the **hunt** report

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FOREWORD

Dear Reader,

As we enter the final lap of 2011, we are delighted to bring you the third issue of The Hunt Report, a half-yearly industry roundup of key trends impacting executive hiring across industries.

This issue captures the hits and misses of 15 industries in a cautiously optimistic economic environment in India, amid the continued turmoil in the US and the deepening European debt crisis.

We also distil the human-capital impact of industry trends and the implications on senior leadership talent movement, which have been aggregated for your benefit.

We hope you find the Report insightful. As always, we welcome your comments at thehuntreport@hunt-partners.com

Happy Reading!

The Knowledge Management Team
(Sunil Pandita, Sidharth Nambiar,
Adhishree Kullarwar) Hunt Partners

Mumbai, India, **November 2011**

IN THIS ISSUE

The Hunt Report, a half-yearly update, evaluates the key business trends in industry practices, ranging from Retail to Insurance. This issue of The Hunt Report analyses the impact of these significant business trends on the executive hiring process and the leadership movements in fifteen industry verticals.

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A gainful asset

An uncertain economic environment has had a mixed impact on the Asset Management industry. Despite dwindling investments and lower profits, new players are stepping in.

BY **ARJUN ERRY** AND **PRAFUL NANGIA**

The half-yearly report for the Asset Management industry is nothing to write home about. The RBI's latest Annual Report also shows that the Mutual Fund contribution in household financial savings has fallen to -1.8 percent in 2010–11, from 3.3 percent last year. That investors are losing confidence in equity schemes is reflected in the 7 percent Year-To-Date (YTD) decline in equity assets.

The numbers game

Reliance MF overtook HDFC MF to emerge as the most profitable fund house. Interestingly, the top 10 AMCs by PAT account for more than 77 percent of total AUM; the bottom 10 account for less than 1 percent. Note, however, that five of the top 10 fund houses are bank-sponsored AMCs, while only one bank-sponsored AMC—Union KBC, a new entrant that launched its first fund in May 2011—features in the bottom 10.

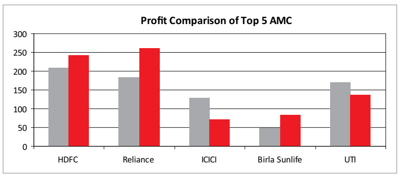
This lends credence to the assumption that the independent AMCs, or those without a banking sponsor, will be under pressure to raise assets. Conversations with some eminent fund managers in independent AMCs confirm this trend. We expect that key players will soon explore the possibility of tying up with the remaining established, and growing, independent banks.

Alternatively, the present-day crowded market scenario could spur a spate of consolidations–as witnessed by the acquisition of Benchmark MF by Goldman Sachs in July 2011.

Cautious optimism

Nevertheless, the industry's overall positive outlook is aptly reinstated by the two new entrants–IIFL and Indiabulls. This optimism is also witnessed in the willingness of people to consider career movements. The criteria forming the basis for such a change have evolved, with professionals now averse to moving to newly-minted fund houses. Talent now takes a closer look at the future growth prospects of the fund house in consideration, and also the commitment of the sponsors, before considering a career move.

Earlier in this note, we discussed how independent AMCs will need to build captive distribution–either Greenfield or



via Joint Ventures (JVs). Considering the capital investment and long gestation period, Greenfield build-up is not a preferred option. Rather, several independents have pursued JVs with banks, notably the PSU banks.

There is an interesting implication of this trend on talent. We believe that not all talent from private enterprises will be comfortable working with the PSU-bank JVs, because of concerns about possibly different cultures, operating styles and compensation.

Another interesting development in the making is the SEBI proposal to mandate that AMCs reveal the track record of Fund Managers. This has been prompted by the poor performance of equity funds, with half of the funds being outperformed by their own benchmark indices and two-thirds lagging behind the Sensex and the Nifty over a three-year period. The SEBI proposal can potentially be a game changer, and we are sure that all eyes are focused on how this proposal pans out.

PEOPLE MOVEMENT

- **John Burns**, formerly Chief Operating Officer, Visor Capital, joins Baring Asset Management as Chief Operating Officer following the departure of John Misselbrook
- **Eleanor Seet**, formerly Senior Director for Asia (ex-Japan) Private Wealth Distribution, moves to Nikko AM as President & Executive Director.
- Nikko AM Asia appoints **Teck Keng Neo** as Head – Middle and Back Office and **Rodney Lim** as Head – Compliance.
- **Michael Simpson** joins Barings Asset Management as Head – Latin American Equities
- **Francisco Arcilla** from EIM joins AXA as Global Head – Funds and Hedge Funds
- **Ajay Argal**, formerly Head – Equity Offshore at Birla Sunlife Asset Management, joins Barings Asset Management as Head – Indian Equities
- **Himanshu Vyapak**, formerly Executive Vice President & Head – Sales & Distribution, Product Management & Customer Service takes over as Deputy Chief Executive Officer at Reliance Capital AMC
- **Tim Thomas**, AXA's former Head – Business Development (Asia), joins Prudential Financial (Pramerica) as Head – Corporate Development, Asia
- **Vikash Kothari**, Head – Key Accounts & Business Development with Bharti AXA IM, joins Edelwiess AMC as Vice President & National Head – Institutional Sales
- **Nisar Sindhi** and **Deepak Saluja** join JP Morgan Private Bank as Executive Directors at its Dubai and Singapore locations respectively
- Tata AMC's former Chief Executive Officer – **Ved Prakash** joins L&T Finance as Chief Executive – Capital Markets & Investment Management Group
- **Raju Sharma** is now Senior Fund Manager – Fixed Income at Tata Mutual Fund
- **Prateek Agarwal** from Bharti AXA, moves to ASK Mutual Fund as Head – Equities and Chief Information Officer

Exploring new horizons

Debt crises and market volatility have prompted firms and banks alike to pause and reflect on their growth strategies and future plans. But, amidst the turmoil, key players in the Indian industry still hold strong to their faith in the country's economy and its potential for sustained growth.

BY SURESH RAINA

Firms are adopting dynamic strategies to seek new sources of revenue. While the market is predominantly cautious in its approach to expansion, some players are viewing this time as a period of opportunity to streamline their organisational structure.

Debt capital markets

Indian banks that have balance sheet exposure to offshore markets are exploring the possibility of raising funds from both traditional and non-traditional markets, in an attempt to diversify their investor and lender base. Institutions are digging deeper into markets other than G3, such as Switzerland or China. The MTN debt programme has also been preferred by many issuers. Several Indian players are selling Yuan-denominated bonds. Distribution capability in international markets remains a gap area for Indian financial services players, and will continue to see hiring activity.

Debt deals have fallen by more than 15 percent, while Mergers and Acquisitions (M&A) volumes have fallen by more than 35 percent. US dollar bond issuance volumes rose by 200 percent; but including local currency bonds, total DCM volumes have fallen. Several new players are eyeing the DCM market, including HDFC Bank that is focusing on the infrastructure sector to expand its market share.

Equity capital markets

Institutions remain positive despite thin equity issuance volumes this year, and continuous complaints about the low fee scales. Indian companies are increasingly pondering listings in NY, London or even HK. ECM volumes fell by more than 50 percent. The M&A space has seen hiring in the first half of this year. We have also witnessed senior level churning in major banks, which has put greater pressure on performance and delivery. Hiring trends in ECM should pick up towards the end of the financial year, when the markets are expected to open up and the deal pipeline approaches execution.

There has been a significant increase in cross-border transactions, which account for over 80 percent of the total value of M&A deals, bulk contribution from inbound deals in energy, mining and telecommunications sectors. The current-day situation is diametrically opposite to last year, when domestic deals were in the range of more than 90 percent. Several players are considering creating a stronghold in sector-specific capital markets. Barclays, Goldman Sachs and RBS have added talent at the senior level to bolster their Equities desk. RBS is focusing on trading and investment banking, while Barclays expects to expand through equities sales, trading and research businesses. CBRE has strengthened its capital markets team to advise real estate funds for structured deals, in addition to its real estate business.

At a time when most domestic brokerages are grappling with the twin challenges of shrinking cash market volumes and low commission, foreign majors such as Daiwa, Jefferies, Barclays, RBS, Espirito Santo and Newedge are betting big on India and have pursued a serious hiring plan.

Sector outlook

Firms are worried about investing in new hires especially in support functions, largely on account of the debt crisis in Europe. A few firms have begun to regularly assessing their staff's performance and trimming away the bottom 10 percent—a convenient method of head count reduction—to be able to hire more effectively in other critical areas. The outlook for 2012, assuming headcounts return to normal and the worries of Greece exiting the Euro desist, looks healthy as there is still a great deal of future demand.

PEOPLE MOVEMENT

- **Devyesh Kumar** has moved from Fortune Financial to RBS as Head – Equities
- **Keshav Sanghi** has moved from Citi to Goldman Sachs as Managing Director & Head – Equities
- **Kausik Datta** moved from Standard Chartered Bank to UBS as Director
- **Rajiv Vaid** has joined Daiwa Capital Markets as Chief Operating Officer & Executive Vice President. He was earlier with Citigroup Global Services
- **Amrish Singh** has moved from Daiwa Capital to BoA Merrill Lynch's as Head – DCM
- **Ganesh Murugaiyan** from UBS Securities is now Head – M&A Advisory at BNP Paribas
- **Vikas Khattar** moved from Citi to Morgan Stanley as Head – Global Capital Markets
- Barclays Capital has hired **Avinash Thakur** as Director – DCM. He was previously with BoA Merill Lynch
- **Harish Raman** moved from UBS to Citi as Director – ECM
- Morgan Stanley's **Anant Shirgaonkar** is now Executive Director & Head – India Sales, UBS
- **Monil Bhala** moved from Morgan Stanley to UBS as Executive Director – Equity Sales
- **Kumar Singhee** has joined UBS as Director. He was formerly with BNP Paribas
- **Vivek Jain** moved from Edelweiss to UBS as Director – India Sales Trading
- **Pankaj Vaish** from Nomura is now Head – Markets at Citibank as Head of Markets
- **Rohit Dusad** has been appointed by Citi as Director – Origination in Credit Markets Trading. He was formerly employed with JP Morgan
- **Aditya Bagree** moved from Nomura to Citi as Director – Credit Structuring
- **Anand Rathi** has hired Praveen Chakravarty, from BNP Paribas Securities, as Chief Executive Officer – Investment Banking & Equities
- **Neil Bharadwaj** moved from Bank of America to Credit Suisse as Chief Operating Officer
- **Anantha Narayan** moved from ICICI Securities to Credit Suisse as Director – Equity Research
- **Ankur Choudhary** moved from JP Morgan to Credit Suisse as Director – Global Markets Solutions Group
- **Bhuvnesh Singh** from Credit Suisse is now Head – Equity Research at Barclays Capital
- **Neel Shahani** moved from IIFL to Barclays Capital as Head – Equity Sales Trading
- **Gaurav Kumar** and **Nikhil Bhatia** moved from Credit Suisse to CBRE as co-heads of Capital Markets division
- **Arun Khurana** moved from RBS to IndusInd Bank as Head – Markets
- **Rambhushan Kanumuri** moved from JM Financial to Barclays Capital as Head – M&A and Capital Markets
- **Vikas Khattar** from Citi is now Managing Director and Head – ECM at Morgan Stanley
- **Ajay Marwaha** moved from Daiwa to HDFC Bank as Head – Trading

Nurturing talent

The Compensation and Benefits Manager has transformed into a strategic business partner, with compensation being a key component in fostering profit maximising behaviour.

