FINANCE UNPLUGGED

INSIGHTS FROM THE INDUSTRY'S TRAILBLAZERS

Yuvraj Gode

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Introduction

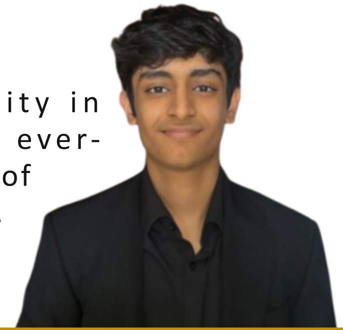
This book is a compilation of interviews with leading figures in the finance industry, including fund managers, portfolio managers, investment bankers, and entrepreneurs. The aim is to provide readers—especially students and aspiring finance professionals—with a deeper understanding of the finance landscape through firsthand accounts of industry leaders. These interviews offer not only career insights and academic pathways but also the challenges, triumphs, and evolving trends shaping the future of finance. As the financial world undergoes rapid transformation, this book serves as a guide to navigating its complexities and seizing opportunities for growth and success.

About the author

My name is Yuvraj Gode, and I am currently a Grade 12 student pursuing the International Baccalaureate (IB) Diploma at Hill Spring International School in Mumbai. With a deep academic interest in Economics and Finance, I am focused on pursuing these subjects as my major fields of study at the university level. The interconnectedness of global economies and the pivotal role that finance plays in shaping them have always fascinated me, and I am eager to explore these areas further in my academic and professional journey.

To broaden my understanding of the finance industry, I have had the unique opportunity to interview six prominent fund managers and investment bankers in India. These professionals come from various sectors, including private equity, mutual funds, and investment banking, allowing me to gain diverse insights into the world of finance. The interviews I conducted were not only an opportunity to delve into the technical aspects of finance but also to understand the human stories behind their success. Their academic backgrounds, career trajectories, and leadership positions offered me a roadmap for what it takes to thrive in this challenging yet rewarding industry.

Each professional I interviewed provided a unique perspective on the finance industry, shaped by their distinct experiences. They shared details about the academic paths they followed, the challenges they faced along the way, and the skills that were crucial to their success. Hearing their stories helped me understand the importance of a solid academic foundation, continuous learning, and adaptability in navigating the ever-evolving world of finance. Additionally, their candid reflections on leadership and decision-making have deepened my appreciation for the complexities of managing large-scale financial operations and investments.



YUVRAJ GODE

In addition to sharing their personal journeys, these professionals also offered valuable advice for young students like me who aspire to build careers in finance. They emphasized the need for a strong grasp of core financial concepts, analytical thinking, and the ability to remain curious and open to new opportunities. They also highlighted the importance of cultivating soft skills such as communication, collaboration, and leadership, all of which are essential for success in today's global financial landscape.

Overall, these interviews have not only expanded my knowledge of finance but also reinforced my passion for the subject. They have given me a clearer sense of direction and purpose as I prepare to embark on my university studies and eventually, a career in finance. Through these experiences, I am more determined than ever to pursue my academic and professional goals, equipped with a deeper understanding of the industry and a strong desire to make a positive impact. I hope this book will provide students with the knowledge and insight required to choose their academic careers.

ANISH TAWAKLEY

Co Chief Investment Officer - Equity at ICICI Prudential AMC

An economist at heart, Anish Tawakley currently serves as the Deputy Chief Investment Officer (CIO) at ICICI Prudential Mutual Fund, where he oversees a diverse portfolio of investment schemes. With over 23 years of experience in the financial industry, Anish has honed his expertise at esteemed institutions such as Barclays and Credit Suisse. He seamlessly blends analytical prowess with strategic insight, enabling him to navigate the complexities of investment management. Anish's passion for innovation, coupled with his commitment to excellence, not only drives success within his team but also inspires confidence in clients and colleagues alike, making a significant impact on the financial landscape.

You have a remarkable 23-year career in finance, including 9 years at ICICI. Can you share what initially drew you to this field and how your journey has evolved over the years?

