and bold moves. Fund managers of established houses with strong track records scouted opportunities outside the space while some decided to pursue their entrepreneurial calling. While certain movements are yet to be revealed, it will be interesting to observe industry trends in hiring new talent and more so in retaining exceptional performers.

PEOPLE MOVEMENT >>

ANTHONY HEREDIA

FROM EX Morgan Stanley AMC TO Baroda Pioneer AMC

WAS Managing Director AS CEO –India

KENNETH ANDRADE

FROM IDFC Mutual Fund To be confirmed

WAS Chief Investment Officer

PUNEET CHADDHA

FROM HSBC Mutual Fund TO HSBC Global Asset Management

WAS CEO - India

AS Head– South East Asia



Franck joined the Maersk Group in 1994 and has strong management experience in different functions and locations. He took over as Managing Director, Maersk Line and Safmarine India & Sri Lanka, in early 2013.

1. What was the mandate given to you by the board in your role? How much of it has been achieved?

Maersk Line has been servicing India since 1921. We are here to assist India's growth story through cost effective and reliable shipping services. My mandate was primarily to:

- Grow profitably with the market
- Increase footprint, both commercially and operationally, and
- Develop services to customers through enhanced local differentiators

We are in line with our plans. We have started calling four new ports and launched six new services that complement our traditional ones; we have also opened new sales offices. We have developed our services offerings through what we call our 'customer charter', 'Care Customers Programs', and our e-solutions.

2. How do you respond to the needs of a changing market scenario?

India's merchandise trade as a percentage of GDP is still below 30% – this points to huge untapped potential. To create a more conducive environment, to take advantage of the growing trade opportunities, we are concentrating on three important factors –

- Proximity
- Accessibility and reliability, and

- Local differentiators

3. How has the market evolved in the last few years?

Globally, we have seen three trends these past years in our industry.

1. Lately the global trade growth has been low (around 4%) and traditional markets such as Europe and US have been on the lower end of the growth spectrum while we have seen new markets developing faster.
2. Oversupply is putting pressure on rates, which led to shipping lines looking at controlling costs.
3. Developing local differentiators and providing customers with better services becomes a bigger part of the value proposition. Earlier the focus was chiefly on transit times.

As far as India is concerned, the growth is stronger around 7%. At Maersk Line, we consider India a strategic market. We see increasing trade between emerging markets. There is a definite shift from purely traditional markets (south-north) to newer potential markets (south-south). We see growth coming more and more from hinterlands and as such, we are developing our footprint within India by opening sales offices, ICDs (inland container

depots), and CFS' (container freight station).

4. What is your talent strategy? How do you balance between home-grown and lateral hiring at the leadership level?

We have around 12,000 Indian colleagues working in the group across the shipping front office, our global service centres, the terminal, the logistic arm, or on board our ships. This provides any opportunities locally and globally for young Indian talent.

At Maersk Line, we believe in maintaining a sound balance between home grown and fresh talent. Growth opportunities across business units across continents ensure that in-house talent is retained and valued for its vintage in the group.

5. How does your organization identify and develop future leaders?

The Maersk group offers an incredible breadth of opportunities that aid personal and professional growth. Employees are equipped with tools to make them multi-skilled and help in their holistic development and transition into diverse positions. It is truly a multinational because across locations and business units, we get to work with a heterogeneous mix of employees hailing from different geographies. This ensures global sensitisation, exposure, and respect for diversity.

One can see an 'open-door policy' in practice at Maersk Line, where bureaucracy is not encouraged. People are treated as equals and respected for their individuality, rather than their job level. Excellence within roles is recognised, appreciated, and rewarded. Which is why most employees feel immense pride in being associated with Maersk Line and have celebrated key milestones with the organization.

A commitment to recruiting the best talent involves a commitment to career-long training and education. This ensures that Maersk and its employees stay ahead of the marketplace.

6. In a world full of Volatility, Uncertainty, Complexity & Ambiguity (VUCA), innovation has become one of the most important factors in transforming a crisis into an opportunity. How do you promote innovation?

Innovation can be about adapting the business model and figuring out better ways of doing

things. This is how we try to innovate every day at Maersk Line. For us, innovation is a highly focused discipline that aims to deliver better service, protect the environment, create new business opportunities, and ensure cost-effectiveness.

Take for example slow steaming – for us, slow steaming equals green shipping; sustainability is not only a concern for the environment, it is about a reduction in the Co2 emissions, and saving costs for our customers. We had given ourselves a target to reduce Co2 emission by 25% by 2017 – we have already exceeded that. Now we have put a higher mark – to reduce Co2 by 40% by 2020.

7. How can Indian leaders become global leaders?

To become a truly global leader, it is essential to go beyond your own cultural perspectives and learn and observe the business practices in different contexts, to be adaptive, receptive of others' beliefs, and understand your own beliefs. Having a deep insight and sensitivity towards other cultures can really help to master the global business perspective. Listen well and be humble and curious. It is also important that as a global business leader, one must respect the identities and affiliations of others.

8. How do you define and practice leadership?

Leadership is about:

- A) Attracting the right people and developing them
- B) Creating the right environment so they can perform fully, and
- C) Absorb uncertainties and have a clear vision and communicate clearly about it

Leadership means the ability to embrace a 'consult and facilitate' style to improve the quality of communication and decision-making, both within the team and across the organisation. Leaders should have a more holistic view of the business beyond their defined roles resulting in a greater involvement of discussion all round.

As a leader, my aim is to ensure the teams are well aligned, infuse positive stress to carry out the company strategy efficiently, and attract and grow talent.

One can see an 'open-door policy' in practice at Maersk Line, where bureaucracy is not encouraged. People are treated as equals and respected for their individuality, rather than their job level.

INFRASTRUCTURE

Investments have restarted

Author **Suresh Raina** Co-Author **Pooja Thakker**

{ After being troubled for quite some time, India's infrastructure sector is now ready for revival }

EPC

EPC companies were struggling to keep the project pipeline healthy – after a long lull, green shoots are visible. Companies including JayPee, Gammon, and Lanco have managed to liquidate assets to raise capital to finish incomplete projects. A few sectors are performing better than others including transmission, water, and renewable energy. There will be an impetus to growth from international markets.