BY ANNE PRABHU

The traditional back office payroll function has, in recent years, transformed into a strategic Compensation and Benefits role. Today, compensation is considered a critical component to attract, retain and engage the best talent by key organisations around the world.

- The change in attitude is reflected in the increased focus from Chief Executive Officers on attracting the right talent by right pricing roles, and on providing appropriate compensation plans to retain top performers within the organisation.
- People costs/compensation contribute significantly to the overall cost of business operations, and impact top line and bottom line numbers.
- Globalisation has presented several new challenges and a growing need for alignment of compensation policies and practices. These policies must also comply with the regulations and sensitivities in different countries.
- Technology is creating opportunities for enabling the implementation/ administration of an otherwise seemingly complex suite of benefits; and has enabled the automation of the basic payroll process.

Hence, from a role that was primarily intended to support business, the Compensation and Benefits function has evolved into a more integral strategic business partner role. The Compensation and Benefits Manager is now called upon to create innovative and effective strategies that align compensation and benefits with the organisation's objectives. Here, the most effective policy is one that aligns with the current business strategy, is affordable and sustainable, drives productivity through appropriate pricing and bonus practices, and thereby attracts and engages key talent. Fairness in policy is especially important, since inequality or lack of differentiation can bring about employee disengagement.

Changing responsibilities

In recent years, the trend has been to provide a suite of offerings, and the flexibility for employees to choose from these offerings based on their individual needs. The Compensation and Benefits Manager has to keep abreast of the changing needs of the employee population, and ensure that all the diverse needs are catered to. Around the world, organisations are still coping with the aftermath of the financial slowdown, and are actively seeking ways and means to keep costs down. Accordingly, the emphasis is now on paying a differential compensation for those who create the most value for the organisation rather than paying for tenure alone; and also on rewarding strong performance, keeping in mind the organisation's short-term and long-term strategies. From the traditional cash (base + bonus) structure, organisations are now moving towards a total rewards philosophy that articulates all rewards—including learning and development, career development, enhanced productivity through process improvements, etc. The Compensation and Benefits Manager, therefore, is responsible for framing this philosophy, and enabling business managers to manage expectations and correct perceptions.

With organisations seeking more effective ways to attract and engage exceptional talent, the criticality of the Compensation and Benefits professionals has increased. Smaller firms are engaging with boutique firms that consult in Compensation and Benefits, while Compensation and Benefits specialist roles are key positions in larger organisations. Professionals with strong business orientation and expertise in this field are sought after. Organisations that have recruited senior Compensation and Benefits professionals include GE Capital, Levi Strauss, Philips, Nielsen and Verizon.

PEOPLE MOVEMENT

- **Lipika Verma** has moved from Nokia, Head C&B to GE Capital as Vice President – Compensation & Benefits
- **VPB Karthikeyan** has joined Levi Strauss & Co. as Senior Director – Global Compensation & Benefits. He was earlier employed with iSOFT, a CSC Company as Director & Head HR
- **Nirmal Kumar** has been appointed Vice President – Performance & Rewards with HSBC Technology and Services – Service Delivery. He formerly held the post of Industry Leader, HR Consulting, India, IT & BPO at Hewitt Associates
- The Nielsen Company has hired **Praveen Menon** as Associate Director – Compensation & Benefits. Before this, he was the Assistant Vice President – Rewards & Performance Management with IDBI Fortis Life Insurance Company Ltd
- **Yathish Alva** from Temptation Foods Ltd has been appointed as Head – Compensation & Benefits with diamond jewellery specialist Kama Schachter
- **Naveen Chilla** has moved from Deloitte, where he worked as Manager – Total Rewards to Verizon Data Services as Head – Compensation and Benefits
- **Rajesh Bangera**, formerly Head of Benefits & Settlement with RBS Group, has joined Diligent Media Corporation Ltd (DNA) as Head – Compensation & Benefits
- **Balaji Subbaraman** from Philips Electronics India Ltd has been appointed as General Manager, Head – Compensation and Benefits by Coffee Day Group
- Standard Chartered Bank's **Madhav Keswani** has moved to Aditya Birla Group as Vice President – Group HR (Rewards and Benefits)
- **Aakash Yajaman** from India Insure Risk Management Services has been hired by Unison Insurance Broking Services Pvt. Ltd as Vice President – Employee Benefits. He formerly held the post of Head – Employee Benefits
- Towers Watson India has appointed **Rishabh Shah** as Senior Consultant and Regional Lead. He formerly worked with Deutsche Bank Operations as Manager – HR
- Steria India's **Natasha Walia**, Senior Manager – Compensation & Benefits is now working with Ericsson as Head – Compensation & Benefits
- **Swarup Das** has moved from Sodexo Facilities Management Services Pvt. Ltd, where he held the post of Assistant General Manager – HR to Kuoni Travel Group. Here, he will assume the role of Head – Compensation, Benefits & Compliance
- **Monisha Chadha**, Associate Director – People & Organisation with Ernst & Young joins Philips as Director – Compensation & Benefits

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Engineered power play

The Engineering Services sector—both domestic and offshore—is poised for strong growth. While the domestic sector has been buoyed by numerous infrastructure projects, the offshore segment is targeting an innovation-oriented approach to maximise profitability and enable revenue growth.

BY **ANNE PRABHU** AND **ARJUN ERRY**

With India expected to spend approximately $1 trillion on infrastructure during the 12th Five Year Plan, global engineering consultancies are expanding their presence in the country–both organically and through acquisitions.

Domestic turf

- US-based Aecom Technology Corp. acquired Spectral Services Consultants Pvt. Ltd, an engineering consultancy firm located in Delhi
- NYSE-listed technical professional services firm—Jacobs Engineering Group Inc., acquired majority ownership of Delhi-based Consulting Engineering Services India, a firm engaged in services related to power, infrastructure and civil engineering within the country
- Global Engineering Consultant, The Meinhardt Group, acquired Indian construction technology provider, Eigen Technical Services

Other global companies such as Bechtel, Fluor Daniel, Mott MacDonald, MWH, CH2M Hill and Jacobs Engineering, to name a few, are witnessing robust growth. This growth is spurred by the large number of infrastructure projects being implemented across sectors. Key examples of these include the metro projects in Bengaluru, Delhi, Hyderabad and Kolkata, for the rail and transit segment; several airport upgradation projects; oil and gas projects implemented by Essar, Reliance, Cairn, etc. Plus, there are power generation and distribution projects being developed across the country by L&T, Reliance Infrastructure, Tata Power, etc. Hence, the demand for talent with comprehensive domain knowledge and experience in large-scale projects is on the rise.

The offshore overview

A competitive global market for engineering services has made it increasingly important for organisations to bid competitively for outsourced projects, while also ensuring profitable operations. This balance, although delicate, has become a survival strategy for a large number of European and American players. Global majors such as General Motors, Ford, BMW, Volvo, GE and Boeing have set up captive design centres or have off-shored to third parties. This is also the case with white goods and aircraft manufacturers.

PEOPLE MOVEMENT

- IBM's General Manager & Industry Leader (Aerospace & Defence) – **Anup Vittal** has been hired as Managing Director by Safran Engineering Services
- **Avinash Salelkar** has joined Syntel Inc as Vice President – Automotive & Manufacturing. He formerly held the post of Vice President & Global Head (Engineering Services) at Geometric Ltd
- **Gajbir Singh**, formerly Head – Engineering Services at Accenture, has moved to Defiance as Business Head – Engineering Services
- **Girish Mysoreprasad** resigned as General Manager at Quest to join L&T IES as Head – Aerospace
- Mahindra Satyam hired **Mathew Chacko**, former Chief Operating Office at Infotech HAL, as Vice President – Aerospace
- **Sandeep Sharma**, Head – Transportation with Mouchel International, has moved to PwC as Associate Director – Infrastructure
- Infotech Enterprise's Practice Head, **Vidyapathy NVK**, joined L&T IES as Head – Automotive
- Former Director of Engineering Services at Unisys, US – **Vivek Alwayn** has moved to Dimension Data as Country Head – Professional Services
- KPIT Cummins' President & Executive Director – **Girish Wardadkar** is now Chief Operating Officer at L&T IES

Today, outsourcing is not just about leveraging the cost advantage, but also about harnessing innovation and managing a large part of the design from India. In addition to global players, several Indian organisations such as the Tatas and Mahindras are also expanding their design capability to develop products for India and the international market.

This shift in focus from off-shoring for lower costs to off-shoring for innovation among evolved organisations in the aerospace sector, for instance, has also led to a strong preference for specialist firms. The Economic Times had reported in May 2011 that niche engineering services providers—QuEST and Cades—outbid bigger Indian rivals (including Infosys and Mahindra Satyam) to win an outsourcing contract from Airbus, the world's largest commercial aircraft manufacturer. This contract pertained to complex engineering projects potentially valued at over $300 million. Today, there is a palpable demand within the industry for leaders who have the ability to manage the profitability and growth of engineering delivery organisation, and possess the critical combination of strong operational skills and business acumen; talent with niche skills in product engineering; and leaders with the domain expertise and ability to manage large-scale projects. As a senior professional commented, growth in engineering services is only dependent on the organisation's ability to leverage talent; business otherwise is there for the taking.