I've always been drawn to analytical work, especially where you do some fact-finding and analysis - especially economic analysis. That's what initially attracted me—both in my early career in consulting and then in markets. What's amazing about working in markets is that you actually apply all the theories you've learned. It's not like some jobs where the education and practical work are totally different; here, you're able to apply all your knowledge.

What educational background or experiences do you believe were most beneficial in your career?

Economics is the most directly applied field, but you don't necessarily need an economics degree. I don't have one. I only learned economics as part of my MBA curriculum, so you can come in with an MBA or other backgrounds, but economics is most readily applied in this field.

You've studied at IIT and IIM, two of India's top institutions. How did your education there help you in the finance sector and how did you transition from IIM to becoming a fund manager?

The education I received at IIM was particularly relevant because it provided me with a foundation in economics, which directly applies to investing. Understanding both macro and microeconomics is crucial, as you need to analyze economic cycles and determine which industries are attractive. The first step in this career is to become an analyst, where you learn to evaluate individual companies and assess their potential for generating supernormal profits. Over time, as you gain experience across various sectors, you progress to the role of a fund manager. At this stage, it's essential to not only evaluate companies but also understand and compare the risks associated with different investments.

You must balance your portfolio to manage uncertainties, like fluctuating oil prices, and avoid becoming overly exposed to unpredictable factors. This requires a clear understanding of what you know and what you don't, making sure that you are not caught off guard by unexpected market shifts.

What designations or roles did you have to achieve to become a fund manager?

You see, the structure in this field is quite flat. You're either an analyst or a fund manager. There aren't many hierarchical designations in general. As you gain experience, you get to manage larger funds, and if you do well, you attract more money and your funds grow. It's a performance-based role—if your fund is doing well, the numbers speak for themselves.

In your leadership role at ICICI Prudential, what does your typical day look like for you, and how do you balance your various responsibilities?

It's not a job where you have to spend a lot of time micromanaging others. We have a strong team, and my role is to ensure we have the right people in place and that the processes for managing risks are well-defined. It's less about day-to-day supervision and more about making sure the systems work. So once the right processes and team are in place, everyone operates relatively independently.

What specific skills or qualities do you consider vital for someone aspiring to reach a leadership position in the mutual funds industry?

A solid understanding of how industries work, which is based on economics, is crucial for success, and this is something you need as both an analyst and a leader in this field. Beyond that, it's about having the right temperament. You can't always follow the consensus, as it's often wrong. You need to be willing to take a stand, stick your neck out, and take calculated risks. At the same time, it's essential to remain open-minded and recognize when things aren't going as expected. When this happens, you must be willing to cut your losses and adjust your strategy. Outperforming the market requires stepping away from the crowd and having the foresight to track the right variables to ensure your approach is still on the right path. So, while it's important to be different from the majority, it's equally important to have the checks and balances in place to verify that your strategy is working. This balance of independent thinking, courage and open-mindedness is crucial for long-term success.

> **"It's rewarding to challenge the consensus and stand by your analysis, especially when others are quick to overlook a company's potential"**

What emerging trends do you believe will shape the future of corporate finance and the mutual funds industry?

A lot of basic jobs will be automated through Artificial Intelligence (AI), and this isn't limited to fund management—it'll happen across the corporate sector. AI will automate many of the mundane tasks analysts do today, and we'll see smaller teams as a result. The organizational structure will likely shift, with fewer people at the junior levels as a result.

Can you describe your overall investment philosophy and approach to managing equity portfolios?

I look at things from both top-down and bottom-up perspectives. From a top-down view, I focus on economic cycles—booms and slumps—without taking strong 10 or 20-year structural views, as it's difficult to predict long-term trends. I prefer to assess whether we are in a boom or a slump and what actions are being taken to mitigate the slump, if applicable. From a bottom-up perspective, I focus on individual companies, particularly those that have underperformed. I tend to adopt a contrarian approach, buying out-of-favor companies rather than those that are already doing well.