- Power T&D business of L&T Construction has won orders worth ₹15.63bn
- L&T received a ₹17bn order to build a Bangladesh power plant
- KEC International secured new orders worth ₹8.38bn in its T&D cables businesses
- GOI has earmarked ₹500bn to develop 100 smart cities across the country

Ports

Bulk and container industries are both growing but the growth is slow; container has grown faster than bulk. With the mining ban being lifted, traffic should improve slowly. With modernisation and new projects, there will be demand for skilled managers. As global ports players expand and take over

smaller operations through privatisation, the requirement for business leaders who can run operations will rise.

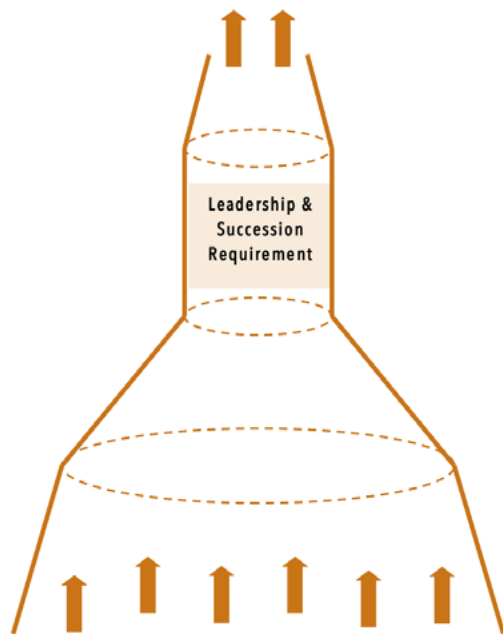
Roads

Roads will lead India's infrastructure push. There is renewed interest in this sector, with government initiatives working in favour of investments and announcements of big plans. Programs like Bharat Nirman are designed to pursue nationwide rural connectivity, linking all unconnected villages. In talent, the biggest challenge would be identifying the right fit and grooming leaders for critical roles. Need of the hour would be succession planning of up to at least one level below critical roles.

- IRB has added two projects - Mumbai Pune Phase II and Agra Etawah Six-laning Project
- Gammon won ₹17bn worth of road projects from NHAI in Jammu & Kashmir
- HCC received an order worth ₹18bn from the NHAI to build the J&K highway
- IL&FS Transportation won a ₹19bn road project in Maharashtra

LEADERSHIP DEVELOPMENT

Talentonic's Leadership model - developing effective leaders, creating 'ignition and velocity' through six core process steps



Background

The Global Human Capital Study has a section that is called “revealing the leadership gap - future growth at risk.” The results are frightening, and despite the economic slowdown of the last few years, the reality of gaps in the leadership pipeline still haunt many organizations.

A lot of this has to do with riding the wave and ignoring the changing work environment and emerging global context in terms of its impact on the development needs of middle management. Even if we park the threat aside, there are other reasons why organizations should be investing in such programs.

There is no other way of correcting the “inverse stocking of capability” where younger employees coming out of school are more adjusted to the needs of global enterprises than middle and senior management. And finally, it remains the best method of telling employees that you care, and that an investment in their development, makes good business sense.

Talentonic's Leadership model (Figure 1) is about creating ignition and velocity into the process of de-

veloping effective leaders for the requirements of the business. The approach is integrated, drawing its relevance from what is needed by the business for its future growth and marrying that with the current status of leadership at various levels.

Ignition & velocity are principally created by following six core-process steps.

1. An understanding of the preferred future

It is true that “Without opportunities there are no leaders”. The process of developing leaders gets its energy and relevance from business plans, achievements, market forces, and challenges. This creates the drive to achieve and to find/develop competent leadership. At the end of the day, the impetus to achieve the desired market share or the desired business performance is an accurate calibration of the leadership development efforts. People become leaders by doing “real work”.

2. Creating a leadership model

A leadership model that is aligned to the business model – what is your proposition in the market? What makes you unique? Are you developing leadership that is skilled to deliver this promise? What are the current leadership archetypes?

“You want your leaders to be the kind of people who embody the promises your company makes to its customers. In recent years, thousands of companies have spent millions on their own corporate universities, yet most have failed to develop true leadership bench strength. That's because in too many cases the approach to leadership training is detached from what the firm stands for in the eyes of customers and investors. Rather training is the same from company to company, regardless of whether the company is a fast food chain or an aerospace contractor. Long-term success depends upon making a critical distinction. A focus on leaders emphasizes the personal qualities of the individual; leadership emphasizes the methods that secure the ongoing good of the firm.”
- Dave Ulrich

What leadership does the company need? It needs a

leadership that creates a strong sponsorship for innovation and product development. Which removes fear of failure and encourages “market in” processes. One that excels in project management and product development functions, and discourages repeatability and routine. If there is more of this kind of leadership, then it will be able to compete better and grow the business.

Is your leadership development delivering your business outcome or result?

3. Develop the core skills required by the business.

Use the above inputs to create consistent content that calibrates with the business and is comprehensive from the standpoint of leadership development. This truly creates the leadership development model, provides direction to the program, and visibility for the employees about their leadership journey. It creates the “brand”, which employees take pride in and powerfully demonstrates the commitment to training.

This development of core skills needs to be at the “self level”, “manager level”, “business level” and the “transformation level”. (Figure 2)

4. Delivering the content

There are multiple systems for delivery of development content. These systems of delivery need to be well coordinated with an understanding of the agenda that needs to be covered and how best the content is delivered in an environment where there is freedom to express and adjust.

5. Tightly project manage the program

Tight program management (Fig 3) to ensure that the change momentum is maintained, particularly in organizations swamped with daily operational challenges. This provides practical shape to the core skills and makes use of the multiple delivery systems in a phased manner. Each phase needs to be defined with activity type, timelines, and responsibilities.

