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FOREWORD

Dear Reader,

We are delighted to bring you the sixth issue of The Hunt Report, a half-yearly industry roundup of key trends impacting executive hiring across industries.

This issue captures people movement and analysis of 20 key industries. The weakening Rupee, stagnating growth, upcoming elections and the new Banking licences have numerous implications on the human resources of India.

The report looks at the impact of these industry trends on human-capital and the implications they have on leadership talent movement, aggregated for your benefit.

We hope you find the Report insightful, and welcome your comments and feedback at: thehuntreport@hunt-partners.com.

Happy Reading!

The Knowledge Management Team
Hunt Partners
July, 2013



IN THIS ISSUE

The Hunt Report, a half-yearly update, evaluates the key business trends in industry practices, ranging from Real Estate 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 twenty industry verticals.

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Custom made is the new mantra

Global majors are focused on customised products for the heterogeneous Asian markets. Indian sales teams are pressured by declining retail interest. Large funds are exploring expansion in North America and Europe

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

The Asian markets have been the favourite destination for many global asset management companies. While Asia is predominantly a retail consumer led market, there is a predominance of intermediaries which is more profound than in mature markets. Although lucrative, they are also not homogeneous, and this has made a number of global majors focus on customised offerings for specific markets.

The complexity increases further when we add in the increasing sophistication and demand for investment solutions which are more evolved than the standard portfolios on offer. While an investor in Thailand would prefer a global product, in Malaysia they focus on tax savings products. Interestingly, Malaysia offers great sops to global AMCs wanting to enter the country and is keen that they get their own key technical staff and grow this nascent sector. As confirmed by regional leaders, Hong Kong is back into focus as it is poised well to be their gateway into mainland China without the need to procure an on-shore licence.

Sales under pressure

The Indian market has been quite subdued, with the mutual fund industry losing more than 3.6 million investors (in terms of individual folios in FY2012-13). The declining retail interest combined with large investors opting to invest directly has put the sales teams in distribution companies under pressure. Senior sales professionals in these companies are now seemingly more amenable to moving to the manufacturer. We foresee huge changes and reorientation in the sales strategies in the sector. The end of the era of easy money will redefine the profile of the Sales Head.

PEOPLE MOVEMENT

- **Ritesh Jain**, Head – Investments at Canara Robeco MF, has moved to Tata Mutual Fund as the CIO
- **Chakri Lokapriya**, VP and Senior Fund Manager with Franklin Templeton, has joined TVS Capital Funds as Director – Investments
- **Sharad Mittal**, VP – Investments, Real Estate Practice at ICICI Prudential AMC, is now with Motilal Oswal Private Equity Advisors as Head – Real Estate business
- **Chandresh Nigam** has taken over as the MD & CEO at Axis AMC
- **Jaideep Bhattacharya**, Group President and CMO at UTI Mutual Funds, has moved to Baroda Pioneer AMC as MD
- **Uday Suri**, Head – Sales & Marketing at BNP Paribas Asset Management, has joined Tata Asset Management as the National Head – Sales & Distribution
- **Piyush Surana**, CEO at Daiwa MF, is now with HDFC Mutual Fund as the CFO
- **Mark Elliott**, BlackRock's Head – Retail, UK, has moved to Franklin Templeton as Head of Advisory
- **Bianca Taylor**, Consultant at Roubini Global Economics, has joined Loomis Sayles & Company as Senior Sovereign Analyst – Latin America
- **Andrew MacKenzie** has taken over as the MD & Head of iShares Middle East and Africa at BlackRock
- **Keith Smith**, President – General Electric Asset Management, has joined Brookfield Asset Management as the Senior VP, Private Funds Group
- **Takumi Shibata**, Group COO with Nomura Holdings, is now the Chairman at Nikko Asset Management (Singapore)

During our conversations with industry leaders in India, we uncovered an interesting but latent desire to focus more on the product. Some progressive fund houses are open to the idea of hiring a product specialist instead of being overly dependent on the sales team's feedback. This overdependence on market feedback from a sales perspective is the reason behind lack of innovation, and hence differentiators between various products, thereby leading to an extra focus on the fund manager. This is a role that ought to be introspected and explored in much greater detail.

A game changer

The tight market conditions are also prompting a number of leading fund houses to explore the option of expanding geographical reach and locating their own representatives in the North American and European markets. The representative would work outside the ambit of the global agreements that most fund houses maintain with large private banks. This would allow them to exclusively market their products directly to the large institutional investors without bundling them with an emerging market product assembled by an aggregator. With the right candidates, such a role could be a game changer.

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Going ASEAN

India and ASEAN together represent enormous potential for trade and investment. The region holds promise to Indian talent for regional/global executive roles who have proven their capabilities in several sectors

BY **ARJUN ERRY**

Since the launch of India's economic reforms and the Look East Policy in the 1990s, co-operation between India and ASEAN has accelerated. In 1995, India was a full dialogue partner at the fifth ASEAN Summit in Bangkok. A member of the ASEAN Regional Forum since 1996, it has attended ASEAN summit meetings annually since 2002.

A great potential

Together, India and ASEAN could create a huge market embracing a combined population of nearly 1.8 billion, with strong economic and political clout. The Indo-ASEAN Free Trade Agreement (FTA), Indo-Thai FTA and India-Singapore Comprehensive Economic Cooperation Agreement (CECA) are central to building up the economic relationships.

There is great potential for trade and investment between India and ASEAN. India's trade with ASEAN surged from US \$39.08 billion (RM122 billion) in 2007-08 to US \$45.34 billion in 2008-09. The FTA signed with ASEAN in August last year in Thailand will boost the group's economic and trade relations with India. India's trade with Malaysia and ASEAN could double and, in some cases, even triple. According to a report, Malaysia has set an ambitious target of US \$50 billion in Indo-Malaysian trade by 2015, up from US \$7.06 billion last year.

Malaysia has emerged as a major potential investor in India, with planned investments in power, oil refineries, telecommunications and electrical equipment industries, besides highway and other infrastructure development projects. There are over 400 Indian companies, including 61 Indian joint ventures, operating in Malaysia.

A recent study for the World Bank Institute stated that the growing influence and expertise of the Indian expatriates in ASEAN countries will help India retain its edge and move up the value chain across industries. The study revealed that many high-level senior executives of Indian origin, who had migrated to ASEAN, are placed in large multinational corporations and have influenced key strategic decisions related to the corporations' view of the Indian-subcontinent. The study suggested that the expatriates will also provide more organised platforms for the sharing of knowledge and best practices.

PEOPLE MOVEMENT


- **VijayaKumar Chinnah**, former Consultant to AIA, Kuala Lumpur, Malaysia, has joined HwangDBS Commercial Bank as Head of Credit, Selangor, Malaysia
- **Sanjoy Sen**, MD and Consumer Bank Head – Middle East, Pakistan and North Africa, Citi, has joined as MD – Retail Banking – APAC at ANZ, Singapore
- **Suraj Pai**, VP – Database and Technology, SEA x, SAP, Singapore, is now its VP – Platform (Database, Technology, Analytics and Mobility)
- **Kumar Narayanan** has joined Adomita Technologies (India, Singapore, Dubai) as Chairman, quitting Texcel International, Chennai, where he was MD and Chairman
- **Kartik Sarma**, VP – HR at Kimberly Clark, Singapore, has moved onto Levi Strauss & Co, Singapore, as VP – HR
- **NK Chaudhary**, Sales Director, Emerson Process Management, Singapore, is now the General Manager for Sales at Delta Controls FZCO, Dubai
- **Sanjiv Vohra**, MD, CitiBank, Manila, Philippines, has moved as Country Head – India, RBS, Mumbai
- **Jayant Rikhye**, Head of Securities Services, Head of Middle East and Asia, HSBC, Dubai, will head Strategy and Planning – APAC, HSBC, Singapore
- **KB Kachru**, CEO – South Asia, Carlson Rezidor, Singapore, is now its Chairman, South Asia
- **Raj Rana** has been promoted as CEO, South Asia, Carlson Rezidor, Singapore, where he was VP – Radisson Franchise Operations, Americas at Minneapolis, USA

This will also increase the brand equity of the Indian industry. It is therefore clear that the Indian diaspora has played a crucial role in India's success so far in Banking, Insurance, Consumer Products and Industrial Equipment/Engineering.

The global executive

The Indian executive talent across these industries have proved their capabilities in challenging circumstances, including fast-paced growth, hyper-competition, constantly changing regulations, intense distribution challenges, limited infrastructure and acute talent scarcity. Additionally, Indian executives have had exposure to running large-scale firms with a multi-racial and multi-cultural workforce. The combination of above experiences and skills will make the Indian executive highly suitable for executive roles in SEA. They will continue to play a significant role in regional/cluster positions, usually based out of Singapore, as well as country-leader roles in Malaysia, Indonesia, Thailand and Vietnam. For a large segment of the Indian executive-talent market, taking on regional/country roles in SEA fulfils an important aspiration, i.e., becoming a regional/global executive with well-rounded geographic experience.

Another driver is the cost-pressure of hiring the traditional expatriate. With incomes under stress across the board, employers will be extremely circumspect before hiring a classical 'expatriate'.



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- **Bhasker Iyer**, VP – SEA, AstraZenca, Singapore, has been recruited as the VP of South East Asia and India, Abbott India, Mumbai
- **Upender Singh**, Executive VP – Operations, Aegis Communications, Manila, Philippines, is now the COO with Aegis, Manila, Philippines

Driving south

Fall in top line figures still persists as a fissure point. The leadership roles at Nissan, Tata Motors and Mercedes-Benz India saw reshuffling. Major focus areas were new product launches, diversification and investment in new facilities

BY SURESH RAINA AND UDAY BROCA

The second half of the fiscal 2012-13 continued to witness negative growth across passenger, commercial and two wheeler segments caused by reduced GDP growth and inconsistent government policies. Car manufacturers saw sales figures dip by 7 percent in the last fiscal, with capacity utilisation down to 60-65 percent.

On the talent front, hiring across levels has been subdued, with few new positions being created. Some lateral movement was witnessed at the senior level, while mid-level hiring was purely mission critical and need based. There is thus a clear shortage felt for experienced leadership talent.

New investments

Despite the slowdown, most OEMs have planned major investments amounting to about ₹ 11,000 crore.

- Nissan Renault will invest ₹ 2,000 crore to increase three lakh units capacity for the entry level Nissan (Datsun) and Renault (A Entry) in Chennai or Gujarat.
- Volkswagen is likely to invest ₹ 2,000 crore at its Pune plant with a possibility of setting up an engine plant. Its current capacity utilisation stands at 80 percent, with tax rebate to be fixed.
- Maruti Suzuki will invest ₹ 1,700 crore to increase capacity by 250,000 units. The new plant is being set up in Gujarat.

Major corrections

All is not doom and gloom though, as the slowdown has helped bring in some major corrections:

- Commodity prices have reduced to more reasonable levels. Both steel and oil have responded to global cues.
- Prudent capital deployment has led to more strategic business plans.
- Unrealistic expectations from talent in terms of incentives, increments and frequent job changes have reduced.

Tata Motors gears up

Facing its worst year in a decade, Tata Motors has brought in Karl Slym as Managing Director to lead the company's turnaround. His growth mantra includes replacing the old management committee with a leaner team of eight.

Two wheeler drudgery

The two wheeler industry, recording a negative exports growth, remained stagnant at 3.9 percent.