Do you prefer dividend-paying stocks, small caps, mid caps, or large caps? What influences these choices?

When I approach investments from a bottom-up perspective, in addition to being contrarian, I typically focus on stocks at the extremes. On one end, I target value stocks—companies that are temporarily in trouble but expected to recover. These stocks are often undervalued with low price-to-earnings ratios, meaning the companies themselves aren't performing badly, but they're available at a very cheap prices. On the other end, I invest in market leaders—highly profitable companies with strong compounding growth potential. These are companies that meet both growth and quality criteria, and I'm willing to pay a premium for them. What I avoid are stocks in the middle ground, commonly referred to as GARP (Growth at a Reasonable Price). These are companies that aren't as strong as market leaders but are priced slightly cheaper, without being true value stocks. They might have some attractive characteristics that match the market leader, but I don't invest in them because they don't meet my criteria for either extreme.

What market conditions do you find most favorable for making investment decisions?

At turning points in the economy—either it's very weak and beginning to recover, or very strong and starting to decline. These are the moments when you need to make the most significant decisions. It's during these transitions, at the top or bottom of the economic cycle, that the biggest calls are made.

What are the key criteria you consider when evaluating a stock for an initial buy? Are there specific metrics you prioritize when assessing its potential?

Dividend yield is a key indicator of corporate governance. When a company is willing to pay dividends, it signals that the promoter has genuine profits and is committed to returning value to shareholders rather than burning them on megalomaniac projects.Beyond that, we look at valuation metrics like price-to-book, price-to-earnings, and EV to EBIT—rather than EBITDA. We also assess profitability metrics such as return on capital employed (ROCE) and return on equity (ROE).

How do you keep up with current market trends?

We're fortunate to have access to a wide range of public information and resources because we're a large firm. Companies are also willing to meet with us to share their long-term plans and investment strategies, as long as these details are intended for public disclosure. We do not have access to proprietary information about a company's future results, but we value discussions with management about their publicly announced investment plans and the rationale behind them.We work entirely on public information—anything available to the market as a whole. We also use Bloomberg and reports from brokerage houses like Kotak, Motilal, Goldman Sachs, and UBS.

What is the biggest satisfaction you get from your job?

When you're right, especially when you take a contrarian view. It's rewarding when you identify a company the market loves, but you see the flaws and the market corrects, or when you find a company everyone is pessimistic about, but you believe in its recovery. That sense of validation is powerful and the whole process is transparent; over time, you can clearly see whether your assessments are correct or not.

What advice would you give to students aspiring to enter the finance and mutual funds field? What should their educational and professional trajectory look like for them to be successful in this field?

I think this is, at the end of the day, a fairly theoretical job. It's about applying what you learn in your education. So, focus on mastering your courses, particularly in economics. Being a good economist will make it easier to enter and succeed in this field.

RAJ BALAKRISHNAN

Managing Director, Co Head of India Investment Banking at BoFa Securities

Raj Balakrishnan is a distinguished leader in the Indian financial sector, currently serving as the Managing Director and Co-Head of India Investment Banking at BofA Securities India (formerly DSP Merrill Lynch), a subsidiary of Bank of America (BoFA). With extensive experience in Mergers & Acquisitions (M&A) and Capital Markets, Raj has successfully spearheaded numerous landmark transactions that have reshaped the industry, solidifying his reputation as a trusted advisor. His strategic insights and deep understanding of market dynamics have earned him the respect of clients and colleagues alike. Raj's unwavering commitment to excellence and innovative approach to investment banking continue to inspire his team and clients, driving growth in an ever-evolving market.

You have a remarkable 23-year career in investment banking. Can you share what initially drew you to this field and how your journey has evolved over the years?

I joined investment banking in the year 2000. I graduated from IIM Calcutta in 1996 and then spent 4 years as a consultant. While I was a consultant, I had the opportunity to work on two M&A-related deals, which I found very interesting. So, when I got an opportunity to join what was then DSP Merrill Lynch, I accepted it and started off initially as an associate in the M&A team. Thereafter, I moved on to become a VP in, what we call, the corporate finance pool, which handled both M&A and capital raising. Subsequently, I became the head of corporate finance for a while, then the head of M&A, and finally the head of investment banking.