Figure 3

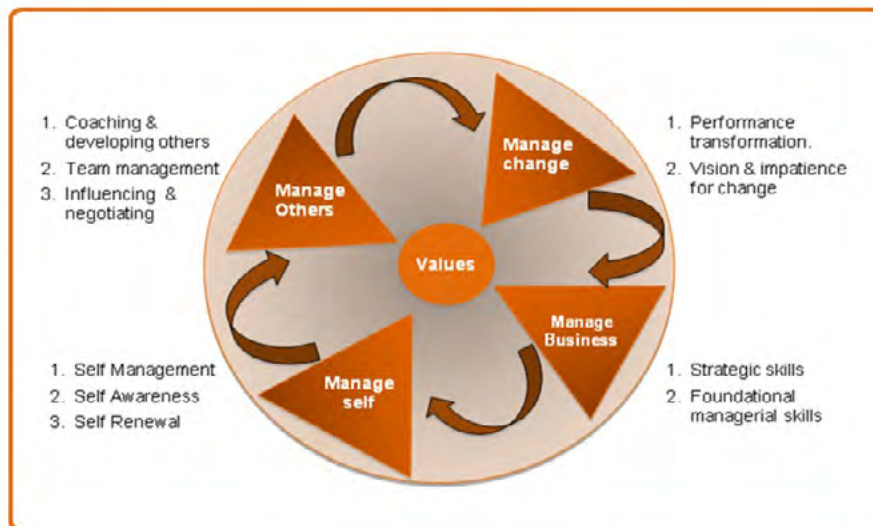
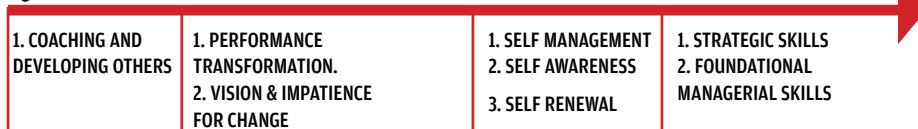


Figure 2

6. Respond to the needs of the career model

Patching leadership development into the career model is critical. What are the alternate career models that the organization offers? More commonly, these will be:

- (A) Business leadership
- (B) Functional leadership, and
- (C) Technical leadership

The challenge here is to match the organization need with the career aspirations of employees. While this is a challenge that sits outside the scope of conventional leadership development, it nevertheless needs to be addressed.

Can the leadership development journey be seen as delivering only a pipeline of business leadership? What about delivering operational and technical excellence?

Many of the leadership challenges stem from problems of succession at the CXO level and therefore ignore the development efforts required for alternate career paths. However, development of alternate career paths will sometimes require a re-engineering of HR policies.

The challenge lies in how the enterprise assigns value to the career paths. From an employee standpoint, this value manifests through:

- (A) Designations and organizational hier-

archy

(B) Compensation and reward

(C) Membership of organizational governance structures

- Executive committees, which are perceived to carry influence at the policy-making level

- Technical leadership is the one that feels left out of this value chain with the focus on developing a broad-based business leadership

7. Review internal PMS & TD processes

Having a strong history of performance management and talent identification processes certainly adds velocity to the leadership development program. It helps in two ways:

(A) It ensures that a number of definitional issues about performance and potential have already been dealt with

(B) The leadership team is calibrated on issues of talent and a fair amount of consensus already exists

This certainly helps as you launch the program. Sometimes organisations will depend upon external assessment support to drive this process.

In summary, follow the steps 1 to 7 to march with velocity on your path to leadership development

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PRIVATE EQUITY

Operating Partner— A balancing act

Author **Sunit Mehra** Co-Author **Tehsin Danawala Amdani**

PE operating teams plays a crucial role in the relationship between promoters and the PE fund

The country's PE inflows between April 2000 and December 2013 were a staggering US\$80bn, however nearly 65% of these transactions are yet to offer returns. Over the years, the embedded industry learnings across successive cycles of funds has steadily been improving. What makes for a 'bankable' promoter as well as creating a suitably structured deal are key amongst these learnings. An additional and key realisation is that managing the promoter and the business from 'inside', is core to a successful exit. Hence the need for a strong in-house operating team, where senior industry professionals take on the role of a dedicated consultant to support the growth of the portfolio company.

The PE operating team plays a crucial role in the relationship between the promoters and the PE fund. Team members are often able to get closer to the management than the deal team because they speak a similar business language. Most promoters prefer working with an operating team, given the number of years of experience and broad industry expertise that they bring to the table. Operating professionals also have a working style that drives business decisions through a combination of mentoring, coaching and influencing, rather than through direct control. They are quickly able to garner respect and help raise the business focus to a larger vision, while subtly working towards the common goal of profitable exit, through relentless focus on mid-term value creation, and truly transformational agendas.

Over the last couple of years several funds have hired specialists in operating roles. These include L Capital, Softbank, Gaja Capital, TPG, Actis, and IVFA (for whom it is a core strategy). Struck by the idea of enhancing and driving 'value-creation' this trend has also permeated to large corporates like Cipla, Metro AG, and eCommerce firms such as Flipkart and Snapdeal, who are also hiring professional from Private Equity and Management Consulting, to drive the growth agenda.

Clearly, the more successful PE firms have realised the value of an operating team, and their ability to challenge management in the right way, thereby enabling success. Henry Ford, legendary businessman and entrepreneur was known to say, "If everyone is moving forward together, then success takes care of itself"!

PEOPLE MOVEMENT >>

MANAS TANDON

FROM TPG	TO Partners Group
WAS Director	AS MD

BEN MATHIAS

FROM New Enterprise Associates (NEA)	TO Vertex Ventures
WAS Partner, Executive Director	AS MD& India Head

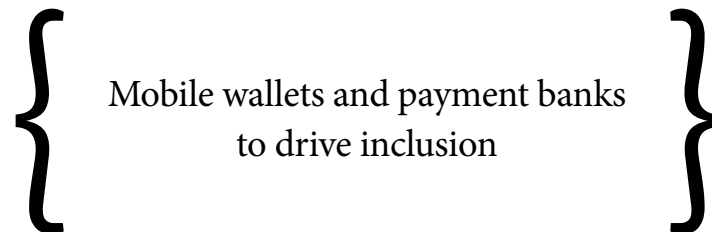
MAHESH PARASURAMAN

FROM Carlyle India	TO Amicus Capital
WAS MD	AS Co-Founder & Partner

PAYMENTS

Fintech industry continues to grow

Author **Suresh Raina** Co-Author **Pranjal Das**



Mobile wallets and payment banks
to drive inclusion

The growth of the fintech industry continues, supported by factors such as e-commerce, mobile commerce, and digital banking. India's payments market today is estimated at US\$15.5tn. The share of mobile banking is projected at 10% by 2010 from 0.1% currently – with the value increasing 200x to US\$3.5tn.