PEOPLE MOVEMENT

- **Eberhard Kern** has replaced **Peter Honegg** as MD and CEO of Mercedes-Benz India
- **Debashis Mitra** has moved on from being Director – Sales and Marketing at Mercedes-Benz India, with **Boris Fitz** taking over as Head – Sales, and **Santosh Iyer** as Head – Marketing
- **Arvind Saxena**, Director – Sales and Marketing at Hyundai Motors, is now MD at Volkswagen Passenger Cars, India
- **Sumit Sawhney**, who was earlier VP – Sales and Marketing at General Motors India, is now with Renault India as Executive Director – Marketing and Sales, replacing Len Curran
- **G Sanjay** is now Head – Marketing at Fiat India. He was earlier with Hover Automotive India

The current investment scenario:

- Hero MotoCorp plans new greenfields in Rajasthan and Gujarat with ₹ 15 billion in investment
- Yamaha is to set up a new plant in Tamil Nadu with ₹ 15 billion
- Honda will set up its third manufacturing facility in Karnataka
- TVS Motors and BMW AG have announced a joint venture to develop bikes for the Indian market

Auto components

The auto components industry is challenged by rising costs, volatile currency and weakened demand. The heat has been felt most by lower tier manufacturers with limited access to capital. A recent MoU signed between ACMA and SIDBI aims to ameliorate the situation.

The sector's investments have come down to US \$1 billion, the lowest since 2008-09.

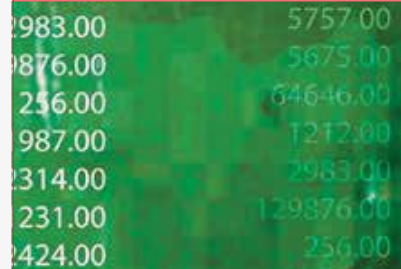
- Lumax Industries has put on hold its planned ₹ 100 crore investment.
- Toyota Kirloskar is to set up its third plant in Bangalore with an investment of ₹ 500 crore to manufacture 240,000 castings of engine parts and 120,000 machine parts.
- Amtek Auto is to acquire Neumayer Tekfor's global operations in an undisclosed deal presumed to be around US \$90 million.
- Motherson will invest US \$30 million in Mexico to cater to Volkswagen and Audi demand.
- Minda has acquired Clarton Horn, Spain for €6.8 million.
- TACO has exited its seat making joint venture with Johnson Controls.

Commercial vehicles

Following a near 30 percent growth in the last two financial years, the commercial vehicle space has seen a 22 percent depreciation year-on-year, owing to surplus fleet capacity, slow industrial growth and stagnating freight rates.

Among the highlights, Ashok Leyland-Nissan JV plans to set up a new greenfield to drive an 8 percent market share with the launch of its first product, 'Dost'. With other OEMs diversifying and introducing new models, Tata Motors lost its market share markedly. Volvo-Eicher however increased its market share in the heavy duty trucks segment, and Ashok Leyland expanded its market coverage outside southern regions.

- **Kenichiro Yomura** has been appointed President – India Operations for Nissan Motors, while **Ajay Raghuvanshi**, who was earlier Head – Dealer Development at Hyundai Motors, takes over as VP – Business Management
- **Mark Hogan** has moved out of General Motors and is now on the Board of Toyota Motor Corp
- **Michel Favre** has been appointed as CFO of Faurecia. Earlier he was the CFO at Rexel Group
- **Ken Ramirez** is now MD of Renault UK. Earlier, he was the MD for Latin America at Nissan Motors
- **David Ovenden** has moved to Kia Motors as Director – Sales. He was earlier with Skoda as Head – Operations



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A topsy-turvy ride

With continuing slowdown, uncertain demand impacted production. Several major M&As and restructuring occurred. Agri-chemicals, flavours and fragrances and the speciality sector promised growth

BY SURESH RAINA AND RAJESH KUMAR

The continued slowdown in Europe and the US led to uncertainty in demand, thereby impacting production. Regulatory compliance in terms of HSE norms has also influenced the sector. The industry is moving towards Asian economies, which will lead to growth in the future, though impacted by a sluggish economy. Factors such as land acquisition, environment clearances and shortage of power, will also pose as dampers to the sector. Sub-sectors like speciality chemicals, flavours and fragrances and fertilisers will witness good upward trend.

M&As and restructuring

During these slow times, companies are looking at expanding their avenues both locally and globally. M&A activities should witness an increase this year on account of investors' preference for investments in India over other international markets (Deloitte).

Major acquisitions and restructurings:

- Aditya Birla Group created a unified management structure for its global chemicals, fibres and textile business to make it leaner with a sharper focus.
- Solvay completed the acquisition of Sunshield Chemicals, an Indian surfactants producer, to increase its footprint in India.
- Jayant Agro divested its 25 percent stake to French company Arkema and entered into JV with Arkema through its subsidiary, Ihstedu Agrochem Private Limited.

New avenues

Agri-Chemicals, a growth segment, will continue to attract significant investments. The main drivers will be R&D, low cost of production and a large untapped market. The New Investment Policy 2012 is encouraging companies to invest in gas-based fertiliser plants. The outlook for GM seeds is positive and will witness senior level hirings.

Recent highlights:

- Syngenta is eyeing US \$25 billion sales by 2020 and considers India as an important market.
- French agri-conglomerate Limagrain acquired Delhi-based Century Seeds, a local vegetable seeds maker for approximately ₹ 1.4 billion.
- ONGC, along with Chambal Fertiliser and Chemicals and the Government of Tripura, plans to invest ₹ 5,000 crore in a fertiliser plant.

PEOPLE MOVEMENT

- **Dr Deepak Parikh** is now CEO & MD at Clariant Chemicals India Limited. Earlier he was CTO & Vice President (Commercial) – Asia with Lion Copolymer LLC
- **Mahmood Youp** is now Commercial Director at Life BioScience Malaysia. Earlier he was Director with CCM Fertilizers Division
- **Dr Wan Abdul Rahaman bin Wan Yaacob** has been appointed to the Company's Asia Board of Directors for Glycos Biotechnologies
- **Jitender Kumar Bharihoke** is the new Commercial Director at Rhodia Polymers & Specialities India Private Limited, moving on from E I Dupont India as Business Development Manager
- **Mahesh Gn**, Director, Dow Formulated Systems, Dow Chemicals, is now Chief Operating Officer at Manali Petrochemicals
- **Abhijeet Gavali** has moved as Business Manager – South Asia (AFP) at Eastman Chemical Company. He was previously Senior Business Manager – South Asia with Dow Chemicals
- **Sundaresan Ramnath** has been appointed as the new Managing Director of BASF Lanka, succeeding IS Raghvan

- Aditya Birla Group plans to invest ₹ 4,000 crore to facilitate expansion plans at its Jagdishpur plant.
- Reliance will plan to invest a part of its ₹ 179,000 crore budget in this sector.

Flavour of growth

Valued at US \$230 million (Frost and Sullivan), flavours and fragrances also emerged as one of the growing sub-sectors due to lifestyle changes. In future, it is expected to grow around 10 percent.

This segment is dominated by international players such as Givaudan, IFF and to some extent, Symrise. Growth spurred requirement for senior talents for both manufacturing and business divisions.

Recent highlights:

- Givaudan's new facility in NCR.
- BASF and PCG earmarked US \$500 million for an integrated aroma ingredients business in Asia Pacific.
- IFF's largest and technologically advanced flavour manufacturing facility in China for the Asian markets. It also opened facilities in India and Singapore, increasing footprints in South Asia.

Speciality Chemicals

The sector is valued at US \$100 billion (BoAML) in Asia, with investments coming in from major firms. India contributes under 10 percent of the demand, mainly from the construction, automotive, IT and cosmetics industries.

Recent highlights:

- Clariant's investment of €6.5 million in China, Indonesia and India, where it is keen to double its marketing and sales organisation.
- Jindal Poly Films acquiring the global BOPP business of Exxon Mobil for US \$235 million.
- Shell's new investments in Singapore.

The sector faced the heat of a subdued economy. The Smart Grid sector holds potential for growth, with major players building capacity and capability, and looking for leadership talent

BY **SURESH RAINA** AND **RAJESH KUMAR**

Like other sectors, the electrical sector too was impacted by a subdued economy. The revival of the economy has been slow with companies not being aggressive in investments. The focus is on improving margins and cutting down costs. In the near term, revenues look flat, with a dropping/flat order book. Margins have improved due to the streamlining of supply chain and related activities.

There exists a clear demand for talent in leadership roles in a bid to drive implementation and execution, and also for resources from business development and client relationship management.

Bottlenecks

The sector comprises sub-sectors that are heavily dependent on generation activities. Downstream activities including transmission, distribution and automation will remain subdued due to slow policy reforms and uncertainty on fuel and clearances. However, business is coming in at a slow pace due to its integration with transport related infrastructure activities. Since these are lagging industries, it will take time to improve the situation in this sector.

Smart Grid: The sector to look out for

Currently not exposed to large investments, the Smart Grid sub-sector will continue to grow, and is expected to reach US \$1.9 billion by 2015. All major players have identified the growth potential of this sector and are building capacity and capability. Hence, the momentum is positive and will see demand for leadership talent.

Recent orders and developments

- Growth of power sector in South Africa has increased talent movement from India, to take up leadership positions.
- South Asian countries including Bangladesh are also witnessing growth for Transmission and Distribution, opening up opportunities for Indian players.
- Alstom India won a ₹ 674 crore order from BHEL to supply components and services to a 2x800 MW plant in Madhya Pradesh.

PEOPLE MOVEMENT

- **Jagjeet Singh** is now Executive Director at Ultima Switchgears. He was previously VP – Electricals at Energo Engineering Projects
- **Steffen Berns** has been appointed as MD and Additional Director of Bosch India, replacing VK Vishwanathan
- **Amy Huntington** is the new CEO of Phillips Professional Lighting Solutions. Earlier she was COO – North America with Schneider Electric
- **Anil Choudhary** has been appointed as MD and Country President of Schneider Electric India
- **Dave Henrichs** is now VP – Sales & Marketing of Quick Cable Corporation. Earlier he was General Manager – Americas with Pro-Face
- **Vikas Bakshi** is the new Director – Sales & India Business Strategy at Telstra Global. Earlier he was Country Sales Manager – IT & ITES Vertical, APC by Schneider Electric
- Alstom India has appointed **Patrick Ledermann** as the new Vice Chairman and MD of its Indian Unit. He comes in the place of **Francois Carpentier**

- Mini-hydroelectric power plants are attracting investments and several new players.

Big companies are taking the advantage of a subdued economy to increase their product portfolio or invest in global markets. Even international players are investing in the Indian economy. Some important updates include:

- West Bengal-based PCM Group acquired Rail One GmbH.
- Bombardier Technology received an order from Delhi Metro Rail Corporation (DMRC) to deliver the CITY350 mass transit solution for the upcoming sector of DMRC.
- ABB to invest US \$100 million in India annually in all-round business activities. ABB is commissioning new factories in Savli, near Vadodara and expanding existing facilities in Bengaluru and Nelamangala.
- Mahindra Defence System will acquire the 26 percent stake of BAE Systems in their JV company, Defence Land Systems India.
- Crompton Greaves and PLNE signed a JV to setup a manufacturing plant for switchgear in Indonesia, which will cater to SE Asia and Pacific markets.