What has made you stay in this industry for so long considering that a lot of people tend to exit?

I believe that if you are in a profession that keeps you engaged, stimulates your thinking every day, exercises your creative juices, helps you meet interesting people, and is also very rewarding, there's nothing quite like it. Investment banking offers all of these. Yes, there is a lot of hard work involved, but at the end of the day, if you are having fun doing the work, it is not work. It is fun.

What educational background or experiences do you believe were most beneficial in your career?

For investment banking, a variety of experiences are essential. Firstly, obviously, you need a basic knowledge of finance because that's ultimately what you are advising companies on. But at the same time, you also need a strong interest in learning new things. This is because very often, especially at a junior level, you might work on a deal in the cement sector one day, then something in consumer tech the next day, and on the third day, something involving AI. So, being able to identify the key drivers of an industry, learn enough to sound knowledgeable, ask the right questions, and hold a conversation with industry veterans is vital for success, especially in the early stages as an investment banker. As you progress, building relationships becomes increasingly important. But to my mind, those relationships are best cultivated by emerging as someone who provides honest and trustworthy advice and is capable of thinking through complex issues. That is what most clients value the most.

You studied at IIM. How has that education helped you, and how do you transition from being a student at IIM to being an investment banker?

At IIM, I majored in both finance and strategy and minored in economics, which provided me with a unique combination of skills. This background positioned me extremely well to understand industries, finance, and how companies should be valued. It was crucial for understanding how economic factors affect companies and their valuations.I must say after joining investment banking, I realized that a basic understanding of law and regulation is equally important because we work in a highly regulated environment. Numerous rules from the Companies Act and various SEBI regulations in India, along with regulations from the SEC and other regulators worldwide, impact our daily work. So that's something which I did not actually learn in IIM, but I had to learn on the job, so to speak. Similarly, If you want to be an M&A banker, you should know enough about taxation to engage in sensible discussions with tax experts and ask the right questions.

What specific skills or qualities do you consider vital for someone aspiring to reach a leadership position in investment banking?

I'd say the first step is to be successful as a junior or mid-level banker, for which you need a basic understanding of finance, the ability to quickly grasp industry dynamics, the willingness to work extremely hard, attention to detail, the ability to build relationships with clients, and integrity. I think all of these are extremely important parameters.

As you move up the curve, it's equally important to have the ability to motivate teams because you're no longer doing all the work yourself. You must transition from doing all the work yourself to guiding others and helping them perform well and effectively. If you are the kind of person who sees your success in helping others succeed, it will always benefit you in any leadership role.

What emerging trends do you think will shape the future of corporate finance and investment banking in India and other countries?

From an India perspective, the biggest driver is the growth of the Indian economy. About four years after I started working in investment banking, we completed the first $1 billion deal in the Indian market. Today, a $1 billion M&A deal is still significant, but it's no longer exceptional; we have much larger deals now.

In India, companies have grown larger, valuations have increased, and therefore, the value of deals has risen considerably. This is great because for the same amount of work, or the same kind of work, you are involved in larger deals, significantly increasing potential earnings.

Equally, we've seen the emergence of several new sectors, such as consumer tech startups. As we move ahead, SaaS companies and AI companies are likely to be key trends in India. Back when I started, many deals were in traditional economy sectors like metals and cement. At that time, when we talked about tech, we were primarily referring to IT services, which today are seen as more of a services business than a purely tech business. Now, when we talk about tech, we refer to companies that are more aligned with innovative services rather than purely technology. So, the growth of tech is clearly a significant driver.

> “If you want to be an investment banker, you cannot afford to be shy.”