M-Payment is to become the next big thing in India

As Smartphone sales continue growing 51% every three months, the mobile commerce market may grow by 55% to US\$19bn by 2019 from US\$2bn currently. Mobile wallet transactions mirror this trend, rising 35% in volume terms to 54mn in July-September 2015 from 40mn in May, with 40-50% transactions coming from tier-2 and tier-3 towns now against barely anything a year ago.

Point of Sales: Digital Leap

The biggest hurdle for universal acceptance of Mobile Wallets in India is the lack of necessary infrastructure for mobile payment acceptance. The total number of POS terminals in India is 10,000 in tier-1 cities. In May, Paytm partnered with various QSRs covering 7,000-10,000 outlets in cities like Delhi, Mumbai, Bangalore, and Hyderabad.

On the technology side, companies like Ezetaphave tied up with four Indian mobile wallet players –Paytm, MobiKwik, Novopay, and FreeCharge– to provide them with a universal technology platform and network of more than 70,000 POS across the country.

Payment banks to drive greater inclusion and competition

The expansion of payment banks will be dependent on the technology platforms for further capture of the market. With both the telecom operator and Indian Post having more than 250,000 agents or branches in the country, focus will be to integrate the locations into a single core banking platform. This will warrant significant demand for banking technology experts to implement the projects.

The players in all the sub verticals of fintech (payment banks, POS, financial inclusion) will need to build their leadership teams and we are looking at a few hundred senior executives at the management level being hired across all functions. We see spike in demand for talent from liability product teams of transaction banking; digital product teams of retail banks or e-commerce platforms; and merchant acquisitions, sales & distribution talent from insurance companies retail banking and FMCG companies.

PEOPLE MOVEMENT >>

SUVAMOY ROY CHOUDHURY

FROM	Reckitt Benckiser	TO	Vodafone m-Pesa
WAS	Director HR - South Asia	AS	Director - HR

VIKAS PUROHIT

FROM	Amazon	TO	Paytm
WAS	Director, Heading Fashion & lifestyle	AS	Head- Payment Bank Business

AMIT JAIN

FROM	Geosansar Advisors	TO	FinoPaytech
WAS	VP - Business Development	AS	VP & Head Service Delivery

AAKASH MOONDHRA

FROM	Snapdeal	TO	PayU
WAS	CFO	AS	Global CFO

CONSUMER

E-commerce and start-ups continue to draw talent

Author *Sunit Mehra* Co-Author *Praful Nangia*

However, a curious reverse trend – back to traditional sectors – also visible

While the retail sector continues to struggle against the onslaught of e-commerce marketplaces, many large brands are now slowly aligning themselves to the inevitability of this medium. Positives built around an empowered environment, start-up culture, more than competitive compensation packages with wealth-creation opportunities, and the aura and charm of working in a new-age business is a hard-to-match combination.

The Indian e-commerce revolution has not only attracted talent from the domestic market, but it has also lured Indians working overseas. Many of the returning Indians admit that they were convinced by the confidence of the investors who are extremely upbeat on the future of their e-commerce assets.

However, of late, we have also started seeing another visible and interesting trend – a few senior leaders are going back to their traditional-sector companies. As always, there are some people who did not enjoy the start-up profile and the risks associated with it; they had probably taken the plunge enamoured by the activity surrounding e-commerce. This lends credence to our philosophy that at the leadership level, it is not as much the functional skills, but rather the competencies and attributes of a person to be able to deal with a start-up culture that will define their success.

To be fair, there is also great demand in traditional sectors for professionals with some online experience (sometimes even as low as three months will do).

However, this trend is still a ripple, and today's larger story continues to be the great and continued exodus of talent from the traditional sectors to e-commerce and start-ups.

PEOPLE MOVEMENT >>

MANOJ KUMAR

FROM P & G	TO GSK Consume Health
WAS MD- NZ/ Aus	AS MD

RAJIV BHANSAL

FROM Infosys	TO Ola Cabs
WAS CFO	AS CFO

ANANTH NARAYAN

FROM Mckinsey India	TO Myntra
WAS Director	AS CEO

SAMARDEEP SUBANDH

FROM Marico	TO Flipkart
WAS CSO	AS CMO

MANPREET RATIA

FROM Citibank	TO Amazon India
WAS Director - APAC	AS Head, Last Mile Ops

SUNIL D'SOUZA

FROM PepsiCo	TO Whirlpool
WAS Head- VIMAPS	AS MD

PALLAV PATNI

FROM PepsiCo	TO Kellogg India
WAS Commercial Head	AS CFO

AMIT CHOUDHARY

FROM P&G	TO Snapdeal
WAS Group finance - Global luxury	AS SVP Corp Fin

SHANTANU KHOSLA

FROM P&G	TO Crompton Greaves
WAS MD	AS MD

SANJEEV MOHANTY

FROM Benetton	TO Jabong
WAS Managing Director	AS CEO

E-COMMERCE

Logistics to explode along with e-commerce

Author *Anne Prabhu* Co-Authors *Pranjal Das and Manisha Prajapati*

{ Explosive growth in e-commerce to lead to fiery growth in support sectors, especially logistics }

The internet is going to be a marketplace for all kind of possible future purchases, or at least a large portion of them. Online retail in India is forecast to grow hundred-fold from its current size and is expected to be a US\$ 18bn industry in 2018; concurrently, e-commerce logistics is likely to see scorching growth and become a US\$ 2bn industry in 2019.

One of the pivotal factors in this explosive growth is the growth of internet users and extensive expansion of logistics services providers across the country.

E-commerce logistics models: Emergence of hyper-efficient platforms

With the strong emergence of e-commerce and with competition increasing in logistics firms catering to this industry, the focus has shifted from vanilla delivering to ever-shortening delivery time-lines, negligible or zero delivery prices, doorstep delivery, traceability solutions, and convenient reverse logistics – these elements have become the most differentiating factors for providers.

This explosion in e-commerce is likely to have a large spill over effect in terms of infrastructure and logistics investments, which will include more warehouses and delivery centres and higher employment. Studies estimate that over the next 3-4 years, an additional 7.5-15.0mn sq. ft. central fulfilment centres will come up, each with an average size of 80,000-150,000 sq. ft. each. This represents an additional 6-12% of current space available in organised warehousing in India.

filment centres will come up, each with an average size of 80,000-150,000 sq. ft. each. This represents an additional 6-12% of current space available in organised warehousing in India.