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Battling slowdown

Reeling from a slow economy, the sector is dodging slowdown by adopting pragmatic measures. Hiring shows rise in demand for talent with cross-cultural experience and soft skills and sector and function-specific knowledge

BY SURESH RAINA AND UDAY BROCA

Like other sectors that rely on the core economy and GDP growth, the engineering sector has been going through rough times in the past six months. Mining activities have practically come to a standstill due to reduced spending on roads and infrastructure. With automotive slowdowns and stalling of power projects, the Indian engineering sector has witnessed one of its worst years in a decade.

The slowdown has forced organisations to initiate some critical changes that will greatly impact the human capital mix in the sector. Large Indian firms, coming out of the high growth phase, are now under pressure both from the top and bottom line perspectives. They are thus adopting a pragmatic approach to growth, with many beginning to consolidate and divest non-core businesses.

Vistas of growth

South East Asian and APAC markets look attractive for Indian engineering with good opportunities. Given their competitive advantage, Indian firms can also look at Africa and Middle East, which hold both organic and inorganic prospects of growth with exports, setting up of local offices and acquisitions.

Another avenue of growth lies with partnerships with European and American counterparts for licensing technology and manufacturing in India.

This would help cater to the regional markets in Asia, Africa and Middle East, owing to lower costs and high engineering and manufacturing skills available locally across sectors like turbines, engines, compressors, etc. As an important outcome, with European markets showing de-growth, we can see increased focus of specialised global firms in India, sighting long-term sustenance and growth.

Chinese firms too are increasingly planning to set up subsidiaries in India to cater to the market, as labour arbitrage is no longer as attractive as it was, making India a good bet for future investments.

Recent developments that illustrate the above:

- Japanese engineering giant Komatsu is all set to buy out the 50 percent stake of L&T in its JV. L&T has decided to focus only on core activities which are currently under severe stress.

PEOPLE MOVEMENT

- Suzlon Energy plans to raise US \$400 million by selling 15 of its noncore assets to fund its current debt liability of ₹ 14,000 crore.
- Swiss firm Ammann Group forayed into India through a JV with Gujarat Apollo Industries (GAIL). A global leader in manufacturing of asphalt mixing plants and pavers, Ammann Group thus gains access into India's road construction equipment market.
- Italy's Metallurgica bought majority stake in AMW-MGM Forging.
- Crompton Greaves is to form a JV with Prima Layanan to manufacture high-voltage switchgear in Indonesia.
- Paharpur Cooling is in talks to acquire American firm SPX Corporation's cooling business at a deal valued at around US \$500 million.
- Chinese cement machinery manufacturer Sinoma acquired a 68 percent stake in LNV Technology.

Aerospace and defence – the next big opportunity?

India is expected to emerge as a favourite destination for global defence investments with the recent plans of the Government to hike FDI limits from 26 percent to 49 percent. The total offset opportunity in the commercial segment is expected to touch US \$10 billion by end 2013.

Some recent developments:

- SAAB AB and Quest Global joined hands to set up a new aero-structure assembly venture – Aero Assemblies India.
- L&T's JV with Cassidian, a division of European Aerospace and Defence Group (EADS), for defence electronics.

- **Vinay Talwar** has joined Emerson Network Power India as CFO. Previously he was the CFO of ABB GISL India
- **Sudhakar Potukuchi** is the new VP & Head – India Engineering Centre at Eaton. He was previously heading the Innovation Centre
- **Nitin Chalke** is now the MD of Eaton India, replacing **Raja Kochar**. He was previously MD, India and South East Asia for the hydraulics business of Eaton
- **Santanoo Medhi** has joined Premium Transmission as MD and CEO. He has moved on from Kennametal, where he was the MD
- **Suhas Bakshi** is now President and CEO at Pennar Industries. Previously he was the CEO and MD at Demag Cranes
- **Prabhat Kumar Tiwari** has joined Sany Heavy Industry India as Business Head – Excavators. Earlier he was the National Sales Head at Hyundai Construction Equipment
- **Jan Kees Van Gaalen** has been appointed as CFO of Dresser Rand. He was earlier VP & Treasurer at Baker Hughes
- **Scot Smith** has joined Sulzer Pumps as the new Division President. He was earlier MD of Weir Minerals
- **Manfred Wennemer** is the new Chairman of Sulzer. He was earlier the Chairman of the Supervisory Board at Springer Science

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Impact on talent

The above factors have significantly impacted the talent scenario in the Indian engineering space. There is a great rise in demand for more rounded professionals with cross-cultural experience and better soft skills. Apart from this, the emphasis is on professionals with sector and function-specific skills. With increased investments from global players, the sector knowledge is being offset by expatriate hiring at senior positions.

Booting up

The still subdued EPC sector witnessed a churn in the CFO roles. Many upcoming projects will demand talent with deep skills in finance, and project heads, technical experts and leadership roles

BY **SURESH RAINA** AND **RAHUL ROY**

The Indian Engineering, Procurement and Construction (EPC) sector continues to be under stress. In its annual monetary policy, RBI has decreased the repo rate cut by 25 basis points, which will to some extent reduce the pressure of interest component on the companies. However, the current market conditions for Build, Operate, Transfer (BOT) or Build, Own, Operate, Transfer (BOOT) segments are quite dim. Recently, both the GMR Group and GVK Group walked away from road projects worth INR 100 billion because of issues with environmental clearances as well as inability of developers to raise capital for projects that had received overly ambitious bidding.

CFOs under stress

The Chief Financial Officer position saw a major churn in India's biggest infrastructure companies, with behind-the-schedule projects, restrained cash flows characterised by over-stretched balance sheets and just enough money to cover service debt. Several CFOs have therefore resigned, including those with GMR, GVK, Lanco and Ramky, among others. Companies are now keen to fill senior finance positions with candidates carrying deep skills in financial restructuring, capital raising and cost and project management.

The Government has decided to focus on the EPC mode after a four year hiatus. This is due to lack of interest in the Public Private Partnership (PPP) mode by investors in the road sector, largely owing to funding problems and low returns.

The target for this year is 4,000 km, out of which only 130 km has been cleared with necessary approvals worth ₹ 5 billion. Anticipating these projects, we expect to see a rise in hiring for project heads and technical experts, among others.

Similarly, 19 Metro projects have been planned across 11 cities in India, including expansions. Out of these, only some projects are currently under progress, while others are at the tendering and evaluation stage. These are expected to phase into construction within the next two years. As Metro projects require specialised skills in construction involving underground tunnelling and overhead structures in densely populated areas, we see a good demand for skilled manpower in this sector.

PEOPLE MOVEMENT

- **RS Garg**, the CFO of Ramky Infra, has quit from his current role and will be joining Gangavaram Port Trust
- **S Vaikuntanathan** has stepped down as CFO of Madhucon Projects
- **Sunil Nayyar**, COO at UB Engineering, has joined BF Infra in a similar capacity
- **Neeraj Kaul**, Regional Marketing Head for India, Bangladesh and Sri Lanka with GE Energy, has joined Alstom India as Director – Sales & Marketing
- **Ramesh Taterao** has left Conergy AG as VP – EPC to join Alstom as Director – Project Management
- **Phillip Chacko**, Director – Special Projects for Lanco, has joined as COO of TSPL, part of the Vedanta Group
- **Sumant Nayak**, Chief Legal Officer – Airports for GMR Group, has joined Essar Power as General Counsel
- **Hideaki Omiya**, President of Mitsubishi Heavy Industries, has become the Chairman of the company after **Kazuo Tsukuda** moved into the Senior Corporate Advisor role. **Shunichi Miyanga**, who was earlier Executive Vice President, has been promoted as the President
- **David Williams** has joined as Director of Operations with Foster Wheeler E&C (Malaysia). He was earlier the Project Director for Tecnicas Reunidas in Madrid, Spain
- **Arnaud Humbert**, Director – Sales and Marketing with Petrofac in UAE, has moved to Samsung Engineering as General Manager – Head of Offshore Sales & Engineering in Seoul

Major updates

- The 340-km EPC road projects by National Highways Authority of India (NHAI) worth over ₹ 100 billion have been auctioned aggressively.
- Industrial EPC segment is also picking up, with L&T winning ₹ 25 billion worth of orders in the last two months.
- Shriram EPC bagged a contract of ₹ 1.3 billion from Chennai Metropolitan Water Supply and Sewerage Board.
- Punj Llyod also bagged an ₹ 7.3 billion order from Oil and Natural Gas Corporation (ONGC) for a pipeline project.
- L&T bagged an ₹ 21 billion solar power plant contract from the INDarya Group.

With the EPC sector picking up pace, we will see rise in hiring across various sub-sectors. Many EPC companies, who had been aggressive in taking on projects as developers, have scaled down their ambition and started looking at the EPC sector once again due to problems with fund raising abilities and regulatory overhang, among others. Subsequently, leadership hiring for key positions in the sector will rise in the upcoming months.

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Subdued growth

New projects, offshoring prospects and rising global confidence in India's supply capabilities augured well. Demand for talent with domain-specific and project management skills rose with ongoing large-scale projects

BY **ANNE PRABHU** AND **SOMNATH BHATTACHARYA**

With India expected to spend around US \$1 trillion on infrastructure during the 12th Five Year Plan, global companies like Aecom, URS Scott Wilson, WSP and others witnessed growth, albeit slackened by global slowdown and lack of government fillips. Growth was spurred by various infrastructure projects across sectors, such as metro rail projects and airport upgradation and urban infrastructure projects.

This has led to rise in demand for talent with intrinsic domain knowledge and experience with large scale projects. The complexity of projects such as the Delhi Metro and the Delhi-Mumbai Industrial Corridor triggered demand for project management skills. The demand-supply gap has driven several MNCs to utilise their global mobilisation programmes, international secondments, etc., and bring in expatriates either for a specific term or the duration of the project.

Export trends

Fuelled by increasing use of electronics, fuel efficiency norms, convergence of local markets and localised products, the engineering design and products development segments generated export revenues of US \$10 billion in FY2012, rising ~14 percent. Mr Anand Sharma, Minister of Commerce and Industry, recently said that India was identifying newer markets, while strengthening its base in US and Europe to meet its 2013-14 target.

Recent examples of companies expanding to meet global needs:

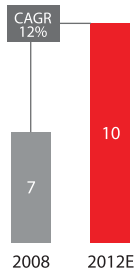
- US-based Aecom Technology Corp. opened a new design centre in Noida to serve its global design needs.
- In a bid to increase revenues from Europe, engineering services company Tata Technologies has acquired Cambric Corporation for US \$32.5 million.
- Tata Technologies has set up an innovation centre in the US that will offer design and consulting services for automotive companies globally. The centre will be the North American home to the Tata Technologies Vehicle Programmes Development group.
- Geometric Ltd's German subsidiary Geometric Europe GmbH has acquired 100 percent stake in electronics engineering company 3Cap Technologies GmbH.