Looking ahead to the next four to five years, I believe we will see the introduction of AI. There is a lot of grunt work involved in reviewing very detailed reports. I still think it's crucial for young bankers to learn how to do that work, so that you can identify key factors. However, once you've learned it by doing it a few times, you can use AI tools to streamline your tasks. This could improve efficiency and enhance productivity.

Can you describe your overall investment philosophy and your approach to managing your own portfolio?

One of the challenges of working in an investment bank is that you have access to non public information, which prevents one from making personal investments. I'm not allowed to buy any single name securities; I can't purchase stocks or bonds. All I can do is invest in mutual funds.

Consequently, the only decision I really make is asset allocation, which depends on your risk appetite. For example, do I want all my money in equities, or should I split it between equities and debt? I tend to maintain a balanced portfolio of roughly 60% equity and 40% debt. So, I follow a systematic investment plan, where I invest a certain percentage of my salary into the market each month. It's a very, very boring, kind of investment approach —just sticking to systematic investment plans and rebalancing from time to time.

How do you keep up with current market trends and developments? What is your routine every day?

I read extensively, and the good thing is that we have access to some of the best equity research, so I definitely keep up with that. Meeting people is equally important.

I believe that what you learn about an industry from a half-hour conversation with someone who works in that industry is far more valuable than what you could gain from reading five different books. Of course, you should do some basic research beforehand so you can ask the right questions, but being able to engage, listen, and follow up is crucial for keeping up with trends across various sectors.

Are there any specific journals or software you use to stay informed about new updates in markets?

Personally, no. I read newspapers and equity research reports, primarily those from the bank I work for.

In your leadership position at BoFa Securities, what does a typical day look like for you? How do you balance your various responsibilities?

My typical day involves three or four key aspects. First, of course, is meeting clients, which is an extremely important part of the responsibility. Second, I focus on coaching and mentoring my team. This involves guiding them in their work, reviewing their outputs, and providing suggestions for improvement. Third, I work closely with my team, recognizing that long hours can lead to stress and conflict, so resolving those is part of my role. Finally, compliance is extremely important. Ensuring that everyone adheres to regulations and best practices is essential.

What is the biggest satisfaction from the job?

I think, for me, it is still working on transformational deals, helping innovative companies raise funds, and contributing to the growth of India Inc. That truly gives me a sense of fulfillment.

What advice would you give to students who are aspiring to enter the investment banking field? What should their educational and professional trajectory look like to be successful in this field?

As I mentioned, to succeed in investment banking from an educational perspective, you need a basic understanding of finance, economics, strategy, and law. I would suggest exploring courses in all these areas. Additionally, it is crucial to develop your people skills. When we were growing up, there wasn't enough focus on training us to build these skills, so we had to develop them on the job. I recommend trying to cultivate these abilities at a young age by reaching out and talking to people. This interview can also make a significant difference. Ultimately, you must be fearless in asking people for their business and time. What's the worst that can happen? They might say no. Lastly, you should never be shy; if you want to be an investment banker, you cannot afford to be shy.

CHANDRESH NIGAM

Former CEO and Managing Director of Axis AMC

Chandresh Nigam is a distinguished leader in the Indian asset management sector, celebrated for his tenure as the former CEO and Managing Director of Axis AMC, one of the nation's largest asset management firms. With a robust background in finance and investment, he has significantly shaped the landscape of mutual funds in India through his roles at ICICI Prudential Asset Management and Tata Asset Management. Chandresh holds a mechanical engineering degree from IIT Delhi and an MBA from IIM Calcutta, and his insights into investment strategies and commitment to transparency and ethical practices have inspired a new generation of investment professionals. Renowned for fostering innovation and excellence, he continues to empower investors and professionals alike to achieve their financial goals with confidence.

You have a remarkable 30-plus-year career in finance and the mutual funds industry. Can you share what initially drew you to this field and how your journey has evolved over the years?

If your question is about how I got into this field, it stems from my interest during college. I pursued an MBA in finance with a focus on markets, particularly equities. More importantly, I was fascinated by the underlying factors that drive business success. Topics like business strategy, growth, and sustainability captivated my attention, as I sought to understand how these elements impact markets and how investors should evaluate them.