Money continues to buzz towards the e-commerce honeypot

The trend of VC/PE investment in e-commerce is seen in the case of e-commerce logistics companies, with leading players like Delhivery, Ecomm Express, GoJavas, and eKart seeing significant investment in Series C or D funding. One of the blue-eyed boys of the industry, Delhivery, raised close to US\$ 85mn (₹5.42bn) in its Series-D round of funding led by Tiger Global Management, pushing the company to a valuation of more than ₹20bn. Ecomm Express raised mammoth ₹8.5bn in fresh funding from an affiliate of global private equity firm Warburg Pincus.

Incumbents keen to get into e-commerce logistics

The growth in e-commerce and the kind of funding it has seen has attracted the interest of traditional logistics service providers into e-commerce logistics – players like FedEx, DHL, UPS, Gati, SafeExpress, and TCI have stepped in. With renewed focus on dedicated e-commerce logistics, all leading players are looking aggressively at high-calibre eLogistics talent with focus on technology platforms.

Emerging trends

- Network expansion: In order to take advantage of the exceeding demand expected from tier-2 and tier-3 cities, it is essential to develop a network of branches and delivery points that will be able to service these high-growth cities.
- COD will be the focus: It is expected that logistics providers would need to handle approximately US\$ 8bn of cash in 2018; therefore, one of the biggest differentiators for any logistics service provider will be its ability to effectively manage cash-flow and address challenges such as theft, use of cash for working capital, and reconciliation issues.
- Fulfilment capabilities: Logistics service providers will need to develop fulfilment capabilities to gain access to the small but growing market of offline retailers moving online, and go beyond the traditional express delivery model to a higher level in value-chain services.
- Last-mile delivery will be the key: There is a significant increase, both in terms of investment and demand, for talent to lead 'last-mile delivery' operations in companies like Ecom Express and Delhivery, where they have built a huge ground team of 7,000 people and 10,000 people respectively.

PEOPLE MOVEMENT >>

GAUTAM NATH

FROM Mahindra Logistics Ltd	TO Delhivery
WAS Business Head - Mahindra People Transport Solutions	AS Senior Vice President -International Business

ANKOOR DAS

FROM Amazon	TO Delhivery
WAS Business Development Manager	AS Vice President (Business Development)

FIROZE ZIA HUSSAIN

FROM Totem International Limited	TO Delhivery
WAS Director	AS Senior Director Security

YASHPAL HOODA

FROM Safexpress B2C pvt ltd	TO DTDC E-commerce logistics ltd
WAS Chief Operating Officer	AS VP Business Operations

R SRIKANTH

FROM Reliance Jio Infocomm	TO TVS Logistics Services
WAS President and CFO	AS Group Chief Financial Officer

PRAKASH TULSIANI

FROM Gujarat Pipavav Port Ltd	TO Allcargo Logistics
WAS Managing director	AS COO and executive director (operations)

SOBHIT JAIN

FROM Accenture strategy	TO gojivas
WAS Principal in the supply chain consulting practice	AS General Manager

BALA MURUGAN

FROM Myntra.com	TO Connect India E-Commerce Services
WAS Head - Process and Quality	AS GM - Process

RIAZ MOHAMMED

FROM BASIX	TO Connect India E-Commerce Services
WAS Chief Operating Officer, BASIX	AS Chief Operating Officer

REAL ESTATE

Still not out of the woods

Author **Suresh Raina** Co-Author **Sumitra Bishwakarma**

Hiring largely driven by churn across all levels

The real estate sector has begun the process of unwinding excess unsold inventory with a deliberate slowdown in new launches. There has been mixed response from markets across cities to residential and commercial sectors this year.

Commercial vs. residential: Plummeting project launches and decreasing sales volumes indicate that the residential market is striving for equilibrium – a corrective phase – before heading towards stability. On the commercial front, demand for office space continues to rise in select parts of all major metros with booming start-ups, prospects of development in key suburban business districts, and rising IT/ITES/BPO industries.

Online on line: A tech savvy customer base has helped online distribution channel like Housing.com, 99acres, and Magicbricks to gain wider acceptance. Broker exchange models like BroEx, IRX, RexProp look promising, but will have to focus on revenue strategy while building engagement platforms for the community. Platforms like ApartmentAdda and Commonfloor have built significant presence within residential apartments. This space will continue to see more action and demand for both business and technology leadership talent.

Talent trends: There has been churn at all levels as organizations are focusing on raising funds to execute stalled/new projects – as a result, demand for professional across treasury/fund raising, CFO, strategy and marketing, and project management has been rising. Lack of ample opportunities also

led people to explore lateral roles in related sectors such as EPC and infrastructure as both sectors are seeing revival.

Government and governance: The launch of the 'Smart Cities' initiative has garnered massive response from various states but 'Housing for All' has made slow progress. The decision to accept REITs to attract investments and foster growth of RE and infrastructure industries holds promise. Senior leaders with relevant skills to navigate the waters in light of emerging opportunities will be in high demand.

PEOPLE MOVEMENT >>

GAURAV JAIN

FROM Samyak Properties & Infrastructure Pvt Ltd	TO Jindal Realty Pvt. Ltd
WAS Owner	AS MD & CEO

PULKIT KAKAR

FROM Raheja Developers Ltd	TO Infinia Services and Solutions
WAS Senior Vice President Finance	AS Chief Financial Officer

VIVEK SINHA

FROM Kalpataru Limited	TO Buildzar.com
WAS Assistant GM- Director's Office	AS Chief Business Officer

GANESH V

FROM Sobha Developers Ltd.	TO Emerald Haven Realty Ltd (TVS Group)
WAS CFO	AS CFO

ABHIRAM HIMANSHU

FROM Shanta Sriram Constructions	TO Red Fort Capital
AS CFO	AS Director

AUTOMOTIVE SECTOR

Lack of CXO level stability is alarming

Author **Suresh Raina** Co-Author **Pooja Agarwal**

{ Urgent need to address shortage of CXOs and sub-CXO talent with adequate strategic vision }

Caught in a vortex of uncertainty

The automobile industry is caught in a vortex of market uncertainty and cost-cutting initiatives coupled with churn at the senior leadership level even as it passes through a critical phase of increasing complexities that require a realignment of talent matrices. While the Agri and Two-wheeler segment is seeing a down-trend, fortunately, the commercial and passenger vehicles segments have compensated by showing good growth.