Slow, but steady

Hunt Partners conducted a survey with leading finance professionals in India. The results are interesting–a blend of caution and optimism with respect to economic growth and company growth, resulting in a more focused hiring process for the coming year.

BY SUNISHI GABHAWALA

Despite ongoing concerns about the onset of yet another economic slowdown, Chief Financial Officers (CFOs) remain cautiously bullish about continued economic growth in the country. As per a survey conducted by Hunt Partners, an overwhelming 86 percent of the CFOs questioned expected Gross Domestic Product (GDP) growth of 5–8 percent in H2 2011–12, down from 8.5 percent in the corresponding period of 2010–11.

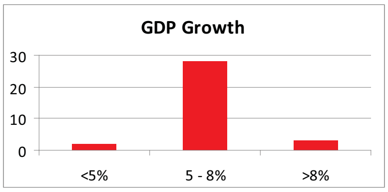
Further, 40–50 percent of CFOs anticipate less than 10 percent growth at the individual company level, and 33 percent expect growth between 10 and 20 percent. Only 27 percent of the CFOs surveyed expressed their belief that there would be 20 percent plus growth within their individual companies–these were high volume/transactions business CFOs.

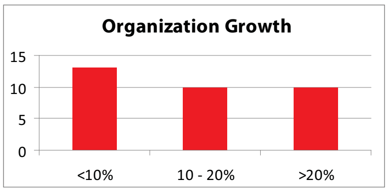
Domestic growth predicted

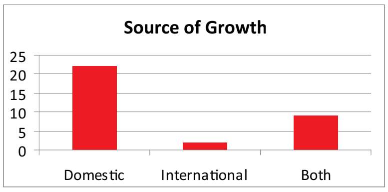
One of the most interesting statistics thrown up by the survey was that 66 percent of the respondents believed that projected growth would come from domestic demand versus international markets. Only 27 percent believed that growth would be driven by a combination of the two. Barely 22 percent CFOs are expecting to increase capital spending in the year; while 40 percent are uncertain about increased investments. Investing targets are equally spread out between enhanced production capacity (28 percent), new product development (34 percent) and expanding to new markets (38 percent). Less than 20 percent of the CFOs surveyed expect to engage in an acquisition in the next 12 months. In fact, over 60 percent have definitively stated that they will not expand through the Mergers and Acquisitions route. An overwhelming majority (90 percent) who have driven an acquisition in the past, or propose to do so in the year to come, will use international advisory/investment banks.

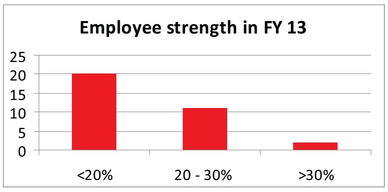
Selective hiring

The majority, or about 85 percent, of Indian executives surveyed are planning to increase their headcount during the year. However, keeping in mind the anticipated less than 8 percent growth of the Indian economy, 60 percent of the CFOs anticipate less than 20 percent









growth in headcount during FY 2012–13 over 2011–12. Technology and global CFOs are more bullish about hiring, and expect to increase headcount at the individual company level at the rate of 20–30 percent. More immediate, old economy sectors such as mining and manufacturing expect to see favourable hiring requirements in Quarters 3 and 4 of 2011–12. Increasingly, early growth or private equity-funded companies are looking to hire 'big company'-trained CFOs with strong systems orientation and excellent governance methodologies. Some commonly demanded requirements include:

- **Promoter** – emphasis on cultural fit, ability to build systems and processes, strong controllership skills and efficient management of costs. Essentially, the CFO must be able create systems that match the scale of, and drive growth within, the organisation
- **PE Fund** – ability to structure the balance sheet, fund raising and analytical skills, experience with providing detailed MIS and working towards improving valuations
- **Common skills** – ability to work in an ambiguous and unstructured environment, excellent skills in maintaining investor relations, ability to work in a start-up environment, a hands-on approach and involvement in all aspects of the business function.

Hiring challenges remain

Despite a less aggressive hiring growth plan, CFOs say their companies are finding it more difficult to acquire sufficiently-skilled people than they did five years ago.

PEOPLE MOVEMENT

- **Vinit Jain** – Chief Financial Officer, Zee Learn Ltd has moved to SUN18 Media Services North Pvt. Ltd. He will hold the same position in the new company
- eMeds has hired **Balasubramaniam** as Chief Financial Officer. He was formerly Vice President – Finance of Aris Software
- **Vineet Joshi** assumes the post of Chief Financial Officer – Precision Automation & Robotics, from his previous role as Chief Financial Officer, Walchandnagar Industries
- **Sagar Patil** moved from DHL Express (India) Pvt. Ltd to Allcargo Global Logistics Ltd as Vice President – Accounts and Finance. He formerly held the position of Chief Financial Officer
- Yes Bank's former Associate Director – **Suraj Chatrath** takes over as Vice President at SREI Infrastructure Finance Ltd
- **Sunil Mehra**, former Managing Director – Corporate Finance Group of Standard Chartered has joined MAPE Advisory
- TBWA\ India has hired **Manosh Mukherjee** as Group Chief Operating Officer and Chief Financial Officer. He was formerly Chief Operating Officer & Executive Director of Bates 141 (India)
- **Rohit Pathak** and **Gautam Swarup**, both Associate Principles with McKinsey, have joined Aditya Birla Group and DRL, respectively. Mr Pathak will be part of the Chairman's Office (Strategy Team) while Mr Swarup will serve as Senior Director (Strategy and Corporate Development)

About the Data: Thirty-three CFOs responded to the survey during the two weeks ended October 15, 2011.

The electrical connect

Government support for home-grown electrical equipment manufacturers has served as a much-needed shot in the arm for the domestic sector. The resultant growth has been further encouraged by the rapid proliferation of the electricity sector in India.

BY **SUNISHI GABHAWALA** AND **RAHUL ROY**

- **10 percent –** the shortage of power India faced in 2010–11
- **12 –** the number of hours that tier II and III towns spend with no electricity
- **$400 billion –** projected investment by the Indian Government by the end of the 12th Five Year Plan in 2017
- **120 GW –** anticipated addition to installed power generation capacity by 2017

These statistics open up new windows of opportunity for the electric equipment industry in India. Several European companies, including Lucy Switchgears in a joint venture with CG, DEIF, Lapp and Hummel, have set up their manufacturing facilities in India. This has resulted in noticeable talent movement in the past 12–18 months across functions, spanning from manufacturing to finance to sales. The expertise and networks brought in by local talent is a valuable enabler for a company entering the Indian market, to ensure a strong foothold. DEIF successfully hired Suresh Badrinarayanan, Vice President, Havells, as Country Managing Director. Ramanath Gurzala, General Manager, Human Resources at Ace Designers joined Lapp India as Vice President – HR.

However, equipment demand is cyclical. Expansion, and consequently hiring, is dependent on order books and competition. In the case of certain Indian electric equipment manufacturers such as TRIL, KEI and Indotech, these firms have added capacity in anticipation of growing demand, and may not necessarily have an immediate need for talent. On the other hand, select large players such as BHEL have recently won large orders, and will continue to add manufacturing and resource capacities.

The Indian growth story

A growing trend driven by cost advantages, among the Engineering, Procurement and Consulting (EPC) and power generation companies, was to source competitively-priced equipment from China and Korea. Concerned about quality and after-sales service of products sourced from overseas, the government has introduced a new clause in the bidding process that mandates the use of only goods manufactured in India in Indian projects. As a result, orders negotiated with

PEOPLE MOVEMENT

- IBM's **Rajesh Nandwani**, General Manager, SBU & Product Management at C&S has moved to Anchor Panasonic as Business Head – Switchgears
- **Ranganathan VP**, General Manager – Operations & Projects at Areva T&D has been hired by Bharat Bijlee as Business Head
- ABB has appointed **Anupam Arya** as Vice President – Technology Centre for HV Products. He was formerly Unit Managing Director at Areva T&D
- **Vineet Trakroo**, Vice President – Marketing at CavinKare has joined Usha International as Vice President
- **Sunil Bakshi** joined Energetic Lighting India as Chief Operating Officer. He was formerly Assistant Vice President at Havells-Sylvania Lighting
- **Prashanth Doreswamy** moved to Ingersoll Rand as Plant Director. He was earlier with Tata Johnson Controls as Plant Head

Chinese manufacturers were rescinded, resulting in appreciable loss to the Far East companies. Some companies have tried to work around this clause by setting up manufacturing plants in India. Chinese firm, TBEA has already commenced construction of a plant near Vadodara, in Gujarat. Such measures by Far East companies will provide an impetus to hiring across levels in the electric equipment industry, especially on the technical front.

Other key growth indicators in the power sector that will fuel demand for technical and qualified electrical engineers include:

- Twenty-eight percent growth in high voltage and Extra High Voltage (EHV) switchgear, due to sustained demand from the power grid, Independent Power Producers (IPP) and the utilities segments
- Demand for Medium Voltage (MV) breakers for substation projects has resulted in growth of over 30 percent for the sector
- For every MW capacity addition, the MVA requirement of distribution transformers is eight to fifteen times more, depending upon the distance to which the power is being supplied. Accordingly, the transformer industry has grown by 15 percent. While, on one hand, domestic demand is on rise, on the other, exports have declined
- The energy meter sector is experiencing healthy growth on the domestic and export fronts across single and poly phase static products. The industry is involved in developing specifications for 'smart meters', with the Ministry of Power

Non-power sector industries that use electric equipment also demonstrate continued demand for these products.

- Low Voltage (LV) switchgear products continued to witness growth of more than 20 percent, due to sustained demand from the cement, steel, original equipment manufacturers, construction and infrastructure sectors
- The cable sector saw an overall rise in demand of 16 percent, mostly driven by the control cables segment, which saw growth of 32 percent
- Demand for the rotating machine industry has grown by 12 percent, mainly for LV motors and alternators. Sectors such as paper, textiles and pharmaceuticals are sensitive to energy efficiency, and hence the market share of energy-efficient motors is also increasing

Indian exports of electrical equipment account for less than 1 percent of the global trade. With electricity being a sunrise sector across the developing world, there is also significant export potential for the domestic industry.