Mutual funds seemed like the perfect avenue to deepen my understanding of this entire process. On one hand, you meet with companies to understand their operations. On the other hand, you are actively taking positions, making investments, assessing value, and providing feedback to those companies. So I think that the whole ecosystem was something that was very interesting, and that's what I've enjoyed doing for over 30 years.

What educational background or experiences do you believe were most beneficial in your career?

I am an engineer, so how things work has always been something that interests me. However, I believe the key is being very inquisitive about everything. When I transitioned to my postgraduate studies in an MBA program, I encountered many new concepts that were quite different from my engineering experience.

This exposure to diverse ideas sparked my curiosity, which I consider essential in this field.

This is not a field where you find all the answers neatly packaged. At every step, you must figure out what more needs to be understood and done to excel. There are no definitive answers; it requires continuous learning, reading, and engaging with others. While there are certainly models and frameworks to guide you, they only provide a starting point. After applying those models, there's still a lot of work to be done.

So training yourself to look at new things and respond to them in a timely manner is essential. However, the most important thing is that you have to be inquisitive. If you are not interested in new ideas, progress will be limited.

You've studied at both IIT and IIM. How has that education helped you find opportunities in the mutual funds industry? And how do you go from being a student at IIM to becoming a fund manager?

That's an interesting question. I don't think it's directly linked. Yes, several of my classmates are in similar fields, though not necessarily in mutual funds; many are in the business of investing. I'm not saying there's a definitive connection that you must attend an MBA school, but it certainly helps. The key takeaway, as I mentioned, is learning how to learn. That's essential, regardless of what you study. Once you develop the knack for inquiry—being inquisitive—you'll learn how to seek knowledge in various subjects, whether it's physics, history, or any other science. I have that interest, and I believe it significantly contributes to success in this field.

I observe that good managers generally share this trait. There are numerous businesses and opportunities, and no one can know everything. When something new comes your way, the crucial question is whether you view it as an interesting challenge or a chore. If you possess curiosity and the ability to tackle new situations—figuring out how to understand them, who to talk to, what to read, where to find data, and how to draw conclusions—you'll be well-prepared. In this business, you must continually update your knowledge; what was true six months ago may no longer apply today.

All these aspects are essential for being a good investor. A genuine interest in businesses is obviously vital; that's a key aspect of investing. So while an MBA may not lead directly to investing, it equips you with skills that are applicable to the field.

So that's it. I think, globally, it's common to see MBA graduates entering finance and investing, including private equity, etcetera.. But, historically, many successful investors have come from diverse backgrounds—lawyers, physicists, writers—all of whom have excelled in investing. So, I don't think it's limited to a specific education path. What truly helps is having an education that broadens your mind and makes you inquisitive..

The technical skills, like reading balance sheets and all, are a relatively small part of the equation. Anyone can acquire those skills; you don't necessarily need an MBA for that. Any education is valuable, as long as you have the will and interest to pursue this path. Once you're engaged, it's not difficult at all. So, that's a long answer to your question, and I hope it suffices.

What designations do you typically have to achieve to reach a leadership position?

I believe this is one area where designations probably don't mean much. Personally, I was fortunate not to go through the analyst route; I became a fund manager right away. Typically, the progression in an organization is from fund manager to senior fund manager, then to head of equity, followed by CIO, and finally CEO.

But when it comes to investing, I see two stages. The first is focused on deep analysis, where you immerse yourself in a specific company or industry. At this stage, your role resembles that of an analyst, involving disciplined research and then applying some creative thinking to develop your vision for the company or business you want to invest in. This phase is narrow but deep.