Huge talent challenges exist

The Make-in-India initiatives in the auto industry were dampened by a recent spate of product recalls because of critical defects. These have shaken the faith of the industry and perhaps point to a process or system failure and at the human dimension. Talent challenges include:

- Shortage of CXOs and sub-CXO talent that has adequate strategic vision and an innovative people-centric approach.
- Lack of alignment of business imperatives with technology during the growth phase.
- Attrition of quality talent to alternate industries for various reasons including stagnation and the failure to project automobiles as an industry of choice.
- Lack of local talent for R&D and application engineering, and inability to attract high quality.

Urgent need for fresh out-of-the-box thinking

The lack of stability at the CXO levels is alarming. Leadership has started recognizing the urgent need for bold new thinking, initiatives, original research, product development, and an increased focus on people issues.

Some of the major investments and developments in the sector in the last few months are:

- Ford, Chrysler and GM have announced plans to make significant investments to augment capacity.
- Mercedes Benz has decided to manufacture the GLA entry SUV in India.
- Mahindra bought a stake in France-based Peugeot Motorcycles and announced the acquisition of Pininfarina, an Italian car-design company.

PEOPLE MOVEMENT >>

AMIT SAGAR

FROM Tata Motors	TO SkodaAuto
WAS National Sales Head	AS National Sales Head

SANJAY GUPTA

FROM Hyundai Motors India	TO M3M
WAS Senior GM Marketing	AS CMO

SATINDER SINGH BAJWA

FROM Hyundai Motors	TO Nissan Motors
WAS Group Head Sales	AS Vice President Sales Network and Customer relations

VIKRAM PAWAH

FROM Honda Cars India	TO Harley Davidson India
WAS Assistant Vice President & Operating head	AS Managing director

MAKE IN INDIA

Paradigm shift needed

Author **Vibha Agarwal** Co-Author **Deepti Kesharwani**

Indian leaders should aim at building new international standards and becoming a reference point for product quality and innovation

In keeping with the theme of development, Prime Minister Narendra Modi launched the Make in India program nationwide in 2014, which laid the foundation for India's new national manufacturing policy. It also rolled out the red carpet to both domestic and international industrialists with an aim to make India a manufacturing hub.

The program lays emphasis on 25 sectors with a focus on job creation, skill enhancement, and economic, technical, and overall infrastructure development. The sectors include automotive, chemicals, IT, pharmaceuticals, textiles, ports, aviation, leather, tourism and hospitality, wellness, railways, auto components, design manufacturing, renewable energy, mining, biotechnology, pharmaceuticals, electronics.

In his book 'Good to Great', author Jim Collins says that great vision without great people is irrelevant. Apart from various other issues, Make in India faces the challenge of sourcing highly qualified talent to lay a foundation for the next growth engine of the economy.

To achieve true manufacturing leadership, India Inc. will have to make a paradigm shift in the way it conducts business. We see the following talent challenges associated with Make in India:

Dearth of technical leadership

In sunrise sectors such as defence, avionics, aerospace, and semiconductors, there is a dearth of technical leadership talent in India. Unless this talent pool is enlarged, companies may end-up 'bidding' high sums as compensation for the right candidates, hence running the risk of commercially unviable businesses. We expect that organizations will enlarge the available talent-pool by importing leadership talent from overseas. Companies with

strong talent-development functions will find a methodology to complete the transfer of skills from the expatriates to the domestic talent within 2-3 years. The risk in this approach is to bring in expatriates with a relevant multi-cultural mind-set to help them adopt and adapt to the nuances of doing business in India.

Scale

Make in India is about India becoming a manufacturing hub. This implies a strong thrust for India to become integrated with the global supply chain of manufactured products, which in turn implies that commercially viable manufacturing hubs will need to have a scale of operations that are far larger than what the domestic market has needed so far. The capacities of the Renault-Nissan power train facility in Tamil Nadu, and the Hyundai automotive facility (also in Tamil Nadu) are two examples. Leadership talent will need experience in running massively scalable operations and an understanding of how to plug into the global supply chain. We expect greater intra-company transfers of talent and greater international mobility as Make in India takes off.

Internationalism

Make in India will only succeed if leaders in India are able to play on the world stage, exhorting other countries involved in the supply chain to re-route their sourcing to India. In short, leaders in India will need to morph into champions or ambassadors of India. This will call for a high degree of internationalization and multi-cultural capability. Hence, business leaders will need to bring a strong international orientation if they are to chase global aspirations, scale-up operations, and succeed in building truly world-class competitive organisations and products.

PEOPLE MOVEMENT >>

PANKAJ TANDON

FROM SAE Power Lines Srl (Subsidiary of Gammon India Ltd) **TO** KEC International Ltd.

WAS Director & CEO

AS Vice President-T&D-SAARC

SANDEEP KOTHARI

FROM Binani Cement Limited

TO KCP Limited

WAS Asst. Vice President - Commercial

AS Vice President - Procurement

V.G. RAMESH KUMAR

FROM Thales India Pvt Ltd

TO Ansaldo STS India

WAS Rail Transportation Systems - Director & KAM - Railways

AS Head of Engineering

MVN RAO

FROM Sun Pharmaceutical Industries Ltd

TO L&T Hydrocarbon Engineering Ltd.

WAS Senior VP and Head - Global Human resources

AS Head of HR

AJAY GOEL

FROM Tata Power Solar

TO ReNew Power

WAS CEO

AS President Solar & Chief New Businesses

VINOD SAHAY

FROM Tata Motors

TO Mahindra & Mahindra

WAS Sr. General Manager and Business Head

AS Sr. Vice President

V RAJA

FROM TE Connectivity

TO Philip India

WAS Head-India Operations

AS Vice Chairman & MD

PANKAJ K RAI

FROM Rockwell Automation

TO Kohler Co.