Globally connected

One of the first sectors to bounce back from the global economic meltdown, the Information Technology industry in India is already showing signs of healthy recovery. Backed by a growing need for mobile business, business and hiring trends in this sector are looking up.

BY **SUNIL PANDITA, ARJUN ERRY** AND **ANTONY VARGHESE**

The Information Technology (IT) industry, which includes IT services, IT-enabled services (Business Process Outsourcing), engineering service and hardware, came back strongly to clock an impressive growth rate of 19 percent in 2011 compared to last year's 6.5 percent. The contribution of this sector to India's Gross Domestic Product (GDP) increased to 6.4 percent in the year 2011 and, given that the exports account for two-thirds of the overall revenue, the impact on nation's trade surplus continued to be significant.

While exports continued the upward trajectory, the domestic hardware business that contributes 14 percent to the overall industry showed sluggishness, with PC shipments in the quarter ended March 2011 recording a below-expectation 6.2 percent Year-over-Year (Y-o-Y) growth, due to a slump in consumer demand.

During FY 2011, the Indian IT industry generated direct employment of 2,40,000, taking the total employee base to 2.5 million. The calendar year 2011 began with an abrupt change in guard at Wipro, followed by the appointment of a new Chief Executive Officer at Infosys. During the course of the year, we also saw a change in the pecking order in terms of revenue, of the Top Five companies, with Cognizant displacing Wipro to peg itself at the # 3 slot.

The Q2 results for the Big Five services companies are a mixed bag. While TCS' net profit fell short of expectations, Infosys' sequential net profit growth at 11 percent was in line with investor expectations. Although some part of the profit growth can be attributed to the Rupee depreciation, the focus on cost optimisation has yielded dividends. As these giants continue to tighten their purse-strings and focus on execution, selective lateral hiring for top talent with strong operational and project management skills is on the horizon for the next two quarters.

Social technology

On the technology front, with more applications becoming available on mobile platforms including tablets, these devices are fast becoming the new office, unleashing the true

PEOPLE MOVEMENT

- **Anup Vittal** has moved from IBM to Safran Engineering Services as Managing Director
- **Ashok Shenoy** from Sun Microsystems is now Vice President – Data Centres, at Cisco
- **PJ Nath** joined Nelco Ltd, a Tata company as Chief Executive Officer
- **TR Srinivasan** is now Global Delivery Head of Dimension Data
- **Puneet Mohan** left Mahindra Satyam to join Firstsource Solutions as Vice President – CRM for Asia Business Unit.
- **Manoj Chandan** Jain moved to Birlasoft as Vice President & Geo Head, India & ME

potential of mobility. The advent of social media has spurred a new trend among business in India, with the number of followers serving as the metric of brand popularity. At the same time, enterprises are still grappling with monetisation models for their extended social networks. This has resulted in closer collaboration between business and IT. Additionally, the more progressive firms are redefining the traditional Chief Marketing Officer (CMO) and Chief Information Officer (CIO) roles to include internet technology as a key business driver. Companies will increasingly look for tech-savvy business leaders who are comfortable with digital media.

The industry continues to invest in people and build capacity by hiring new talent (both entry and lateral) and making sustained investment in training and up-skilling human capital. The training spend per employee in the IT-BPO industry is among the highest in the organised services sector. Soft-skill training is also gaining increased traction.

New pastures

New verticals such as retail, healthcare, media, utilities and transportation are emerging as the key growth drivers in technology adoption, with a 50-percent higher budget outlay as compared to the traditional Banking, Financial Services and Insurance (BFSI) and telecom industries. As the stress in the US economy continues, and with Eurozone slips deeper into an economic crisis of sorts, top companies are strategically diversifying to Asia Pacific, the Middle-East and Africa, and other emerging markets to sustain growth.

Many top players are contending cheek-by-jowl to capture the high growth market (industry and geo) berths. A direct consequence of this change in focus is that onsite talent, which was hitherto concentrated in the North American market, will be reassigned to APAC, often in tandem with local talent in language-constrained countries. This trend has already been set in motion, with Vidyapathy NVK moving from Infotech Enterprises to lead the Automotive Sector at L&T IES. Similarly, Religare Technova hired Anoop Singh Sengar as the Regional Director – Middle East & Africa (MEA), Ravi Saxena moved from Cisco to Brocade to lead APAC Service Provider Sales.

Another trend that is also gathering steam is non-resident Indians seeking career opportunities in India, as well as foreign nationals moving to India for a period of two to three years, to outlast the economic uncertainty in their home countries. The resultant workforce diversity is a boon for Indian companies, who are leveraging this trend to support their quest for global expansion.

Joining hands to build the future

The Indian infrastructure segment stands at a crossroads of sorts, with traditional models crumbling under the pressure of reduced funding and inadequate investment.

BY SURESH RAINA

The first half of the year has seen mixed fortunes for the infrastructure space—while the market still holds promise for this sector, most firms are bogged down by impediments such as the unavailability of investment and delays in government policy. The availability of talent is another major constraint, with the Public Sector Undertakings (PSUs) still contributing a fair share to the availability pool, and the larger players in the private sector not investing enough on developing their internal leadership pipeline.

Coal

Many Indian companies are investing in what is referred to as pit-to-port, to secure a steady supply of raw material. Indonesia, despite being the world's largest thermal coal exporter, its local tax and infrastructure issues are forcing Indian companies to look at more favourable opportunities in Australian mines. Some of the major deals included Lanco Infratech and Griffin Coal, Adani Group & Linc Energy & Abbot Point terminal, GVK & Hancock Coal, and GMR Energy & T Golden Energy Mines. Subsequently, there is a high demand for talent who can help Indian corporations to manage their expanding footprint.

Mining

With increased activity in the mining sector, the demand for mechanisation and highly productive, safe, efficient and cost-effective machinery will increase. The Indian mining equipment industry is seeing more international players entering the sector, and local companies ramping-up their production capacities. The cabinet has approved the Mining Bill calling for funding local schools, hospitals and roads using profits and royalties from reluctant mining firms-a move that may kick-start several stalled projects.

Roads and highways

In stark contrast to the earlier trend of the government allocating grants in the form of viability gap funding, developers now find highway projects lucrative enough to offer hefty premiums. However these developers are also bearing the brunt of an increase in the cost of borrowing in recent months. These projects also present tremendous opportunities for players who possess a combination of Engineering, Procurement and Construction (EPC) and Build, Operate and Transfer (BOT) skill-sets. Some major deals include Morgan Stanley JV with Isolux Corsan, Tata & Hochtief and IDFC and Malaysias Khazanah.

Renewable energy

Unlike the West, where investments in the Renewable Energy sector have slowed down, Indian clean technology continues to attract venture and Private Equity funding. The government has levied taxation on coal, and has approved the Payment Security Scheme under Phase 1 of Solar Mission. The scheme will facilitate the setting up of 1,000 MW grid-connected solar power projects, to achieve the targets laid out by the National Solar Mission. Major deals include RPower (ADAG) loan from the US Exim Bank and Goldman Sachs investment in ReNew Wind Power.

Power

Accelerated Power Development and Reform Programme (APDRP) projects are taking off, with the franchisee model of electricity distribution already being implemented in several cities. Further, T&D BOOT projects have witnessed increased interest in ultra mega transmission projects for the evacuation of upcoming UMPPs. The sector is witnessing increasing interest from Chinese/Korean players such as Hyosung, TBEA and Baoding, among others. Power producers are placing orders for Supercritical Technology equipment with international manufacturers. Expats working for power projects are helping foreign players to challenge local firms such as BHEL and L&T. These engineers also help to plug the local availability gap for specialised talent.

PEOPLE MOVEMENT

- **Ravi Khanna** moved from Scatec Solar to join Aditya Birla Solar Power Business as Chief Executive Officer
- **Parminder Sandhu** from Shell India Markets has joined Ingersoll Rand International as Country Business Head and General Manager
- **Ajay Awasthi** moved from Reliance Communications to join Duron Energy Pvt. Ltd as President and Chief Executive Officer
- **VS Gopinath**, who was formerly employed with AT&T, has now joined Reliance Communication as President & Chief Operating Officer Enterprise – (Global Com)
- **Kaushik Pillalamari** moved from Verizon to join Reliance Communication (Global Com) as Head – Data & Devices
- Reliance Communication (Global Com) has hired **Rory Cole** from Verizon as President – Carrier & ISP
- **Anil P Gupta** moved from Honeywell International to join Reliance Infrastructure as President & Head
- **Andrew Thomas** moved from London Underground Railways to join Reliance Infrastructure as Chief Operating Officer – Delhi Airport Express
- **Kannan SR** moved from Tata Communications Ltd to join Verizon Business as Head – Global Strategic Services
- **Girish Mysoreprasad** has resigned from Quest to join L&T IES as Head Aerospace
- **Ajit Yadav** moved from FoxMandal Little to join Vedanta Resources as President & Group General Counsel
- **Vinayak Joshi** from Unisafe Fire Protection Specialists LLC has joined Honeywell as Director – Supply Chain HBS Asia
- **Rajeev Bhadauria** moved from Reliance Infrastructure to join Jindal Steel & Power Ltd as Director – Group HRM
- **Amogh Nawathe** from Voltas has joined ABB as Vice President/BU Head – Minerals
- **Narayana Prakash Saligram** moved from Enzen Global Solutions to join MEMC Electronic Materials as Director – Remote Area Power Systems
- **VM Rao** moved from Emirates Aluminium to Lanco Solar as Senior Vice President – Human Resources
- **Ramakrishnan R** moved from GMR Energy to join Caparo Energy (India) Ltd as President
- **Emmanuel David** moved from Ramky Group to join SREI Infrastructure Finance Ltd as CHRO

Investment banking sputtering after a great start

From a spectacular start to a sputter is the story of the sector globally for the year 2011–something that is likely to continue well into 2012. The domestic situation is similar, with numbers slipping this quarter. While a few strategic hires have taken place, waiting it out seems to be the choice for many.