PEOPLE MOVEMENT

- **Somalraju Hari Kumar**, who was earlier the Regional Director – South Asia at Halcrow, has joined GVK as Head of Transportation
- **Pawan Maini** has moved to Ramboll as MD, India from CH2M Hill, where he held a similar position
- **Dr Ajay Pradhan**, President and CEO of C2S2, is now the Managing Director at CH2M Hill
- **Ashish Tandon** has joined Egis India as MD, moving on from BGR Energy Systems, where he was President
- **Rajesh Kalra**, President – Business Operations of Rolta India Ltd, has joined Atkins as MD, India
- **Stephane Copin**, who was formerly with Airbus SAS as Sales Director, has joined Wipro Technologies as Director – Product Engineering Services, Aerospace
- **William Lang** has taken over as the Director – Sales at Geometric Ltd. He was earlier Account Development Director at OEConnection

Engineering and R&D services (ER&D)

(Figures in USD billion)



Source: NASSCOM

Key highlights of FY2012

- Driven by competitive markets and decline of skilled workforce in western economies, ER&D exports crossed US \$10 billion, an increase of about 14 percent over FY2011.
- Traditional verticals like automotive and semiconductors increased ER&D offshoring, alongside emerging verticals like energy and utilities.
- Demand was driven by an increasingly competitive market and changing demographics among the western countries, where availability of skilled engineering workforce is on the decline.

Future outlook

According to reports in April 2013, analysts forecast the global engineering service outsourcing market to grow at a CAGR of 25.78 percent over the period 2012-2016. One of the key factors contributing to this growth is the need for cost reduction. Fortunately, India has continued to emerge as a key ESO destination in the global ESO market. However, concerns related to intellectual property could stall this growth.

Recent trends indicate ER&D activities moving closer to emerging markets. Growing confidence among global customers in India's supply base capabilities is also a positive development. Growth in local markets and emergence of new verticals has further pushed the evolution of the ER&D industry. Factors like higher government spending on infrastructure and energy, increased use of electronic components and communications technologies, and the search for alternative sources of energy are expected to further drive the demand for ER&D services and capabilities.

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Healthy growth saga

Healthcare has many upcoming investment and expansion plans riding on entrepreneurship and medical tourism. There is higher demand for line and support talent, and a focus on retention and in-house grooming

BY **ANNE PRABHU** AND **SAURABH COAKLEY**

The hospital infrastructure industry in India continues to attract investments, spurred by the increasing popularity of the country as a preferred medical tourism destination and the entrepreneurs recognising the need for affordable yet quality healthcare across towns and cities. For private equity and venture capital investors, positive developments are the budget allocations: ₹ 37,330 crore to the Ministry of Health and Family Welfare, and ₹ 4,727 crore towards medical education, training, and research.

A chain of investments

The sector continues to see investments for both expansion of large chains as well as healthcare services in tier II and tier III cities which lack affordable quality healthcare. The focus is diversified across various verticals, from pathology chains to fertility clinics.

Major recent investments

- The 300-bed Sakra World Hospital is coming up at Bellandur near Bangalore, under a JV between Kirloskar Systems, Secom Medical Systems and Toyota Tsusho Japan, with an investment of around ₹ 220 crore.
- International Finance Corporation (IFC) is investing US \$25 million (₹ 134 crore) in Chennai-headquartered Ravindranath GE Medical Associates (RGE) for the Global Hospitals brand.
- The Matrix Partners-funded and Udaipur-based Mewar Orthopaedic Hospital is planning to invest ₹ 16 crore to build six more hospitals by the end of FY2014. The company has already invested ₹ 20 crore for various projects and built three new hospitals this year.
- India Value Fund-backed Manipal Health Enterprises, which runs a country-wide hospital chain under the brand Manipal Hospitals, invested an undisclosed amount in Ankur Healthcare, which specialises in infertility treatment, for increasing the number of centres from 4 to 12 in the next 12 to 24 months.
- Ajay Piramal Group-promoted India Venture Advisors has acquired stake in Andhra Pradesh-based Dr Ramesh Cardiac & Multispecialty Hospital through subscription of equity shares.

PEOPLE MOVEMENT

- **Swaminathan Dandapani** is the new Chairman at Manipal Health Enterprises
- **Dr Maulik Bhavsar**, Executive – Business Development, has moved to Sree Krishna Hospitals in a similar role
- **Arjun Oberoi** moved from Stryker to Anthelio Healthcare as Director – Global Head of Healthcare. He was earlier VP – Strategy and Business and Development
- **Eva Menzes** has moved from Geodesic, where she was Chief Human Resource Officer, to Sahyadri Hospitals in a similar role
- **Maher Abouzeid** has been promoted as President and CEO – Middle East and Pakistan, from his earlier position as General Manager – Middle East in GE HealthCare.
- **Anupama Verma** has joined Wockhardt Hospitals as President, moving from Malabar Institute of Social Science, where she was a Director
- **Dr Clive Fernandes** is the new Group Clinical Director at Wockhardt, moving from Apollo Hospitals, where he was Consultant Clinical Pharmacologist & General Manager – Quality/Special Projects
- **Dr Harsh Pillai** has moved from Salem International Hospital to Aster Medcity as CEO
- **Sudhaker Jhadav**, earlier at Narayana Hrudayalaya, is now with Yashoda Hospitals as VP – Marketing and Operations
- **Gilad Glick** has moved to Itamar-Medical as the CEO. He was earlier VP – Worldwide Sales & Marketing (cardio division) with Johnson and Johnson

- Temasek-backed HealthCare Global Enterprises, a cancer care chain headquartered in Bangalore, has acquired majority stake in fertility care provider Bangalore Assisted Conception Centre for an undisclosed amount.
- Sparsh Nephrocare is looking to raise ₹ 20-25 crore for expansion by this year end.
- Mewar Orthopaedic Hospital plans to raise a fresh round of capital from its existing investor, Matrix Partners, next year.

Hiring trends

Increasing investments and aggressive expansion plans are fuelling demand for skilled human resources, both in line roles and support functions. While there is a gradual increase in talent for line functions, a scarcity of resources is visible in support roles across the industry.

With the attrition rate close to 20 percent and a limited talent pool in the sector, retaining talent would be essential for companies. Another key driver would be grooming of in-house talent for larger responsibilities in line with expansion plans. A churn is evident in the industry, matching with its current high growth phase.

Some recent movements at the leadership level include Arun Oberoi joining Anthelio Healthcare, Swaminathan Dandapani moving to Manipal Health Enterprises and Eva Menzes joining Sahyadri Hospitals.

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Prescription for growth

The sector is eyeing the much needed standardisation of practices for increased efficiencies and trust. The high-growth APAC region holds tremendous potential, especially in the government sector

BY **ARJUN ERRY** AND **YVO METZELLAR**

Health insurance continues to be one of the most dynamic and fast evolving sectors of the Indian insurance industry. The Gross Written Premium (GWP) has increased from ₹ 175 billion in FY05 to ₹ 598 billion in FY12. The growth of the sector is however fraught with numerous challenges related to efficiency, affordability and accessibility.

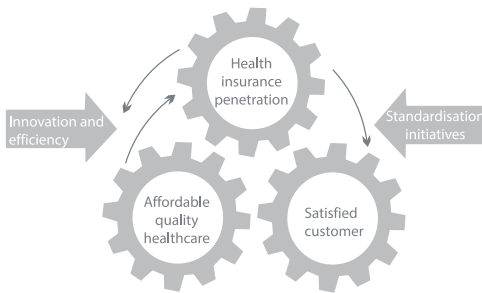
The mistrust between providers and insurers due to non-standardised practices plagues efficiency in health insurance. Therefore, standardisation is the call of the hour to enhance quality delivery, encourage innovation and increase penetration of health insurance. The Insurance Regulatory and Development Authority (IRDA) recently notified the Health Insurance Guidelines 2013 to standardise health insurance in the country. The guidelines aim at reducing ambiguity and enabling all stakeholders to provide better services.

This represents a very important milestone in ushering standardisation in the health insurance sector. The guidelines provide clarity on several key areas such as the definitions of critical illnesses, a detailed listing of excluded expenses, standardised billing formats and the adoption of service-level agreement between the insurer, third party administrator (TPA) and provider.

Realigning strategies

The guidelines will make it imperative for insurers to bolster their actuarial output, improve their underwriting operations and raise the bar on the selection/ empanelment of authorised providers. All these strategies will require a significant capability-enhancement to the actuarial, underwriting and provider-procurement functions, giving rise to the need to hire extremely talented professionals in each area. However, given the limited availability of talent in India, insurers will be forced to explore available resources in Asia, South Africa and the developed markets.

Health insurance, by its very nature, underwrites a risk which is an emotionally-charged subject. Since customer touch-points play an extremely important role in providing the policyholder a 'comforting' experience, customer-care and operations functions are critical to success.



Developing

Country	Forecast 2013 GDP change (percentage)	Forecast 2013 CPI change (%)	2011 population (millions)	2011 life insurance premium (million USD)	2011 non-life insurance premium (million USD)	2011 life insurance penetration (premium % of GDP)	2011 life insurance penetration (premium % of GDP)
China	8.7	4	1,363.7	134,539	87,319	1.8	1.2
India	7.5	6.5	1,232.8	60,442	12,187	3.4	0.7
Malaysia	5	2.8	28.4	9,307	4,965	3.3	1.8
Thailand	5.5	3.3	68.6	9,218	6,028	2.7	1.7

Emerging

Indonesia	6.7	5	235.3	9,437	4,655	1.1	0.6
Philippines	5	4.1	95.4	1,890	991	0.8	0.4
Vietnam	6.2	11.5	88.8	818	1,027	0.7	0.9

Source: Bank of Japan, Reserve Bank of Australia, New Zealand Treasury, Asian Development Bank, Swiss Re

Insurers will need to re-look their current process flows closely, explore what processes could be outsourced and centralise in-house operations. We believe insurers will hire talent for operations and customer-care from life insurance, banking and third-party BPOs.

Maintaining records

The Health Ministry has plans to develop standards for Electronic Health Records, which will help in monitoring and portability and creation of a national health database. In a bid to streamline processes, the industry is also working towards a common pre-authorisation and claim form, which will improve accuracy for TPAs and insurers. Since, in each of these initiatives, information technology will play a major role, insurers will be driven to hire senior IT personnel from the domestic and international talent pools.

The APAC scenario

In 2013, a number of factors will influence insurers' strategies in Asia-Pacific, including:

- Clarity on the best growth opportunities

- Implications of a rapidly changing regulatory environment
- The need to invest in technology and improve operations and risk management
- The need to innovate new services for the mobile technology revolution

Insurers in Asia-Pacific will benefit from the region's organic growth, driven by high levels of economic growth and rising insurance-penetration rates. Despite a slowdown in overall global economic growth, the region leads the world in expected Gross National Product (GNP) growth rates. Additionally, countries have also experienced rapid development of their financial markets and services sectors.

As the following table demonstrates, the premium penetration in the developing and emerging economies of Asia is in low single-digits, representing the biggest growth potential for insurers.

Going forward

In the current economic environment, insurers will have to be more selective about which markets to foray into, which distribution models to implement, and how best to manage costs. Desirable targets for selecting joint-venture partners include companies with access to strong bancassurance/distribution channels, entities with an established presence, companies with complementary products and organisations that have already invested in new technologies.

Increasing emergence of health insurance across the APAC region presents another growth opportunity. Simultaneously, with the healthcare reform underway, significant opportunities will be created for insurers to work with governments in providing expertise, systems and products. A step in this direction is the commitment from healthcare ministers of ASEAN, Japan, China and South Korea to establish a network for universal health coverage.