WAS GM & Head - HR

AS Director HR - India & Sub-Saharan Africa

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REINSURANCE

Amended law positive for foreign reinsurers

Author *Arjun Erry* Co-Author *Sameer Karkhanis*

{ The demand for reinsurance
professionals is set to skyrocket }

The passage of the Insurance Laws (Amendment) Bill, 2015, in March 2015 paved the way for major reforms in the insurance sector. Most importantly, the new act provides for enhancement of the foreign investment cap in an Indian insurance company from 26% to an explicitly composite limit of 49% with the safeguard of Indian ownership and control.

Reinsurance: Amended law enables foreign reinsurers to set up branches

The Act defines ‘re-insurance’ to mean “the insurance of part of one insurer’s risk by another insurer who accepts the risk for a mutually acceptable premium.” It thereby excludes the possibility of 100% ceding of risk to a re-insurer, which could lead to companies acting as fronts for other insurers. The amended law enables foreign reinsurers to set up branches in India. It also enables Lloyds and its members to operate in India, either through branches or as joint-venture partners in an Indian insurance company within the 49% cap.

This is positive for the reinsurance industry in India, as:

1. Much-needed foreign capital is expected to enter the country

2. The country will benefit with the improved risk-management, underwriting, and specialty-lines that the foreign reinsurers will bring to India
3. There is potential for India to become a reinsurance-processing hub of the world, just as the entry of information technology led to India becoming the back office of the world

Foreign reinsurers have responded favourably to the developments and global reinsurers like Munich Re, Swiss Re, Lloyd’s, Hannover Re, and SCOR have taken the preliminary steps to enter the market. For example, Swiss Re is planning to open a branch office and has started discussions with the IRDA on its entry plan. They are already having discussions with the Indian government and other state governments. Hanover Re has started a feasibility study to open a branch office in India, even as it underwrites insurance business from overseas markets. Lloyds Re, the only reinsurance marketplace, is in a unique situation because of its governance structure and operating model — i.e., it is a marketplace for syndicates. The Indian insurance regulator (IRDA) has proposed a two-tier structure, comprising of a branch-license for Lloyds at the first tier, coupled with the syndicates/managing agents at the second tier.

Demand for reinsurance professionals will sky-rocket

With GIC being the only reinsurer in the country, the talent pool for reinsurance professionals is rather limited. Currently, most contracts being re-insured in international markets are being underwritten offshore. However, with laws mandating that a significant part of the reinsured contract remain onshore, we expect that the demand for reinsurance professionals will sky-rocket.

This demand will be met by 'importing' talent from reinsurance hubs such as Singapore, Dubai, and Hong Kong. The imported talent will naturally need to be familiarised with the business nuances of India, as well as the local laws and regulations. Hence, we see the growth of training, certification, and accreditation providers.

The demand will also cause some churn within the domestic insurance market. We expect that senior- and mid-management talent in underwriting, risk, actuarial and claims will move from the onshore general insurers (GIs) — including the public-sector and the private sector. This will force GIs to invest more in their talent-development processes, as well as take measures to ring-fence their key talent.

Over the long term, we expect that the insurance / reinsurance industry in India will need to actively collaborate with government, academia, and the non-profit education sector to increase the supply of qualified and hireable talent. In a way, it will follow the capacity-building measures successfully implemented by the banking and IT sectors in India.

PEOPLE MOVEMENT >>

KAUSHAL MISHRA

FROM Tata -AIG General Insurance Co.

TO Retired

WAS CEO & MD

AS National Sales Head

AJAY BIMBHET

FROM Royal Sundaram Alliance Insurance Company Ltd.

TO CXO Solution Limited

WAS Managing Director & CEO

AS Chairman

JYOTI VASWANI

FROM Aviva Life Insurance

TO Future Generali

WAS Chief Investment Officer & Director-Fund Management

AS Chief Investment Officer

RUCHIRA BHARADWAJ

FROM Axis Bank

TO Future Generali

WAS SVP - HR

AS Chief Human Resources Officer

DANA YUSUPOVA

FROM Ceska Pojistovna

TO Future Generali

WAS Internal Audit Manager - Assets & Investment Team

AS Head - Internal Audit

RAJESH AGGARWAL

FROM Ministry of Finance

TO National Insurance Co.

WAS Jt. Secretary

AS Chairman & MD

PARAG GUPTA

FROM IFFCO - Tokio General Insurance

TO Bharati AXA General Insurance

WAS Executive VP

AS Chief Underwriting Officer

DEEPAK IYER

FROM Wrigley India

TO Bharati AXA General Insurance

WAS MD, India

AS CEO & MD

SANJEEV MANTRI

FROM ICICI Bank

TO ICICI Lombard

WAS SGM

AS Executive Director

MANASIJE MISHRA

FROM Max Bupa Health Insurance Company Ltd.

TO Aetna

WAS CEO

AS Managing Director, India

ASHISH MEHROTRA

FROM Citibank

TO Max Bupa Health Insurance Company Ltd.

WAS MD & Head- Retail

AS MD & CEO

MEDICAL DEVICES

Exponential growth to continue

Author **Praful Nangia**

{ M&As, sophisticated manufacturing, and great flux in talent – 2016 should be as exciting }

2015 saw growth and innovation in the sector

2015 was an eventful year for the medical devices industry in India. Research and innovation made remarkable progress with a continued zest for innovation in everything from Swasthya Slate to 3nethra to high-end medical devices specifically designed for low-cost markets. While prominent companies presented India as a promising medical-devices manufacturing hub on the world stage by successfully commercialising technology, small- and medium-sized companies and start-ups created ripples by presenting out-of-the-box ideas and creating novel devices out of little investment.

Government mostly making the right moves to push the sector

The government joined in by announcing automatic 100% FDI (foreign direct investment). Industry watchers say that this will lead to a high number of mergers and acquisitions (M&As) among medical device companies in the coming year. On the ground, things are now moving on both the policy and procedural front – a positive change from years of inertia and policy paralysis and ever increasing import dependency. The government's decision to earmark the medical device industry as one of the five key sectors that could propel Prime Minister Modi's vision of 'Make in India' should drive the ₹300bn Indian medical device market. The sector is expected to grow at least four folds in the next 10 years, which would make India one of the top 4-5 medical device markets in the world from its present ranking of #4 in Asia.

All eyes are on the industry to see if it invests in setting up manufacturing bases in the country. Sceptics point out that with the country heavily import dependent by up to 90% in medical electronics, the government's decision to permit 100% FDI in brown-field projects is short sighted. They believe that this would make

Indian medical device manufacturers an easy target for cherry picking by MNCs, thereby defeating the very purpose of reducing import dependency or encouraging manufacturing of medical devices within the country.