BY **SUNIT MEHRA** AND **SIDHARTH NAMBIAR**

Looking at Q1 global numbers, one would have imagined that the banking business was back with a bang. However, Hunt Partners' own analysis of the same period revealed that the picture was far from rosy (Ref: Hunt Report May 2011). Rolling forward to Q3 (July–September), the writing is on the wall. While the sum total of M&A deals is up 9 percent Y-o-Y to $2.18 trillion, the value of third-quarter M&A deals stood at just $633.3 billion–down 19 percent vis-à-vis the third quarter last year. According to Dealogic, global M&A volumes hit $595.2 billion, down 18 percent from the second quarter this year and 21 percent from the same quarter in 2010. Deal flow dropped by 9 percent from the second quarter. Experts continue to see global uncertainties weighing heavy on M&A activity.

The news closer home is not positive either. A slump of 20 plus percent YTD in India's benchmark Sensex, and rising inflation and interest rates have seen domestic M&A dwindle in Q1–Q3 2011, as compared to the same period last year. According to Mergermarket, corporate India saw 177 deals totalling $26.8 billion in the first nine months of 2011, a decrease of 41.5 percent by value and 16.9 percent by volume as compared to 2010.

A few large M&A deals during the first nine months have significantly contributed to the total deal value during the period–BP Plc's $7.2 billion deal with Reliance Industries and Vodafone Group Plc's purchase of 33 percent stake, worth $5.46 billion, in Vodafone Essar. Other significant M&As were the acquisition of assets of Hancock Prospecting ($1.26 billion) by GVK Power & Infrastructure, and the sale of 5.5 percent stake in Vodafone Essar by Piramal Healthcare for $640 million.

Despite the challenges facing the industry, 2011–12 may still end on a positive note, if the government takes a few key decisive steps, such as pushing through the planned M&A norms for the telecom industry, allowing global airlines to invest in local carriers and enabling the removal of the FDI cap on single-brand retail.

On the people front, the drought of 2011 seems to be worse than the 2008 economic crash, with European banks likely to see significant year-end churn. Many of the exits during the period have been of senior professionals. Strategic hiring is likely to be the focus, besides upgrading and replacement hiring, enabling banks to be better equipped for the future. Recruitment at the middle-management level and below is likely to continue to achieve incremental growth.

So, what is the outlook?

- The larger Indian investment banks are diversifying their product offering. For example, Kotak's tie-up with Evercore
- Boutique investment banks have fared better than their larger counterparts. New ones continue to spring up. The focus is likely to be on incremental growth by stretching productivity
- RenCap is one of the bigger players to enter the Indian market during the past six months. We anticipate no new entrants in the market in the near future
- With rising inflation, lowering margins and increasing interest rates, outbound M&A is unlikely to see much activity. The only sector where M&A will continue is commodities/resources

PEOPLE MOVEMENT

- **Ashok Mittal** from Lehman Brothers joins UBS as Head – Investment Banking
- BNP Paribas has hired **Ganeshan Murugaiyan** as Head – Investment Banking
- Former Citi Managing Director – **Nalin Nayar** has moved to Religare as Head – Investment Banking
- **Pramod Kumar** has left Citi to join Barclays Capital as Managing Director – Investment Banking
- **Praveen Chakravarty** has moved from BNP Paribas Securities to Anand Rathi as Chief Executive Officer – Investment Banking & Equities
- Barclays Capital has hired **Rambhushan Kanumuri** as Head – M&A and Capital Markets
- **Rohit Dusad** from JP Morgan has joined Citi as Director – Origination in Credit Markets Trading
- **Saurabh Agrawal** has joined Standard Chartered as Head – Investment Banking Division
- **Sughosh Moharikar** from Credit Suisse will join Deutsche Bank as Head – M&A
- **Anshuman Thakur** is now Managing Director – Investment Banking at Morgan Stanley
- **Promit Ghosh** has left Bank of America to start a new PE and M&A advisory firm
- Standard Chartered's **Sunil Mehra** is now Managing Director – Investment Banking at MAPE Advisory

The bitter-sweet pill

The ongoing brouhaha about Foreign Direct Investment notwithstanding, the Indian pharmaceutical sector is now an innovation leader on the global fore, with a commendable number of innovative products to its credit.

BY **ANNE PRABHU** AND **PRAFUL NANGIA**

One of the fastest-growing markets in the world, the Indian pharmaceutical sector currently stands in the eye of a whirlwind of raging debates and startling trends. The most recent of these is the dilemma of whether Foreign Direct Investment in the pharmaceutical sector should be regulated and be capped below 100 percent. This furore comes in the wake of several major acquisitions that the industry has witnessed over the past few years, and a genuine fear that these Multinational Corporations (MNCs) will seek to hike the price of drugs to recover their investment costs. Recent reports that global pharma major, GlaxoSmithKline, has set aside $2 billion for acquisitions in India have generated a lot of interest among domestic players.

India at the fore

India-based generics firms are now leading their global competitors in discovering and developing new biopharmaceutical entities. India is reported to have nearly 90 innovative products in the pipeline; almost half of them are already in the preclinical phase. In the face of such aggressive growth, the industry will undoubtedly witness a heightened demand for quality R&D professionals. The 2011 CMR International Asia Pacific R&D Pharmaceutical Factbook reports that multinational pharmaceutical companies are likely to face increased competition for new molecular entities from Indian generics companies, who continue to make significant investments in innovative R&D. These Indian firms have also generated the largest new drug pipelines among generics companies around the world in the period 2006–10.

Another interesting development playing out in the present-day market is the strong focus of MNCs on the Indian sector. Indian pharma companies are now waking up to an aggressive battle for supremacy raging in their backyards. To capture maximum market share in India, global pharma majors are resorting to price cuts–a strategy perfected by Indian multinationals in overseas markets, who now account for a fifth of the worldwide market. A Bank of America Merrill Lynch report states that the Top 10 MNC companies in India grew 22 percent Year-over-Year (Y-o-Y) in August 2011, against the industry growth of 14 percent. Pfizer, Sanofi, MSD

Rank	Country	Market in USD bn 2005	2015e	Absolute Growth	% Growth
1	US	248	444	196	79
2	China	13	38	25	192
3	Japan	68	80	14	21
4	France	63	46	14	44
5	India	6	20	14	233
6	UK	19	32	13	68
7	Canada	13	25	12	92
8	Spain	14	25	11	79
9	Brazil	9	20	11	122
10	Mexico	10	19	9	90
11	Turkey	7	15	8	114
12	Germany	31	38	7	23
13	South Korea	8	15	7	88
14	Italy	20	25	5	25

Source: IMS World Review, Mckinsey Pharma Model.

Year	Acquisitions
2009	• Sanofi-Aventis acquires Shantha Biotechnics • Perrigo acquires Vedant Drungs & Pharma • Mylan acquires a 15-percent stake in Famy Care • Ventoquinol acquires Wockhardt's veterinary business • Pfizer acquires rights to 60 Aurobindo Pharma products
2008	• Daiichi acquires Ranbaxy • Frensenius Kabi acquires Dabur Pharma

(Merck) and AstraZeneca were the growth leaders (sales rose 25–32 percent), who were propelled by strong branding and a stronger focus on the domestic market. Although short-term growth is reflected in these numbers, the operating profit margins of the top nine pharma MNCs could take a knock going forward. These firms will also find themselves up against strong resistance in the form of increasing prices, in future.

Looking ahead

A senior professional commented that the next battle in the pharma sector will not be fought in the urban areas, but in tier II and III cities. Many companies are hiring afresh and are re-training their sales forces to focus on these markets. This realigned focus on the domestic market has created a sizeable demand for quality talent in sales and business roles, to lead the domestic business. Indian pharma companies, having done very well in the overseas and domestic market in the past decade, are now training their sights on attracting and retaining the best talent to drive growth. Key examples illustrating this trend include Gautam Swarup from McKinsey joining Dr Reddy's Laboratory as Head – Strategy and Alliances, Bhasker Iyer from Astra Zeneca joining Wockhardt as President – Domestic Business, Nalin Garg from Coca Cola joining Wockhardt as President – Human Resources. Factors such as independence, wide span of control, and the ability to make a difference and contribute to shaping global Indian players act as key drivers.

PEOPLE MOVEMENT

- **Bhaskar Iyer** has joined the Wockhardt team as President – Domestic Business. He formerly served as Area Vice President – South East Asia and India with Astrazeneca
- Fresenius Kabi India has hired **Sadanand Kulkarni** as Vice President – Medical Affairs and Clinical Research. He formerly held the same position at Abbott Nutrition International
- **Mahender Nayak** has resigned from his post as Marketing Director – Specialty Care at AstraZeneca, to join Takeda Pharmaceuticals Asia-Pacific as Regional Marketing Lead – Cardiovascular & Renal Franchise
- **Gautam Swarup**, Associate Principal, McKinsey moved to DRL as Head – Strategy and Alliances
- **Deepti Varma**, formerly Head – Business HR for API Business, DRL has joined Amazon.com as HR Business Partner
- Ranbaxy's Vice President **Venugopal Vijayendran** is now the Chief Executive Officer of Orchid Healthcare
- **Apporva Nutra Pharma** has hired a new Director in Alok Pandey. He formerly held the post of Chief Executive Officer at Unifarma LifeSciences Ltd
- **Nageswara Rao Vasireddy**, Vice President – Business Development at Vimta Labs joined as Head – Business Development at Clinigene International Ltd
- Founder member of Healthcare Start Up – **Prasenjit Kundu** has joined Globsyn Skills Development Ltd as President
- **Varuna Khurana** has joined Unimark Remedies Ltd as Senior General Manager – API Marketing. He formerly served as Domestic Head – API Sales & Marketing with Cadila Pharmaceuticals

- **Swadesh Behera**, Director – Human Resources, at MSD Pharma moved to Boston Scientific as Vice President – Human Resources
- **Sameer Khedkar**, General Manager – Sales & Marketing at FDC has taken up the post of Director – Sales & Marketing Excellence at UCB Pharma
- **Umesh Kunte**, Business Director – APAC at Merck moved to Besins Healthcare as Managing Director
- Roche Diagnostics has hired **Angshuman Chatterjee** as Regional Head – Key Accounts. He was formerly associated with Stryker India Pvt. Ltd as Regional Sales Manager – East
- **Narendra Joshi**, Strategic Marketing Manager with Beckman Coulter moved to Philips Healthcare as Director – Marketing

Sixty General Partners raising money in India?