PEOPLE MOVEMENT

- **Vineet Patni**, Director – Head of Insurance Business and Consumer Product Development, Commercial International Bank of Egypt, has joined Bharti AXA Life Insurance as Chief Distribution Officer
- **Pavan Dhamija** has joined as the MD & CEO of DLF Pramerica Life Insurance, moving on from HDB Financial Services where he was the Chief Investment Officer
- **Rajiv Jamkhedkar** is an entrepreneur now and not with any company
- **Murlidharan R** has joined Edelweiss Tokio Life Insurance as CEO, moving on from Dhanlaxmi Bank, where he was the COO
- **Kevin Jones**, formerly Director at Red Consulting, has joined MCIS Zurich Insurance Berhad as CEO
- **Damien Green**, CEO of group corporate solutions and Director, AIA, has joined MetLife as Head – Employee Benefits, Asia
- **Supratik Biswas** has joined Star General Insurance – Tanzania as CEO, moving on from L&T General Insurance, where he was Country Head – Claims and Underwriting
- **Brett Humphrey**, CFO Hartford Life (Japan) is now Head of Actuarial and Finance, Aegon Sony Life (Japan)
- **Jeffery Robinson**, Consultant, Ying Da Tai He Life, has joined MassMutual Life Insurance as MD
- **Paul M Brown**, Director – Product Management, Farmers Insurance Group (Zurich Financial) is now the Regional VP at AIG

Highway to success

Multi-brand FDI will benefit the sector, a favourite of PE investors. With new investments and growing data volumes, hiring of experienced professionals and talent grooming is seen gaining momentum

BY ANNE PRABHU AND SAURABH COAKLEY

With the opening of multi-brand FDI by the government, entry of major players will significantly impact the Indian economy as well as the logistics industry. Warehousing and 3PL are emerging as the next big opportunities on the horizon. With store locations in place, the focus will shift to development of supply side activities with concentration on replenishment. This will largely be outsourced to Logistics Service Providers (LSPs) covering warehousing, primary and secondary transportation, international logistics and other value-added activities to supplement the efficiency of the supply chain. It will be interesting to see how the present logistics industry will shape itself to the demand arising in the wake of multi-brand FDI policies.

Investment scenario

The logistics sector remains the favourite for attracting PE funding and is gaining momentum. PE firm Tano Capital recently invested US \$15 million in Shree Shubham Logistics for supporting the expansion plans of warehousing capabilities in Maharashtra, Rajasthan, Madhya Pradesh and other states of the country. Prior to this, in a brief period of two months, the sector has attracted US\$ 58.01 million in two deals, including PE firm Everstone Capital Advisors' ₹ 220 crore (around US \$40.8 million) investment for a significant minority stake in Transpole Logistics.

The right talent

Investments in the field of warehouses and logistics parks are on the rise in general, especially to process the huge volume of cargo needed for multi-brand retail chains. With 30 percent of the raw materials to be procured locally, the pressure now is to build a robust supply chain network in order to reduce the risks in the process. With big opportunities on the horizon, experienced talent is in demand. The greatest challenge however lies in retention of talent for the industry. The right talent is necessary for driving innovation and managing potential supply chain disruptors.

PEOPLE MOVEMENT

- **Marco Gadola**, CEO for Strausmann, has joined Panalpina as CEO Asia Pacific
- **R Shanker**, CEO for TVS Logistics has moved to Foton Motors Marketing and Sales India as MD
- **Stefan Karlen**, MD, South East Asia, Panalpina World Transport has been appointed as CEO Asia Pacific
- **Sujoy Guha** moved from Sequel Logistics Private Limited where he was CEO and Director to CriticaLog India Private Limited as CEO and MD
- **Vidar Gronbrekk** , Director of Human Resources, Maersk, has been appointed Director – Head of South Asia HR at DAMCO
- **Jatin Chokshi** has been elevated to the position of CEO, from the earlier position of CIO at Allcargo Logistics Ltd
- **Prof. J Ramachandran** has been appointed as Independent Non-Executive Additional Director, replacing Satish Gupta at Allcargo Logistics Ltd
- **Angela Yochem** has joined BDP Logistics as the CIO worldwide. She was earlier with AstraZeneca serving as their CTO
- **Dennis Tan** has been promoted from SVP – Controlling Programs and Costing, to CFO – Asia Pacific in DHL
- **Tex Gunning** has joined TNT Express as CEO from Akzo Nobel, where he was member of Board of Management and was responsible for Decorative Paints Division

Growing data volumes have emerged as an opportunity for 3PLs and shippers to invest in the right tools and people talent pool, to minimise the risk and optimise the entire process by employee training, talent management and internal/external certifications. The reason why many shippers and 3PLs fall short on their supply chain disruption risk mitigation efforts is the lack of understanding of available mitigation tools.

Impact on hiring

Building up and retaining a strong talent pool is a major challenge. The data volume generated during the movement of goods has to be utilised in order to further strengthen the network of supply chains. Investment in enhanced IT infrastructure is also creating demand, and hence talent has become extremely important for companies. It will be interesting to see how companies deal with the increase in volume of their cargo, and how they use this data in order to optimise their supply chain systems. With the requirement for trained personnel heightened, there will be pressure on talent managers to scout for outside talent and to train in-house personnel to emerge as business aligned IT leaders.

DHL's Multi-Client Sites

DHL Supply Chain, the global market leader for contract logistics solutions, announced an investment of €100 million to further strengthen its logistics infrastructure in India. This will include development of eight world-class Multi-Client Sites across India and upgrading its current fleet with technologically advanced transportation vehicles to meet the growing customer demand in various sectors.

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Spotlight on Asia Pacific

Medical devices makers are more upbeat about Asia Pacific and are exploring emerging markets. Challenges in sales hiring for Tier I and II cities have led to aggressive hiring from the FMCG sector

BY PRAFUL NANGIA

Medical device firms are more upbeat about the Asia Pacific region in 2013 compared to last year, with business leaders in Asia significantly more optimistic than their western counterparts. Despite global economic uncertainty, results suggest that medical device firms expect continued growth opportunities in emerging markets including Brazil, India and China, driven by aging populations and a growing middle-class.

Strong sales in Asia Pacific evoke no surprise, given the region's rising middle-class population and government investments in healthcare, especially in China. According to a recent survey by a consulting and market research firm, medical devices companies in the Asia Pacific have grown at almost 44 percent in the past 12 months as compared to 28 percent in North America and 35 percent in the Europe, Middle East and Africa (EMEA) region, with smaller companies recording the highest growth rates. The focus is further corroborated with most companies beefing up their regional offices with leaders who have prior experience in the region. From the talent perspective, this spotlight on the region is facilitating the rise of regional leaders in the global leadership hierarchy.

Bottom-up innovation

The fast growing Indian medical devices industry is coveting enormous attention from global majors, enterprising entrepreneurs as well as Venture Capital firms. Existing gaps in medical treatment have inspired the development of path breaking innovative products from some Indian companies, which augur well for a country still largely dependent on import of medical devices. A few of these companies are now exploring options of expanding to the emerging markets of Africa and Asia.

PEOPLE MOVEMENT

- **John Manzit** has taken over as the President and COO at Precision Engineered Products
- **Gwen K Bame** has moved from Covidien to InspireMD as VP – Corporate Development
- **Robert G Funari**, Chairman and CEO at Crescent Healthcare, has been appointed as the Non-Executive Chairman at NxStage
- **Scott Donnelly**, President and CEO at Textron, has been appointed on the Board of Directors at Medtronic
- **Bernard Sweeney**, VP – Medical Devices and Country Manager – Switzerland at D Target has moved to Aptiv Solutions as Senior VP – Medical Devices
- **YS Prabhakar**, Director – International Business at Hach Company (Danaher) has joined Becton Dickinson as Business Director
- **Jayashri Kulkarni**, formerly Director – Strategic Planning and Business Development, India at J&J has been elevated to Director, Business Insights Group, APAC
- **Mohit Malhotra**, MD – India at Sandoz, has joined Stryker as Managing Director – India

Interestingly, mid and large-sized companies find it easier to establish and grow business in China, whereas smaller firms are happy placing their bets on India, suggesting a less complex path to market here. The perceived lack of quality talent is believed to be a major factor in large players dithering on setting up manufacturing and technology development centres in the country.

Our experience with the senior talent pool in the matured markets of the West however does not tally well with this perception, as people are increasingly open to relocating, with relatively high preference now given to Asia and India.

Moreover, most companies are entering tier II and tier III cities, following the expansion of private sector healthcare delivery. Although hiring sales people for these markets remains a challenge, a number of medical devices companies are improvising by recruiting aggressively from FMCG companies, the only available talent pool.

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Pill of growth

Generics are on a roll with Indian pharma players in a positive phase. The IP rulings in the US will be impactful in the long run. The M&A scenario remains sluggish due to perceived higher valuations of smaller firms

BY **ANNE PRABHU** AND **ARUN RAGURAMAN**

Generic drug makers emerged the jubilant lot with positive outlook for the Indian pharmaceutical sector. Weak currency, strong growth from US generics business, launch of new products in newer markets, improved market shares and recovery in the domestic markets drove the sector to a good performance.

The recent rulings against intellectual property rights over Pfizer and Novartis' cancer medication drugs have raised concerns with foreign pharmaceuticals, leaving an impact on the long term as some of these players may reconsider their R&D plans based on the rulings. In the short term however, with the bulk of the Indian market supported by generics, no major impact on the overall sector is expected.

Generic manufacturers face a primary concern from patent expirations in the US markets, which will continue to underpin growth while bringing into focus complex generics and attempts at diversification. Another concern from the growing European market is the India-European Union Free Trade Agreement, which may provide for injunctions against mere suspicion of patent infringement.

The Generic Drugs User Fee Act 2012 enables US Food and Drug Administration (USFDA) to charge a fee for registration of generic drugs. Any company interested in supplying drugs and pharmaceuticals to USA has to pay the prescribed fee to USFDA. This will require generic drug makers to spend more on marketing their products in the US.

Overall trends

According to the Ministry of Commerce, India is aiming to export pharmaceutical products worth US \$15.5 billion in 2012-13 fiscal, an increase of around 17 percent compared to US \$13.22 billion in 2011-12. Valuation for smaller companies is perceived to be quite high, a primary reason for the sluggish M&A scenario in pharmaceuticals.

PEOPLE MOVEMENT

- **GV Prasad** has been appointed as Chairman of Dr Reddy's Laboratories
- Cipla has appointed **Subhanu Saxena** as CEO, who was earlier with Novartis AG
- Sun Pharmaceutical Industries has appointed former President and CEO of Teva Pharmaceutical Industries, **Israel Makov**, as the Chairman of the company in place of **Dilip Shanghvi**. Shanghvi will continue as the MD of the company.
- Drug firm Aurobindo Pharma has appointed **Arvind Vasudeva** as CEO for its formulations division. Earlier, Vasudeva served as COO at Glenmark Pharmaceuticals
- Abbott has appointed **Bhasker Iyer** as Divisional VP, India Commercial Operations
- **Lakshmi Nandkarni** has moved from Dow Chemical International as HR – Country Leader, India, to Pfizer India as HR Director
- **Ruby Lau** moved within Astra Zaneca from VP – Operations, India, to VP – Operations, Australia
- **Arumugam Muruganandam**, who was earlier with Biocon as Chief Scientific Manager, is now with Affigenix Biosolutions as MD and Chief Scientific Officer
- **G Gaurav Bahadur**, who was with Firstsource as EVP – HR, has moved to Sanofi as Senior Director – HR, India & South Asia

Sun Pharmaceuticals called off a nearly US \$600 million plan to acquire outstanding shares of Israel's Taro Pharmaceutical, citing pricing issues. However, the US \$1.85 billion acquisition of Agila Specialties, the injectibles business of Bangalore-based Strides Arcolab by Pennsylvania-headquartered Mylan, seems to indicate a change in sentiment. For foreign players either keen to consolidate domestically or enter India, there is a greater focus on ability to derive synergies, minimise product overlaps and leverage Indian products and platform for international markets.