Increased demand of indigenous medical technology has resulted in an exponential growth of the industry. This augurs well for PE-funded companies that are trying to scale up in a market with unlimited opportunities. The start-up culture in the sector will soon unveil some unconventional innovations and breakthroughs in the coming year while overcoming some pressing challenges. We were already seeing increased demand for Indian professionals from the precision-engineering sector especially from North American and European countries. Now, these professionals are more open to exploring opportunities back home, given the buoyancy in the market.

More talent movement from FMCG likely?

While these signals augur well for the industry, pertinent questions need to be asked from a talent perspective. Many multinationals have so far been satisfied setting up marketing and trading shops in India. However, industry experts cite innumerable examples where these companies have failed to make a mark and scale up. Short sighted hiring decisions and over-dependence on the existing talent pool seems to have affected growth plans.

We believe that it is high time that the industry explores the possibility of transplanting talent from the FMCG space to boost channel penetration and development. There have been a few instances when companies have hired from the pharma / OTC sector, but these have been far and few in between. This becomes essentially critical for start-ups. They need someone to question the status quo on how business has been done so far. A specialist from a consumer background will be able to add more value by implementing the policies and processes that the FMCG industry has perfected over the years.

CHEMICALS

Seeking talent in sales, distribution, M&A, and R&D

Author **Suresh Raina** Co-Author **Pooja Agarwal**

Seeking talented professionals
who can lead and grow businesses

The last six months have seen steady growth, especially in specialty, construction, and petro chemicals, due to demand from increased usage in construction, consumer, and automotive sectors. Basic chemicals also benefited from low oil prices.

However, speciality chemicals are coming under price pressure due to commoditization – this can be solved by innovation for incremental advances targeted at new solutions and focused investment to augment capability. R&D for application development is becoming a focus area for all major players and will provide opportunity for senior technical talent. Companies are investing heavily in automation and information technology.

High-quality talent in sales and distribution will be in demand. Also sought after will be professionals who can lead M&A activities for acquiring targets – in the domestic market and for deals with global players. Manufacturing and supply-chain leaders will play an important role in this revitalisation exercise.

MNC companies will need to develop local sales and marketing further along with product-support teams for market-specific product development. Employees are looking for a compelling proposition, with global career paths and opportunities outside India.

Areas of interest are innovation and digital technology, intelligent manufacturing, data analytics, and applied research – these will need strong professionals from other sectors at the senior leadership level to build capability.

For the chemicals sector, the focus over the coming year would be adapting and refining business models, identifying growth opportunities in existing and new segments, and harnessing the potential of digital technologies to capitalise on the next wave of value creation. Talented professionals who can lead and grow businesses along these lines will be in high demand.

PEOPLE MOVEMENT >>

K SETHURAM

FROM Dow Chemicals	TO Celanese
WAS	AS MD India

JAYARAM PHILKHANA

FROM Cargill	TO United Phosphorus
WAS	AS CHRO

SUSHMITA DATTA

FROM Lanxess India	TO i-CHESS Chemicals Pvt. Ltd
WAS	AS CEO

SUNIL KUMAR SATHYANARAYANAN

FROM Castrol	TO Henkel
WAS Global Marketing Manager	AS Business Director : India & Pakistan : Adhesives

RAJASUBRAMANIAN-RAJA N

FROM Castrol	TO Clariant Chemicals India Ltd
WAS VP - Finance	AS CFO

SIDDHARTHA SENGUPTA

FROM Arkema Chemicals India Pvt Ltd	TO Samskrt Natural Wellbeing Co Pvt Ltd.
WAS President / Managing Director	AS Managing Director

RAJESH SHRIVASTAVA

FROM Berger Paints (I) Ltd(BPD)	TO Shalimar
WAS Head HR	AS GM - HR

SANDEEP BATRA

FROM Pidilite Industries	TO Crompton Greaves Consumer Electricals
WAS CFO	AS CFO

ENERGY

Firing on full cylinders

Author **Suresh Raina** Co-Author **Pooja Thakker**

{ With activity picking up across solar, wind, and thermal, need for leadership talent and lateral movements will intensify }

Solar

The government has approved a plan to increase India's solar power capacity target five-fold to 100GW by 2022. The total pipeline of over 15GW of projects is under bidding-cum-development marking the year ahead as the transition year for India's solar sector.

With the prices coming down to ₹4.63 per unit?, solar is now comparable to thermal energy – prices are expected to come down to ₹4 per unit this year. Many foreign players (SoftBank, Google, PerSolar, First Solar) are setting up solar businesses in India. With several projects coming up for bidding, there would be need for leadership talent, especially with domain experience in projects, finance, government affairs and technology roles. Talent from other infrastructure sectors will move laterally to fill in the shortage.

- SoftBank, Bharti Enterprises and Foxconn, plan to invest US\$ 20bn in solar projects in India
- SunEdison won NTPC's 500 MW solar project with a ₹4.63kWh bid
- GOI is considering a proposal to award solar transmission projects requiring investment of ₹500bn to PowerGrid
- Adani is implementing 648 MWs of solar power units in Tamil Nadu through a SPV and manufacturing facilities at Mundra

Wind

2.8GW of wind energy capacity will be added in FY16. Favourable regulatory environment and easing of credit is likely to deliver better-than-expected capacity addition. New National Offshore Wind Energy policy would provide the roadmap for development.

- Suzlon Energy has bagged an order for 500MW from domestic players
- Sany Group has entered into a MoU with AP for investment of US\$ 600mn to set up wind projects
- Gamesa has an order pipeline for 500MW
- ReGen Powertech has bagged wind projects worth ₹16bn from Hero Future Energies and Green Infra
- Inox Wind started production at its 800MW wind-turbine-blade facility in MP

Thermal

This sector continues to see lot of churn amidst M&A activity as the smaller or non-core existing players are liquidating assets to raise capital. Losses are mounting as interest and establishment costs are rising. As coal-mining gets back on track, coal shortages will reduce. Next level of growth is seen in the transmission sector. New projects worth ₹120bn are invited. This segment is also seeing growth outside India, with Indian companies executing projects globally.



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