While the macroeconomic sentiment is, at best, edgy, top PE talent continues to move—albeit in ones and twos—mostly to start their own funds. One would think it is prudent to consolidate in times like these; however the stalwarts of the industry seem to think otherwise.

BY **SUNIT MEHRA** AND **RAHUL BHAT**

The question may seem astonishing to an industry expert outside India, although it may not be so in the Indian context. Creating a parallel, let us consider India's success in international sports. India has won six Olympic medals in the last 15 years, all of them in individual sports such as tennis, weightlifting, shooting, wrestling and boxing. At the Commonwealth Games, New Delhi 2010, the top medal winners were in shooting, table tennis (singles), archery and badminton (singles). Even our cricket 'team' has seen how a few good batting knocks or a five-wicket bowling haul can see it home!

And so, we see a similar trend emerging in the private equity industry as well. One of India's large institutional investors has seen several stalwarts exit over the last 18 months, spawning four new entities. Similarly, a large multinational institutional investor lost several of its senior people during the same period, to create two new funds. On the same lines, some large blue-chip private equity funds in India saw their Managing Directors/Partners exit, each to start on their own. Rarely do we see entire teams moving out together, as is common in the West.

Does the underlying reason lie in our DNA? Do we generally work better as individuals rather than in teams? Even though working as a cohesive unit enables the creation of larger enterprises, the desire to outshine the rest still remains inherent within us. After all, 'I' does come before 'V' in the English dictionary.

The question therefore that begs to be asked is: what lies ahead for all the General Partners (GPs) raising funds, and which of them will be successful? A few home truths reiterated may help us get closer to the answer.

1. Limited Partners (LPs) look for stable teams that have worked together, essentially because 'Partnerships' are by nature prone to splitting
2. LPs want to see a good investing track record in India. As we have seen, deploying money is very difficult in the Indian context; exiting with consistent and reasonable returns is even harder. Teams that have stayed together and won provide an implicit assurance that the money is in safe hands!

HUNT PARTNERS

PEOPLE MOVEMENT

- Several senior leaders exited during the period to start own ventures, namely **Manish Kejriwal** from Temasek and **Sunish Sharma** from General Atlantic Partners (who have joined hands), **George Thomas** from India Value Fund and **Sumit Chandwani** from ICICI Ventures
- **Rohit Sipahimalani** moved to India to fill the void created in Temasek. **Anant Kulkarni** (JM Financial) and **Srinivas Baratam** (Lazard) moved to Milestone Religare as Joint Managing Directors after **Rajesh Singhal** and **Amit Vikram Sharma** moved out, thus reaffirming our 'round robin' theory! (Vol 2, May 2011)
- Interestingly, the industry also saw talent move out altogether. **Shashank Sinha** – Director, Navis Capital moved to Godrej Consumer Products as President, International Business. **Manoj Gupta** from Nexus Venture Partners, **Saif Dhorajiwala** from Avigo Capital and **Sumant Kasliwal** from ICICI Ventures have all turned entrepreneurs.

Others

- **Anshuman Goenka** – Director, Baer Capital joined Standard Chartered PE as Director
- **Abhik Mitra**, formerly Managing Director, TNT joined India Equity Partners as Operating Partner
- GE Capital PE has hired **Anand Trivedi** from Shinsei PE as Managing Director
- **Girish Nadkarni** – Chief Financial Officer, Rallis India, joins IDFC PE as Partner
- **Manish Makharia** – Executive Director, Kotak Investment Banking moved to TVS Capital as Executive Director
- **Vivek Mehra** – Managing Director, Yes Bank joined Aloe PE as Managing Director

Given this scenario, Hunt Partners avers that the shortage of talent seen in the past five years will turn its tide. The submission rides on the belief that in the next few years several GPs may fold up their investment ventures for the reasons stated above. While this may be a difficult phase for the industry, the ensuing period will see a brighter future. Stronger, mature firms with high quality teams and track records will define a more robust industry moving forward.

Condolence message

Hunt Partners deeply regrets the sad demise of **Ved Prakash Arya**. His absence is a great loss to the PE industry.

Changes on the horizon for Private Wealth Managers

With dust finally settling after the recent global economic slowdown, the private wealth management sector is undergoing a paradigm shift of sorts, with old, redundant models and practices being discarded in favour of newer, more dynamic and versatile alternatives.

BY ARJUN ERRY

The Asian continent—and India, in particular—holds tremendous opportunity for wealth management activities. According to the World Wealth Report 2011, the population of High Net Worth Individuals (HNWIs) in Asia-Pacific, which currently stands at 3.3 million individuals, is one of the highest in the world, second to only North America. The combined wealth of Asia-Pacific HNWIs had already topped that of their European counterparts in 2009, and that gap widened in 2010.

The private banking and wealth management sector is undergoing a sea change following the recent financial crisis. The sector is witnessing growing risk awareness among clients, declining fee-income, attrition/consolidation within the industry, shortage of quality talent and structural challenges in terms of remuneration. On the other hand, this period has also seen the emergence of newer avenues for business, due to an increased number of family offices and the higher banking cross-sell.

Restructured revenues

Driven by the regulatory push to reduce, or even eliminate, the commissions payable to distributors, manufacturers and distributors alike have had to rework their business models. Private Wealth Managers (PWMs), who formerly received both an Assets-Under-Management (AUM)-derived fee and the manufacturer's commission, were the hardest hit, with a three-fold impact on their revenue stream.

1. A major reason why revenues have declined is the current state of the capital markets, which has reduced investor appetite for equity and equity-linked instruments
2. Revenues have also declined because regulators have either eliminated or drastically reduced up-front/trial commissions
3. With investors far more focused on cost-lines than before, PWM fees are under the scanner. This also contributes to sparser revenues

Call for consolidation

In this challenging environment, we believe that consolidation will occur along two axes—the first being the number of PWM entities and the second, the number of Relationship Managers (RMs) in the industry. PWMs from equity broking houses will face pressure to ensure that their team strength is meaningful, given the dichotomy between the broking business (where a daily P&L can be run) and the long gestation of private banking. Consolidation will also take place within the RM community.

During the growth years of this sector, client managers from other industries were pulled into private banking to tap their larger client base, and not necessarily for their understanding of money markets. We expect such RMs to come under the productivity lens, which will eventually compel them to exit the PWM sector.

Tapping talent

We believe that the talent landscape in private banking will undergo a significant change over the next few years. Most significantly, the growth of the industry will be augmented, thus impacting PWMs' profitability and break-even timelines. This will mean that only committed players with a long-term view of the business will be able to enter the arena and build a sustainable business. With the high demand and limited supply of RMs, larger players will work towards attracting 'career-converters' at intermediate levels, and developing them into full-fledged RMs.

An eye for compensation

From a compensation standpoint, we see some rebalancing taking place. Based on the fact that a productive AUM now produces ~60bps of fee income, the revenue expectations of RMs have been revised. It is no longer profitable for the PWM if the fee income generated by the RM is three times his/her total compensation. We believe this multiple will have to increase to five times the total compensation. This growth in the revenue multiple will imply that only RMs committed to private banking, with strong client relationships, will remain in the industry.

PEOPLE MOVEMENT

- **Asha Mathen** has joined Barclays as Wealth Director – Private Client Group. She was formerly part of Deutsche Bank's Private Wealth Management Division
- **Puneet Matta** has resigned from his position of Head of Wealth Management – India at Credit Suisse
- **Puneet Periwal** has moved from Anand Rathi, Director – Portfolio Management & Investments to RBS as Market Head – West (Private Banking Business)
- **Farooq Choudhury** from Merrill Lynch – Dubai has joined Deutsche Bank PWM as Director – Head of NRI (Middle East)
- **Rajesh Mahadevan** has been appointed as Director – Head of Investment Advisory (Global South Asia – Middle East) at Deutsche Bank PWM. He formerly worked with Merrill Lynch – Dubai
- Deutsche Bank PWM has hired **Shampi Chopra** and **Omar Farooq** as Senior Relationship Manager for the Global South Asia – Middle East and Global South Asia – Pakistan regions respectively
- **Mohit Gupta**, formerly Senior Vice President with ING Financial Planning, has joined Clariden Leu; he will retain the same designation.

'Real'ising the future of real estate

While the domestic real estate market is showing the first signs of an impending slowdown, the concurrent construction sector has never looked more promising. With organisations merging the two functions to explore a more comprehensive business offering, human capital in this sector is in strong and prolific demand.

BY SUNISHI GABHAWALA AND RAHUL ROY

The Indian real estate market could be headed towards a slowdown. Investors are becoming increasingly cautious, resulting in fewer investment deals in the realty segment. A reputed private equity player will find capital for a well-defined project, but with a longer lead time. A recent report by FICCI indicates there has been a significant drop in Foreign Direct Investment (FDI) in the sector; from 11 percent of total FDI inflow in 2009–10 to 6 percent in 2010–11. Industry experts believe this is a short-term phenomenon and that real estate demand in India across major cities is expected to grow between 10–15 percent compounded annual growth within five years, or until 2015.

While global real estate investment has dropped from $1.3 trillion per annum in 2007 by close to 50 percent in 2011, capital deployed in Asia has increased from 20 to 50 percent. Improved regulation, resulting in transparent reporting, should result in higher FDI over the next four to five years.

Today, India is the second fastest-growing economy on the global fore; a key contributor to this growth is the construction industry, which has been reporting 20 percent CAGR over the past five years and contributes approximately 8 percent to the country's Gross Domestic Product (GDP). As per the outline of the Eleventh Five Year Plan, the industry is estimated to grow at 8 percent per annum, with 2.5 million new job opportunities added annually. The desired roles will span the entire spectrum of skills and functions in the industry, and professionals can look forward to a steep learning curve and fast-tracked career paths.