In the last two months of 2012, annual growth in the sales revenue of the pharmaceutical sector plunged to a two-year low of 4-5 percent. Since the government's announcement of the pricing policy is yet to be implemented, lower inventories are being maintained to react to the change. In the short term, this would affect the inventory management by various distributors until further clarity.

The budget impact

Drug prices will rise marginally as the government has raised excise duty on chemical inputs and finished products. The duty on the latter (formulations) was increased from 5 percent to 6 percent, while on the active pharmaceutical ingredients (APIs), it was raised by 2 percent to 12 percent.

Talent moves

As companies tried to expand sales to Europe last year, unit heads were hired from international pharmaceutical firms. For instance Ex-Teva Frank Pieters was appointed to lead Cipla's European respiratory business last year.

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All aboard for success

Major expansion plans are ruling the roost, spurring the need for talent in planning, bidding, operations and finance. While LNG is attracting players, the pressured Containers sector is undergoing capacity augmentation

BY SURESH RAINA AND SAURABH COAKLEY

Preceding months witnessed some major developments in the Indian port sector, including the sudden exit of Haldia Bulk Terminals from Haldia Port and the interest shown by Adani Group in buying a controlling stake in Dhamra Port. The hiring scenario looks bright with major expansion plans on the cards, as the Shipping Ministry intends to award 30 port projects this fiscal with an investment of ₹ 24,000 crore. This includes projects such as the fourth terminal at the Jawaharlal Nehru Port Terminal (JNPT) and Chennai Port's mega container terminal augmenting its current capacity by 280 mtpa.

Port operators would thus require senior people for project planning and bidding functions as well as senior finance professionals, since financial modelling and innovative bidding will be the key to viable projects.

Bulk carriers

The sharp decline in export and import volumes resulted from the cumulative effect of a shortfall in demand of iron ore from China and the mining ban in Karnataka and Goa. This led to downfall in the performance of the port sector, a cause of major concern especially when India is in an economically turbulent state.

However, private ports like Adani Ports and Special Economic Zone Limited (APSEZL) and Essar Ports Limited (EPL) showed robust growth in throughput volumes.

This was because of the diversified nature of the cargo handled, such as liquid cargo and dry bulk cargo.

Diversification of cargo has been the success factor for these ports, as the movement has been affected by diversified cargo streams, superior operating efficiency and infrastructure, enabling diversion of cargo from congested major ports and the presence of captive cargo streams.

After the recent lifting of the mining ban in Karnataka, mines will take some time to become operational due to the various government clearances required. Ports undergoing major diversification processes are expected to scout for suitable talent who can handle diversified cargo and can don multiple hats based on demand.

PEOPLE MOVEMENT

- **GK Pillai** has been appointed Independent Director with Adani Ports
- **Ajit Jangle** moved to Allcargo Logistics as COO. He was previously the MD at Toll Global Logistics
- **Capt. Alpesh Abhay Sharma** moved from DP World to Laem Chabang International Terminal in Thailand as CEO/Director from a similar role
- **Ajay Harlal Tyagi** was promoted from Head of Operations – Chennai Terminal to Head of Operations, Nhava Sheva within DP World
- **Sandeep Mehta**, who was earlier with Adani Logistics as COO is now Head HSSE – Africa & Middle East Region at APM Terminals
- **Vishal Sharma** has moved out of Gateway Rail Freight Ltd, where he was the CEO

However, talent acquisition will continue to pose a challenge, given the remote location of ports and limited or basic amenities available, which make people sceptical to join the sector.

LNG

The Liquefied Natural Gas (LNG) sector is heating up with incremental interest from various players. The likes of Itochu and Toyota Tsusho have joined the race for building an LNG Terminal in association with state owned Gujarat State Petroleum Corporation (GSPC) at Mundra with an initial investment of ₹ 5,000 crore. Petronet LNG is also diversifying into shipping through a 26 percent proposed venture with vessel owners and operators for transporting gas to its new terminal at Kochi, Kerala.

With the third LNG terminal commissioned at Dabhol, Maharashtra, experienced operations personnel are in demand. The proposed LNG terminals by Petronet LNG, Indian Oil and Reliance Industries (in collaboration with Shell) will continue to attract talent to the sector.

Container

Falling or flat volumes due to the economic downturn have put container terminal ports under pressure.

Nevertheless, various proposals like the one to build the fourth container terminal at JNPT, a new container terminal at Ennore and the Chennai Mega Port Container Terminal will augment the current capacity.

Capacity augmentation is integral to this sector in order to curb the risk of losing out cargo to private sector ports. Once the necessary clearances are procured, talent acquisition in this sector is expected to pick up. Demand for leadership talent in functions including operations and business development will increase over the next six to twelve months with the projects planned at Tuticorin, Vishakhapatnam and Krishnapatanam.

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Prospects ahead

Inefficiencies across value chain continue to weigh down on sector, with significant talent shortage. Due to financial challenges, many companies hired CFOs, a position that witnessed some reshufflings in bigger companies

BY SURESH RAINA AND RAHUL ROY

The Indian power sector is seen as an outlier because of continued inefficiencies across the value chain, spanning feedstock supply, power generation, transmission, distribution and retail (Moody's). Talent crunch too, at both the senior and middle management levels, is weighing down heavily, given the large number of companies that commenced operations in the last decade.

Talent crunch

In recent years, salary increments have been above the market average for the lateral hires, with internal increments deployed as a retention tool. Average salaries of the CEOs for the Standalone Solar Photovoltaic (SPVs) have increased by more than 50 percent over the last 3-5 years depending upon the challenges and location of the position.

Shortage of talent coupled with remote locations of plants is compelling companies to offer CXOs a premium above market compensation. Many senior personnel travel extensively to plant locations, with base locations at a nearby major city/town. Private sector companies are therefore developing mega cities for the employees as a retention measure, akin to PSU organisations such as NTPC and BHEL.

Role of the CFO

With most companies in infrastructure facing financial stress, the role of the CFO has become critical, and leading companies are hiring senior talent to help manage cash flow challenges. Recently, Essar Energy hired Deepak Maheshwari, who was earlier heading the project finance function at Reliance Power. There have been significant movements in the finance function in power majors such as GMR and Lanco.

Privatisation of power distribution is moving at a slow but steady pace, with states like Uttar Pradesh, Madhya Pradesh, Haryana among others going for privatisation to reduce losses and improve efficiency. One of the companies bidding for licences in Haryana is Essar.

PEOPLE MOVEMENT

- **Ravi Sharma**, who had left Adani Power as CEO last year, has joined Deeya Energy as a Director
- **Swarnamugi Karthik** has been internally promoted as Director on the Board and Director for Corporate Strategy in BGR Energy. Earlier he was heading the procurement function for them
- **Ashwani Kumar** has joined L&T as Chief Executive – Power Development from Reliance Power
- **RP Singh** has retired from the post of MD of JSPL
- **Ravi Uppal** has joined JSPL as MD & CEO. He was heading the power business for L&T
- **KJ Varkey** has joined Bajaj Group as CEO for Lalitpur Power Generation Company. He was earlier COO of Lanco Vidarbha Thermal Power
- **P Sampath**, who was CFO for Essar Energy, has moved internally to become President of Business Optimisation and Improvement.
- **Deepak Maheshwari**, who was CFO with Reliance Power, has taken up his position
- **A Subbarao**, who was Group CFO for GMR Group, has resigned after 13 years with the company

Sector updates

- Kerala State Electricity Regulatory Commission has hiked the power tariff for all consumers except those whose consumption is lower than 40 units per month. This would set a precedent for many other state ERCs, acting as a significant boost for the private power sector players, and would set the pace for hiring for new projects currently on hold.
- Coal imports are expected to increase by more than 50 percent this year due to shortage of domestic fuel supplies. This shows that companies have decided to move on and not sit idle with the assets, which would give a boost to hiring across levels.
- Reliance Sasan Power's first unit of 660 MW commenced its commercial operation recently, hiring for the plant operations across all levels.
- Tata Power's petition to revise tariff due to rise in fuel costs imported from Indonesia has been approved by CERC. However, it is still not clear if it would be able to maintain the same amount of off-take, since SEBs would be looking out for cheaper alternatives.

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At the crossroads

With money beginning to trickle in, investors are also cautious about the challenges of investing in India. While real estate PE is in deep freeze, India is at a crossroad of showing good returns and raising new funds

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

After a drought of almost 18 months, 2013 started on a positive note with several funds announcing their first and second close. Clearly, money has begun to flow globally into private equity.

We ended our last issue's report stating that three factors have impacted the private equity industry in India – negative headlines on the local political and regulatory environment, unimpressive returns and a precarious global economy. Fortunately, the US economy is beginning to look up, and Europe is cautiously optimistic. This is a big change from 2012, when general partners were holding on to US \$1 trillion in dry powder and equity was replaced by leveraged loans and high-yield bonds.

The limited exuberance however needs to be viewed in the light of the fact that both international and domestic limited partners and investors are now savvy about the challenges of investing in India. They will seek to back only successful second time funds, or first timers that have a very credible track record with teams that have worked together in the past.

Several other players have raised funds, but have not made a formal announcement of their first close. These include Capaleph, Arth, Lighthouse, Banyan Tree, IDG Ventures, Saama Capital, ICICI Infra fund, Zephyr Peacock, Inventus and Motilal Oswal.

At the same time, a few funds such as 3i, Beacon India and Kubera will be winding down operations.

Outlook on talent

With very few new MNC funds having entered the country in the last 24 months, senior level hiring has been limited to a few positions across firms such as Carlyle, GA and Temasek. Senior partners who left to start their own firms are looking decidedly more settled, and this may lead to a few senior positions opening up. On the other hand, hiring at the entry level, especially for analysts and associates, has remained steady and similar to what it was in 2012.