Hiring trends – large developers

Real estate relates to the development of land, while construction is the process of creating or building these structures. However, being closely interlinked, the two sectors are often treated as one. Over the past decade, large-scale construction companies have evolved to become 'one-stop shops'–case in point being construction experts such as HCC and Shapoorji Pallonji, which have separate, profitable real estate businesses. Companies now require a wide-ranging team of professionals, including financial analysts, legal experts, project managers, construction managers,

HUNT PARTNERS

PEOPLE MOVEMENT

- **Gaurav Kumar** and **Nikhil Bhatia** from Credit Suisse Real Estate Private Equity Fund joined as Co-heads of the Capital Markets division of CBRE
- **Lancelot Cutinha** joined as Head of Human Resources at Mahindra Lifespaces. He was earlier with Reliance Broadcast Networks as Head – Human Resources
- **Keshav Pandey** joined Peninsula Land as Head Sales & Marketing from the position of Director – Sales & Marketing at Sobha Developers
- **Chandrakant Deshpande** joined Kalpataru Real Estate as Head – Legal. He was earlier Vice President – Legal at Ecohomes Construction

design engineers and architects, among others.

The modern trend of integrating previously distinct specialties in the real estate sector has resulted in a paradigm shift in hiring. While large companies such as DLF, DB Realty and Sobha Developers have individual business heads that focus on the nature of the development (retail, commercial, hospitality), Lodha has specialists focusing on market segments (Channel sales, NRI sales, HNI sales). Large developers also have functional specialisations, such as Head MEP, Head Project Delivery and Head Strategic Alliances. Another factor impacting the hiring trend is price stability and the growth prospects of real estate in smaller cities. With 354 million sq. ft of development planned across cities such as Bhopal, Bhubaneswar, Coimbatore, Indore, Jaipur, Lucknow, Nagpur, Surat, Vadodara and Visakhapatnam, sales of residential properties alone is expected to touch ₹180 billion in 2012.

While functions such as Finance and Strategy will remain centralised, the highly regionalised nature of real estate will prompt majors in this sector to increasingly turn to local experts with project management and design skills to deliver the projects planned in tier II and III cities. The most significant impact of this shift in the industry will be scientific construction planning, sophisticated project monitoring and marketing processes, which local developers in tier III towns have hitherto not experienced.

Small, but significant

With more than 5,000 real estate developers in the country, the demand for talent generated by this sector in India far outstrips the supply. Interestingly, a sizeable number of senior executives is choosing to move to smaller developers (less than 5 million sq. ft) or standalone (building projects) that either have rapid expansion plans, or are reinventing themselves to adapt to a more competitive landscape. Take the example of Shreekant Shastry who joined Bengaluru-based Ozone Group as Vice President – Strategy from Mantri Developers. A recently-launched developer, Pashmina has hired two senior projects professionals—one each from DLF and Mahindra Lifespaces.

The greatest pull factor that attracts managers from large companies to explore roles with lesser-known developers is the potential to define strategy and create impactful decisions.

A tumultuous growth wave

At a time when the industry is known more for controversies and scandals than its key developments, Indian telecom has charted impressive growth on several fronts. This year, in addition to technological innovations, the industry has witnessed several interesting and encouraging developments.

BY **SUNIL PANDITA**

These days, the Indian telecom industry has been in the news for all the wrong reasons. The latest buzz about a few top executives jumping ship has only served to make a bad matter worse. And yet, among all the negativity and controversy, there have been a few encouraging developments taking shape in this sector, on the regulatory, technological and people fronts.

This large and prolific industry continues to touch the lives of millions of Indians, cutting across a diverse economic and social milieu. In the next three to four years, the rural market is expected to spearhead the growth of this sector. The fact that mobile penetration in urban India has already approximated 100 percent, the corresponding 23 percent figure in the rural market presents a strong upside to service providers. This will also act as the pivot for digital empowerment of the Indian masses, helping the government to effectively deliver inclusive growth. A significant amount of direct and indirect employment generation is expected in the semi-urban and rural areas, in both technical and non-technical fields.

Business and more

In addition to core infrastructure, the best service that the telecom sector is contributing towards nation building is increasing the banking footprint and coverage. Given that 85 percent of mobile users do not own credit cards, this technology is soon going to evolve into a 'handheld' bank of sorts, enabling users to pay bills, check balances, transfer funds and so on. In the face of this steep growth curve, the demand for professionals that bring innovation to service delivery models on a mega scale is going to intensify.

This year began with the much-awaited Mobile Number Portability (MNP) finally becoming operational and set for a nationwide roll-out. This development was well-received by the more than 700 million mobile users in India, who stand to gain better customer care and network coverage. Besides, the associated churn will lead to increased customer acquisition/abandonment activity, further taking the Average Revenue Per User (ARPU) southwards. As is already being witnessed in the Indian market, this will compel a

PEOPLE MOVEMENT

- **Sandeep Ganguly** rejoined OnMobile—India's leading VAS Company—as Vice President, after a brief stint at Mobile Traffik
- **Shankar Bali**, Chief Executive Officer, Hutch joined MTS as Chief Operating Officer
- **Vaibhav Shastri** was hired by Videocon Mobiles as Chief Operating Officer
- Spice Telecom hired a new Chief Operating Officer in **Navin Kaul**, who was formerly employed with Viom Telecom Towers

stronger shift to non-voice, non SMS-based value-added service offerings for urban consumers. The strong upsurge in video downloads on mobile devices is just one indicator of the popularity of this trend. We are already seeing headcount ramp up in the creative, content creation and delivery domains in the telecom and VAS companies.

The 3G wave

The other major development of the year was the roll-out of 3G services, which has caught the attention of all the major players in this sector. Collectively, the key Indian telecom players have invested $15 billion to acquire 3G spectrum at the auction held in April, last year, and even went on to dole out an additional $2.5 billion to build the new network. The entry of 3G into the country's telecom scenario is expected to drive the next phase of growth for the Indian market by converging voice, entertainment and information via a single device. To leverage the resultant revenue upside, players will actively scout for talent from outside the core ecosystem.

The increased demand for video and rich content will not only help to increase ARPUs by driving up bandwidth consumption, but will also serve as a powerful booster for Value-Added Service (VAS) players, whose current share of the wireless business stands at 9–10 percent. In the near future, this sector will witness more innovation around delivery models, monetisation and strategic tie-ups.

As the industry continues to grow and evolve, the talent profile will see increased demand from the internet, infotainment, media and entertainment sectors, in addition to the traditional, distribution-intensive industries. Some churn is expected, especially at the senior level on account of long tenure and fatigue with the current incumbents who have already witnessed a tremendous growth run for close to a decade now. The growth rates are being recalibrated, and combined with changing regulations, is bringing about the creation of a hyper-competitive market. Although some continue to be under intense scrutiny from various government regulatory bodies, most players who have succeeded in preserving their brand will find the situation ideal to poach top-notch talent from their competitors.

Some of the top players moved their leadership talent internally, case in point being Fredrik Jejdling who took up the role of Regional Head India & President Ericsson India, and Sarvjit Singh Dhillon, who was elevated to the position of Group CFO at Bharti Enterprises.

HUNT PARTNERS

Waiting to exhale

In a market weighed down by inflation, declining output, increasing cost of credit, uncertainty about the future direction of rates, and an increasing gap between the domestic and global interest rates, institutions find themselves up against hitherto unforeseen challenges.

BY SURESH RAINA

The economic crisis in Europe and the US has opened new doors for the Indian market, which stands to gain from newer formats such as structured finance and new trade relationships.

Transformational times

Large organisations with international operations are looking, with renewed focus, at treasury operations to make better use of working capital. Today, the most effective approach is to centralise capital and get control of this liquidity, so that it can be used to cut debt or redeployed. In addition, having cash in one place facilitates monitoring all types of risk—including FX, interest rates, counterparty, liquidity, settlement and systemic risks—leading to an increasing requirement for talent to manage these complex multi-jurisdictional networks.

Some banks are also looking at combining transaction banking, markets, structured derivatives and DCM coverage, to offer their customers a comprehensive offering. The new, integrated approach can enable the banks' coverage teams, which had focused either on corporate finance or transaction banking products, to gain far greater exposure to the markets business and vice versa. However, it may not be always easy to break down the walls of the tradition-bound legacy silos. While domestic players leverage their corporate banking capabilities and relationships to make inroads in investment banking, foreign players can use their superior investment-banking capabilities and relationships to make greater headway in corporate banking.

Corporate banking, including lending and fee businesses, accounts for the major share of the business. The sector is still continuing to grow, albeit at a slower pace.

The various industry segments will be impacted by several ongoing trends, such as:

- Continued investment in the infrastructure sector, creating demand for additional banking products and services
- Indian companies are increasingly looking at enhancing their global footprint, with a growing need for acquisition expertise, trade-finance

and treasury services, and cash-management skills

- Europe and the US are still mired in deep economic crisis. There is a growing interest in these economies in the India story, inspiring a host of inbound Merger and Acquisition (M&A) deals, and increased fund allocation by global managers

Changes ahead

Banks continue to focus on mid-market companies with new banking requirements. As their ambitions grow, these businesses are demanding more sophisticated instruments. With intense competition and, therefore, lower margins from servicing large corporate customers, the midmarket will remain a critical area for wholesale activity. The typical corporate banking return on equity for serving midsize corporations in India, for example, is about one-and-a-half times that of the large-company segment. We expect to continue seeing a healthy hiring appetite in this segment.

Firms, including several MNC banks, domestic financial services companies and several offshore investors, have found that it makes more sense to set up NBFCs to fund various sectors of interest, including real estate. With the government shutting the available investment windows, it makes more sense to set up NBFCs for investment in local products. This also translates into better control over the asset for the investor, and generates new opportunities for talent in this sector. The NBFC-led structured finance market—which has been largely driven by multinational banks—is expected to heat up, with private equity firms turning aggressive. With structured finance taking roots in India, there is an increase in demand for professionals, who can originate and execute mezzanine and structured finance transactions.

PEOPLE MOVEMENT

- **Sunil Sachdev** moved from American Express to Fiserv as Country Manager
- **Vimal Bhandari** from Aegon Religare is now Chief Executive Officer of IndoStar
- **Ajay Mundra** moved from Deutsche Bank to JP Morgan as Vice President
- **Indranil Pandit** from Standard Chartered has been appointed as Director – Corporate Banking, at DBS Bank
- **Manish Shroff** moved from CitiBank to ANZ Bank as Director – Corporate Banking
- **Surya De** from HSBC has moved to Commonwealth Bank of Australia as Director – Commercial Banking
- **Vijay Bhatter** moved from HSBC to Commonwealth Bank of Australia as Assistant Vice President - Commercial Banking
- **PD Singh** moved from HSBC to JP Morgan as Executive Director
- **Pramod Sadarjoshi** has moved from IDBI Bank to JP Morgan. He will hold the post of Executive Director – Human Resources
- Cooptions Technologies has appointed **Kiran Kosaraju** as Chief Executive Officer. He was formerly employed with Fullerton Financials
- **Mandeep Maitra** moved from HDFC Bank to Hot Spots Movement as Consultant
- **Pallab Mukherji** from HDFC Bank was hired by India Infoline as Group Head – HR
- **Ved Prakash Chaturvedi** moved from Tata AMC to L&T Finance as Head – AMC, ECM
- **Rahul Sharma** moved from India Infoline Ltd to DHFL Financial Services Group as Group Head – Human Resources and Training
- **Anjali Mohanty** moved from Citi to DB as Head – GTB India

India focus

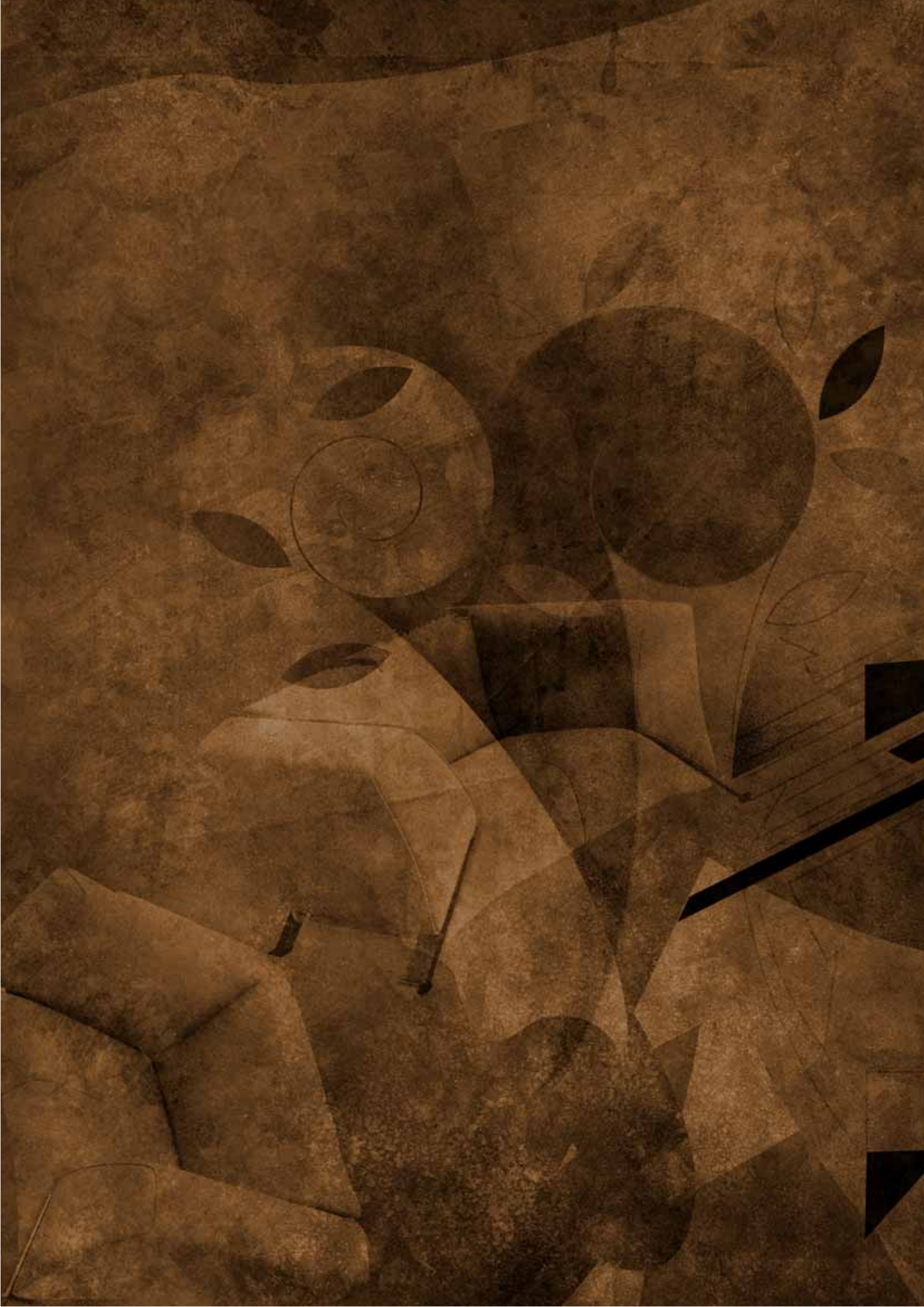
Several global players flagged off their India operations in the last six months. Industrial and Commercial Bank of China (ICBC)—the world's biggest lender by market value—has already commenced operations, potentially opening up the market for firms from China. This, in turn, could boost investment in the infrastructure sectors and foster the growth of a Rupee-Yuan market. ANZ Bank started its commercial operations to leverage the India-Australia trade corridor, as did Rabo Bank with a focus on Food & Agri sectors, after getting their respective licences.

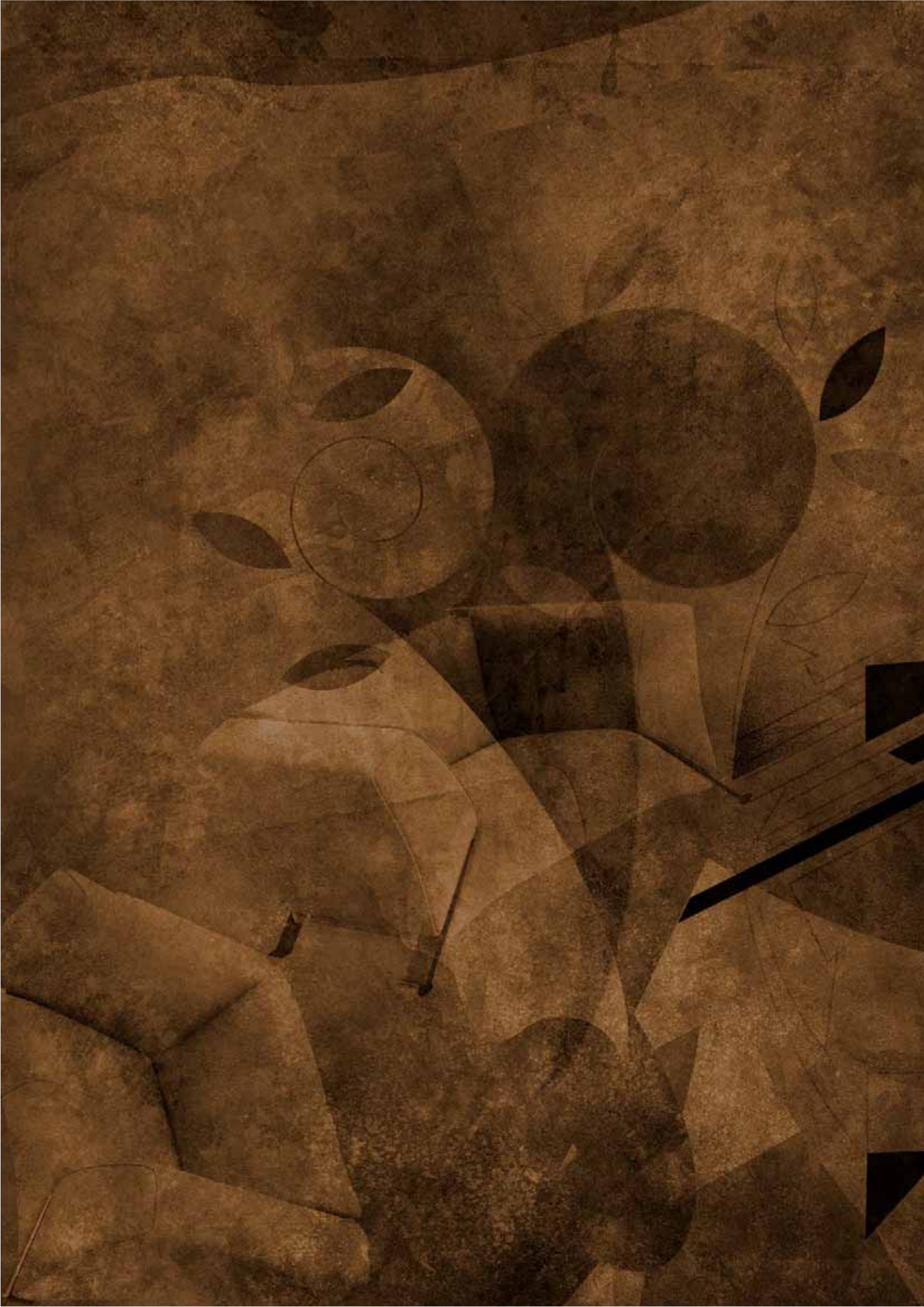
ABOUT HUNT PARTNERS

Hunt Partners is a leading boutique Asian executive-search firm. The firm was founded in 2004 in Hong Kong and Mumbai, and it has since grown to establish four direct offices across the region. Prior to coming together to start the firm, the founders had successful careers as corporate general managers, executive search consultants and entrepreneurs. The firm has witnessed rapid growth of people, offices, industry practices and revenue, and is now repeatedly recognised within the top 10 retained search firms.

Hunt Partners is a uniquely structured firm, being the only reputed executive-level search firm operating through an integrated structure of directly-owned and managed offices. As a true partnership, all the firm's Partners have ownership and are committed to fostering an environment that produces results and therefore a solid reputation.

Hunt Partners operates from principal offices in Beijing, Hong Kong, Mumbai and Shanghai. The firm also has an exclusive relationship with Paul Lawrence Associates, a Cleveland, OH headquartered executive search firm. Future plans include continued expansion via new offices in South East Asia and West Asia, and a continuously expanding partnership.





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