PEOPLE MOVEMENT

- **Lakshmiah Balachandra Naidu (Bala Naidu)**, formerly Goldman Sachs Managing Director – Asian Special Situations Group, is now Partner at Baring Private Equity
- **Abhay Havaladar** has left General Atlantic as Advisory Director
- **Nitin Goel**, who was earlier with AIG Global Real Estate as Co-Fund Manager, is now with Milestone Real Estate Investments as Partner
- **Ashish Joshi**, Managing Partner at Milestone Real Estate Investments has left the company
- **Somak Ghosh**, Co-Chief Executive at Motilal Oswal PE, is now setting up Contrarian Capital India Partners
- **Sandeep Gupta**, formerly with Credit Suisse as Director, has joined IDFC Capital as Managing Director – Corporate Finance Division
- **Kuldip Chawla**, earlier Director at Red Fort Capital, has launched his own start-up, ASK Strategies
- **Anil Ahuja**, Managing Partner at 3i Capital, is now pursuing other opportunities
- **Samir Polad**, Partner, 3i Capital – India Infrastructure Fund, is now Managing Director at 3i Capital
- **Girish Baliga**, Partner at 3i Capital, is pursuing other opportunities
- **Rajeev Bairathi**, who was earlier with DTZ as Co-Head, North and East, is now with Knight Frank as Executive Director and National Head for Capital Transactions Group (CTG)

Some funds that have announced a close and confirmed

Fund	Status
Access Asset Managers	First close done. Actively investing, with two investments last year
Exponentia	Expects to do a first closing in Q2 FY2013-14
MCap Fund Managers	Raised about US \$60 million and has started investing
ASK Pravi	Initial closing over and actively looking to invest
Kalaari Capital	Kalaari is IndoUS Venture Partners' second fund. Actively investing
ICICI India Infrastructure Advantage fund	To raise US \$750 million. First close made at US \$275 million
Arth Capital	To raise US \$300 million for management buyouts in mid-cap companies and distressed assets
BanyanTree Growth Capital II LLC	To raise US \$175 million. Raised US \$100 million in its first closing, US \$25 million from IFC and US \$50 million in the second closing
Kedaara Capital	To raise US \$500 million. Raised US \$290-325 million in its first closing
IDG Ventures – second India-focused fund	To raise US \$175 million
Zephyr Peacock	To raise US \$150 million. Raised US \$50 million in its first closing and US \$70 million in the second closing
Motilal Oswal Impact Investment Fund	Reached third close of second PE fund at US \$103.5 million. Plans to raise another US \$25 million from IFC

Real Estate PE in deep freeze

Real Estate private equity has gone into deep freeze with hardly any action happening in the sector. Entry of new funds into the country is yet to be seen, although some existing funds have announced follow-on funds: JP Morgan, Kotak, HDFC and ICICI. Interestingly, the total investment in FY2012 was half of the previous year at US \$1.7 billion. Given the state of the sector, hiring has also been fairly quiet. The industry does not present a pretty picture, with a lot of invested monies still to be exited.

At a crossroad

India is at a crossroad of demonstrating good returns to LPs versus raising new funds. While risk appetite for equity appears to be growing, the question is, going forward, to whom will LPs entrust their money?

Clearly, a team of seasoned GPs, who have the ability to invest, grow and return money. This may represent a rare breed of PE professionals, but they will be the ones to set the direction for the fourth generation of funds in India, putting it back on the investors' map.



Ground reality

Transparency is expected with the new proposed bill for the sector, though the industry is sceptical of its success. Though there was a decline in investments over last year, some brands witnessed success with new launches

BY **RAHUL ROY**

The new bill proposed by the central government will usher in changes that benefit the consumers. However, like other bills, it has limitations with respect to control of the proposed regulatory structure, timeline of projects and the options available for small projects to not register with the regulatory authority. Overall, consumers have welcomed the bill for moving a few steps ahead in the areas of transparency and consumer rights. Developers however are doubtful if the bill would bring in the expected changes, with cost increase and project delays due to additional approvals.

Downward trend

India was ranked 20th in the global real estate market with US \$3.4 billion of investments in 2012, as per a report by Cushman & Wakefield. More than two-third of the investment came from institutional sales, while the rest through private equity. Overall, investment has declined over the last year by more than 25 percent. China leads with nearly one-third of the global investment, having attracted over US \$300 billion in investments in 2012. The overall investment has increased by 6 percent over 2011, totalling to US \$929 billion.

Brand power

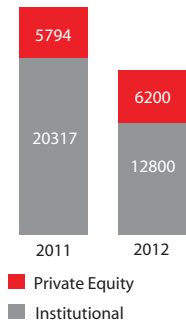
Brands like Lodha and Godrej are performing better than their peers in the market, registering over 70 percent increase in sales over the last year with more successes in the new launches.

Lodha's recent launch received an overwhelming response with ₹ 60 billion worth of applications in a nine-day period. While most of the cities saw a downtrend in terms of sales and new launches, Bengaluru and Pune fared better.

PEOPLE MOVEMENT

- **Kunal Jaiswal**, Head – Sales, Marketing and New Projects at Religare Wellness, has joined Knight Frank as Head of its Retail Agency in India
- **Atul Talwar**, Vice President – Mall Management & Leasing with Advance India, has moved to Collage Group as Senior VP – Leasing
- **Vivek Srivastava**, Director of Collage Group, has joined Triston Projects & Ventures as CEO
- **Ish Anand**, who was CEO with Phoenix Hodu Developers, has joined SSR Realty Ventures in a similar position
- **Pushkaraj Shenai**, COO, Piramal Realty and President, Piramal Group Corporate Brand, has moved to Lakme Lever as CEO
- **Ravinder Arora** has moved within the Bharti Group as CFO for Bharti Realty. He was earlier VP – Finance for Bharti Enterprises

Real estate investment: India
(figures in ₹ crore)



Hiring continues at a slow pace, with most of the companies looking for replacements at the senior level. As investments by private equity funds increase, we expect to see hiring of professionals for Business Head roles from other organised sectors.

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New rays of hope

With new investments the sector is shining again, led by wind. Debt laden firms are offloading non-core assets and pure players are exploring the field. Demand for design engineering talent and senior professionals is high

BY SURESH RAINA AND SAURABH COAKLEY

The renewable energy sector in India is witnessing a rebound in investment with around five deals worth US \$500 million being sealed in 2013, including Gujarat Venture Financial Limited acquiring stake in British Firm SITAC. The sector is strongly led by the wind energy segment. Outlook for the sector remains upbeat with new projects coming up in both Solar PV and Solar Thermal.

As India looks forward to add additional 1,300-1,400 MW in 2013, many serious players are looking for an expansion that is only restricted by the uncertainty in governmental policies. The sector is inclined towards consolidation, with serious players who are in for pure play generation increasingly looking at mergers and acquisitions. Meanwhile, non-serious players are looking to exit. Initially, the sector had attracted major infrastructure and conventional power generation companies. Now, it is being explored by new companies whose core focus is on renewable energy. Highly leveraged, debt laden companies such as Suzlon, DLF and Lanco have begun offloading their non-core assets to reduce debt. Faced by mounting losses of over 1 billion euros in its solar vertical, global MNC Bosch has been forced to exit the solar business. On the talent front, it is widely expected that there will be cross pollination of good quality talent.

Implementing changes

After the government withdrew tax break and generation-based subsidy for wind farms, wind energy generating companies are looking forward to get the subsidy reinstated and obtain clarity on the Wind Policy in order to fuel their expansion plans.

Low margins in the business are forcing sector players to look for cost savings and to turn to their areas of core expertise. Increasingly, Off Grid and Roof-top Solar is attracting a lot of attention with increased traction seen in the segment. There is high demand for design engineering talent, with companies like First Solar and SunEdison remaining bullish on India's growth in clean energy. While earlier engineering, procurement and construction (EPC) companies were invited to do this job, Indian renewable energy companies are now increasingly keen to acquire design engineering skills.

PEOPLE MOVEMENT

- **Amit Kansal** has been elevated as MD at Vestas India from his earlier position of VP – Sales, India
- **Johnson Varghese** is moving from Vestas India from his role as Director – Construction to SunEdison India as Managing Director – Utility Operations (South Asia and Africa)
- **Kailash Tarachandani** has left Kenersys India to join Inox Wind as CEO
- **Ajay Goel**, who was earlier with SunEdison Energy India as VP – Global Product Operations, is now the CEO at Tata Solar. He replaces K Subramanya, who is pursuing other opportunities
- **Rohit Modi**, earlier with Gammon India, is now CEO at Suzlon India
- **Jerry Stokes** has joined Innotech Solar AS as CEO. He was earlier with Suntech Power International Limited as President
- **David Hogg** has moved to ib vogt as CEO from a similar role with Innotech Systems Inc
- **Greg Vance** is now with SolarBridge Technologies as VP – Engineering, moving from Dell where he was the Director for Server Development
- **Lawson Huang** is the new VP – Sales and GM, Asia at Equity Solar Inc. He was earlier with GT Advanced Technologies as Director – Technology R&D Asia
- **Bill Mulligan** has been promoted as Executive Chairman of SolarBridge Technologies. He was earlier a Board Member

Talent acquisition continues to be a challenge. There is demand for senior professionals in pure-play renewable energy companies for projects, business development and engineering functions and senior finance professionals with project finance experience.

Recent and upcoming developments

- An affiliate of Singapore's GIC to invest US \$150 million in Greenko Group for acquiring mini hydel assets.
- Gujarat venture finance picked up a stake in the SPV of UK-based SITAC group to join the US \$47 million, 50 MW wind project in Gujarat.
- Continuum Wind Energy secured a US \$164 million loan from State Bank of India for its 175 MW power project in Maharashtra.
- NSL Renewable Power Pvt Ltd signed an agreement with Asian Development Bank to raise US \$30 million. It had recently raised US \$60 million from a consortium including private equity and strategic investors.
- L&T Solar won a ₹ 7 billion order for turnkey EPC of a Solar PV plant in Tamil Nadu.
- Bosch announced its exit from solar business globally due to mounting losses.
- ONGC is considering inviting partners for setting up solar and wind plants for power generation of about 6.5 GW.
- IDFC is planning to increase its share of investments in its Green Infra Ltd unit with close to US \$44 million in the next six months.

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The big retail boom

The retail sector is on a growth trajectory, with advent of FDI spurring demand for experienced professionals. However, attrition rates will remain high at the mid-management level. E-tailing is a promising new segment

BY **PRAFUL NANGIA** AND **RAHUL BHAT**

India's retail sector is worth US \$350 billion and is currently growing at a Compound Annual Growth Rate (CAGR) of 15-20 percent. As per current projections, the industry should reach US \$810 billion by 2021, but organised retail's share of the pie would be a mere 20 percent. The neighbourhood 'kirana' stores are here to stay, given their flexibility, convenience and in-depth knowledge of the average Indian consumer. The retail density of 15 shops per 1,000 population in India, compared to 1 shop per 1,000 population in the developed world, explains the success of this segment.

Talent for luxury apparel

Though growth of retail coupled with FDI policy announcements have given mixed signals, there are certain retail trends that most industry leaders concur with. The entry of international players is creating a high demand for candidates with prior experience in setting up large retail chains. We foresee the non-resident Indian talent, especially from the South East Asia and the Middle East, looking at returning. If one studies the FDI proposals on a sectoral basis, clothing and apparel emerge as the largest takers for this talent. With most companies already struggling with perennially high attrition rates, especially at the middle management level, the advent of these global companies will further hit the employee retention numbers.

FDI proposals in the pipeline

- Interim, a relocation and warehousing company, plans to invest US \$40 million over the next three years.
- Tesco Plc has set up an Indian subsidiary to buy fresh and processed food from the country for its global stores.
- Italian luxury clothing and accessories brand Versace plans to open about 70 stores in the country, with an investment of US \$25 million over the next three years.
- L'Oreal SA plans to invest ₹ 970 crore (US \$177.65 million) in India, a market that the French cosmetics giant considers amongst the top five in the world.
- Swedish fast-fashion giant Hennes & Mauritz (H&M) has asked leading mall developers to block space for its initial stores in India and hopes to open a local office in the next few months.

PEOPLE MOVEMENT

- **Jerome Lomaire** has been promoted as MD, UK at Reckitt Benckiser
- **Srinivasan Gopalan**, Consumer Director with Vodafone UK, has joined Airtel as Director, Consumer Business
- **Grant Liversage** has moved to India as MD of SABMiller India from Cervejas de Mozambique, where he was MD
- **Etienne Benet** has joined Nestle as MD, India. He was with Nestle as MD for Central & West Africa
- **Ivan Menzes** has been promoted as CEO at Diageo; earlier he was the COO with the company
- **D Shiv Kumar** has resigned from Nokia as their Operations Head – India, Middle East and Africa
- **Lakshmikant Gupta** has joined Redbus.in as its CMO, moving on from LG Electronics, where he was placed in a similar capacity
- **Gary Piscatelli** has been elevated to the role of Chairman of Timex Group, India. He has been the CFO for their USA operations
- **Manoj Chacko** has moved to Kuoni Business Travel as their COO from Kingfisher Airlines, where he was their Commercial Executive VP
- **Gary Kenneth Toomey** has joined Jet Airways as their Group CEO; he was previously the CFO at Qantas
- **Atul Singh**, CEO and President for India & South West Asia, has been promoted as Deputy President, Pacific Group

- f. Topshop is finalising plans to enter India through a local joint venture.
- g. Promart Retail, a value format concept in lifestyle, plans to open 100 stores by end of 2013.

The E-tailing revolution

Another exciting area in retail is the E-tailing revolution in the country. Though the current riding on the back of heavy discount models may not last long, it would mould customer preferences in urban and semi-urban areas. With huge government investments for the expansion of internet penetration and the brisk sales of affordable smart phones and tablets, this sector is poised for growth.

On the constraints side, affordability of real estate will become the biggest growth enabler. From the E-tailer's perspective, the real challenge is to supplement their offerings with better and more secure purchasing interfaces, try-and-buy retail models and optimised logistics, especially for products.

However, the sector is also witnessing signs of consolidation for two reasons:

(a) Sustainability for the smaller players becomes difficult with pricing pressure.

(b) Deep-pocketed MNCs like Amazon are introducing path-breaking models such as the Marketplace.

Two successful ventures have decided to merge operations – Zovi and Inkfruit, with common investors SAIF Partners. Buzzintown was acquired by Yatra.com last year, while some others like FashionandYou and Seventymm had to wind down operations.

Based on escalating growth, talent needs are rising in the mid-management levels across supply chain and technology, which form the backbone of the business. Similarly, marketing spends have risen in traditional and social media, leading to the creation of the Chief Marketing Officer.

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- **Manu Anand** has resigned from the position of President with PepsiCo India
- **Ramnik Narsey** has been appointed as Interim CEO for Wal-Mart's India operations; he was previously Chairman & CEO for Woolworths India

Banking on a licence

The sector is upbeat about issuance of new licences. Focus on rural markets will uplift demand for talent with relevant experience. Among others, technology and back-end operations will witness increased hiring

BY **ARJUN ERRY** AND **RAHUL BHAT**

While global banking is showing signs of recovery from its worst ever downturn in history, its Indian counterpart is abuzz with the new license brouhaha! Popular press has been covering this topic, presenting views of the finance ministry, Reserve Bank of India, interested applicants, industry experts, critics and every other stakeholder. The final list of applicants stood at twenty-six, which ranged from the likes of Indian corporate houses, NBFCs, microfinance companies and PSUs.

While all this augurs well, the big impact will be on the talent required to meet RBI's general guideline on financial inclusion and priority sector lending. MNC banks and Non-Banking Financial Companies (NBFCs) have already floated mandates in the market to hire talent with rural lending experience. While running a mandate ourselves, we noticed that the private sector lacks talent with rural lending experience, although individuals with lending experience in specific domains like gold, tractor, trucks, and second-hand vehicle loans are available.

Good talent can be sourced from:

- Established banks in the private sector
- Public sector
- Allied sectors such as fertilisers and farm equipment. Due to the need for cultural compatibility with consumers, focus will be on Indians (locals).

Since the demand is high, it will lead to a void in the sourcing industry. The other 'T', besides 'Talent', to solve this conundrum is cutting-edge 'Technology' and the entire gamut of back-end functions such as risk, compliance, audit and analytics.

With their sight on the rural market, it will be mandatory for banks to develop a framework based on a technology. It is not economically viable for 5 new banks and 40 odd existing ones with national presence to open new branches in every village of the country. Therefore, they should explore a scalable way to reach out to masses through technology, with some form of remote client that connects with the local server; a hub and spoke model of sorts. While this would lower upfront capital investment, provide fast, reliable and easy-to-use service, other support functions like business risk, IT risk, compliance and analytics will also demand huge talent.

PEOPLE MOVEMENT

- **Sonu Bhasin**, earlier with Yes Bank as Head of Consumer Banking, has joined Tata Capital as COO for Travel & Forex
- **Ashok Mittal**, UBS's Head of Investment Banking, has moved to Rabo Bank as Head of Investment Banking
- **Stephane Prunet** has moved from AXA IM as Head of Global Equities and is still based in California
- **Rohit Chatterji**, JP Morgan's MD & Head of Investment Bank, is now MD & Head of Corporate & Investment Bank
- **Amit Sethi**, who was earlier with Yes Bank as CIO, is now with Axis Bank in a similar position
- **Pavan Kaushal**, Chief Risk Officer (India) at ANZ Bank has joined E&Y as Partner, Financial Services
- **Elton Apps**, Director of Nisus Search, has moved to Coutts & Co as Head of Resourcing, SE Asia
- **Sonali Malhotra**, Morgan Stanley's ED & Head of HR India is now with Morgan Stanley (Singapore) as ED & Head of HR, SE Asia

To support the sector, the RBI will ensure that basic sanity prevails in the new institutions, based on whatever new structures they wish to adopt. Due to the recent occurrences of the Cobrapost expose and the account hackings, the regulator will cast hawkish oversight on risk and compliance. Hence, the entire backend staff and systems/processes will have to be organised before the bank can go to market. This would pave the way for banks to import talent from advanced countries and emerging markets such as South Africa, Malaysia, and others. As these nations have implemented technology, and have relevant experience in risk taking, compliance and other support functions, they will reduce sole dependency on Indian talent!

Commercial banking

The region is witnessing a lot of activity in the wealth management space. In India, UBS entered with much optimism, but made a surprising announcement in June to exit the country due to subdued business conditions. Standard Chartered announced that it would acquire Morgan Stanley's wealth management unit under Himanshu Bhagat's leadership. Julius Baer is integrating its Merrill Lynch acquisition in Asia, whereas Coutts and RBC are expanding their onshore and offshore teams in the region. HSBC appointed Teddy Kwong as Business Head, Hong Kong, within its global private banking business. Investment Banking is still cowering from the slowdown, with Espirito Santo being the sole new entrant. Meanwhile, the IPO market has depicted a lacklustre performance, with only JustDial being the big newsmaker for the sector.

In a move to consolidate its retail and commercial operations, RBS closed 23 of its 31 branches in the country. As interest rates still remain high, corporate houses are deferring expansion plans and wherever possible, going overseas for cheaper capital.

When it comes to banking, India is in a mixed state of affairs. While there is a lot to wait and watch on the new licenses front, commercial banking is still going through a slow recovery process. If the licenses are issued by Q4 of FY 2013-14, hiring will pickup in FY 2014-15. Again, our bet is that technology and back-end operations roles will be the big movers on the talent acquisition front. On the other hand, if macro trends like inflation and trade deficit lower interest rates, commercial banking may see an uptick. We are hopeful that this financial year will bear better prospects for hiring than the last.

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- **Sandeep Gupta**, earlier with Credit Suisse as Director, has moved to IDFC as MD (Corporate Finance division)
- **Jerome Leleu**, Head of ECM (China) at Barclays is now with Morgan Stanley as Co-Head (Asia-Pacific ECM)
- **Philip Lee**, earlier with JP Morgan as Senior Country Officer, Singapore, and CEO, South East Asia Investment Banking has joined Deutsche Bank as its Chief Country Officer Singapore, and Vice Chairman, South East Asia
- **Peter Burnett**, the Investment Banking Head at UBS-Hong Kong, is now with Standard Chartered PLC as Head of Corporate Finance, North East Asia
- **Richard Yacenda**, Deutsche Bank's Deputy COO, Asia-Pacific, has moved to Bank of America as COO (Asia Pacific)

Why business experimentation matters to innovation

True experimentation is the only way to manage uncertainty and identify promising innovation in the future, writes Stefan Thomke

BY **STEFAN THOMKE**

At the heart of every company's ability to innovate lies a process of experimentation that enables the organisation to create and refine its products and services. In fact, no product can be a product without it first having been an idea subsequently shaped through experimentation. Today, a major innovation project involves literally thousands of experiments, all with the same objective: to *learn*, through rounds of organised testing, whether the product concept or proposed technical solution holds promise for addressing a need or problem. The information derived from each round is then incorporated into the next set of experiments, until the final product ultimately results.

All organisations have an – explicit or implicit – experimentation process, but few senior managers organise that process to invite innovation. This holds especially in the development of new products, services and business models, where no idea can be launched without having been shaped, to one degree or another, through the process of experimentation. “Experimentation” encompasses success and failure; it is an iterative process of understanding what doesn't work and what does.

Both results are equally important for learning, which is the goal of any experiment and of experimentation overall. Thus, a crash test that results in unacceptable safety for drivers, a software user interface that confuses customers, or a drug that is toxic can all be desirable outcomes of an experiment – provided these results are revealed early in an innovation process and can be subsequently reexamined. Because few resources have been committed in these early stages, decision-making is still flexible, and other approaches can be “experimented with” quickly. In a nutshell, experiments that result in failure are not failed experiments – but they frequently are considered that when anything deviating from what was intended is deemed “failure”.

Herein lies the managerial dilemma that innovators face. A relentless organisational focus on success makes true experimentation all too rare. Because experiments that reveal what doesn't work are frequently deemed “failures,” tests may be delayed, rarely carried out, or simply labelled *verification*, implying that only finding out what works is the experiment's primary goal.

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If there is a problem in the experiment, it will, under this logic, be revealed very late in the game. But when feedback on what does not work comes so late, costs can spiral out of control; worse, opportunities for innovation are lost at that point – reinforcing the emphasis on “getting it right the first time.” By contrast, when managers understand that effective experiments are supposed to reveal what does not work early, they realise that the knowledge gained then can benefit the next round of experiments and lead to more innovative ideas and concepts – early “failures” can lead to more powerful successes faster. IDEO, a leading product development firm, calls this “failing often to succeed sooner.”

I frequently ask management audiences to list all the business experiments that they are aware of in their companies. After all, in the absence of similar experiences or good predictability of outcomes in complex business settings, true experimentation is the only way to manage uncertainty and identify promising innovation in the future. Projects that become experiments after they are finished or during late stages don’t count because they usually provide few opportunities to learn.

However, projects that are designed, funded and managed as experiments (i.e., maximise learning from success and failure) do matter and should be an integral part of a firm’s innovation strategy. I have found that few managers can prepare such a list or present a portfolio of business experiments – even though they know that experimentation is the lifeblood of new products, services and business opportunities. Thomas Edison could not have said it more clearly: “The real measure of success is the number of experiments that can be crowded into twenty-four hours.”

For more information on these principles, see Stefan Thomke, Experimentation Matters, Harvard Business School Press.

Stefan Thomke
William Barclay Harding Professor of
Business Administration
Harvard Business School

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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. Future plans include continued expansion via new offices in South East Asia and West Asia, and a continuously expanding partnership.



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