The second stage occurs when you become a portfolio manager. In this role, you're responsible for deploying capital across various avenues and creating a diversified portfolio. You can't have deep knowledge of everything you hold, so you work with specialists who possess deep expertise in their areas. However, you still need a solid understanding of all your investments—this means having broad knowledge with some depth in select areas. You must have experience in both aspects. You cannot be a fund manager if you haven't, for at least a few things, studied them in a disciplined way and examined them very deeply. When you evaluate something in a different sector or company, you'll know what to look for because you have explored certain areas in depth. Otherwise, your knowledge will be fairly superficial.So, the process begins with diving deeply into a few investment ideas. Once you become a portfolio manager, you can leverage that experience to make informed decisions quickly and, importantly, stay on top of your investments over time. The investment landscape is dynamic, so you need to remain vigilant. While you'll receive support from specialists reporting to you, it's crucial for you to keep track of developments as well. When you become a portfolio manager, many additional factors come into play, such as politics, sociology, and the psychology of other investors. There are various market participants and dynamics to consider, and understanding these elements develops over time.

> **“Investing is as much about risk management as it is about trying to make money."**

In your leadership position at Axis, what does your role typically look like, and how do you balance all your various responsibilities?

When you're in an absolute leadership position, you aren't heavily involved in making investments yourself, so that is something you have to give up and it's important to recognize that. While I did engage a bit and questioned my team—who were the real decision-makers—I mostly sat on committees and oversaw the process. Before stepping into a leadership role, when I was the CIO, I had three or four main responsibilities. First, I needed to ensure that we were monitoring daily activities, which involved understanding what happened yesterday or last week around the world and how it would impact the different asset classes in which the fund was invested. We had to thoroughly discuss and analyze these developments.

Second, since we had a large equity portfolio, it was crucial to stay updated on each company we invested in. This didn't require daily checks, but regular meetings—monthly or quarterly—were essential to ensure that our system was geared to respond to any changes affecting our investments.

Third, a significant amount of time went into making new investments. Analysts would delve deep into research and present their ideas to the portfolio managers. Discussions were critical, as you don't want to make decisions based solely on one person's assessment. This is where multiple perspectives come together to evaluate not just potential upsides, but also downsides. I call this analysis plus risk assessment, which is a key value-added activity.

Lastly, we conducted a review process, usually once a month, to assess what had happened in the portfolio—what different managers had bought or sold, the reasons behind those decisions, and overall performance. This process also included evaluating our competition to ensure we weren't missing out on potential ideas.

For some of these activities, like morning briefings or month-end investment reviews, I earmarked dedicated time. The rest of my schedule was more fluid, accommodating demands as they arose. Overall, I ensured that all activities were completed so that nothing was overlooked.

A crucial point here is to understand that investing is as much about risk management as it is about trying to make money. The business of investments is such that, despite the best analysis, intentions, knowledge, and effort, the final outcome is something you will only know 3 months, 6 months, or 12 months after your actions. Therefore, it's essential to avoid making significant mistakes; small errors are acceptable, but large ones can be detrimental. There's a science and theory behind effective risk management and portfolio construction, which may be technical but becomes intuitive with practice.

So that has been a significant role for me in senior positions, whether as a CIO or as a CEO. Ensuring we are aligned with the risk profiles we have set for ourselves for every product and fund, and whether we are really adhering to that. Taking on excessive risk is one of the biggest dangers for both the investors and the organization, so proper risk control and management are crucial.

As Warren Buffett famously said, there are two rules of investing: first, don't lose money, and second, don't forget rule number one. This underscores the importance of avoiding foolish decisions that could lead to permanent capital loss. Many risks can be identified and controlled, and managing these risks is a key responsibility as you move up within the investment hierarchy.

What emerging trends do you think will shape the future of the mutual funds industry and the corporate finance sectors, both in India and globally?

So there are lots of things. I think the first one that is changing the industry is the behavior of investors, especially in India. This shift happened a long time ago globally, but Indian investors have started to really believe, after decades of work done by the mutual fund industry, that investing is more important than saving. I think that's a very significant force, and it should continue indefinitely. This change is going to have a significant impact.

It's already having an impact and will continue to do so over the next 30, 40, or even 50 years. However, this is still just the beginning. There is still a tremendous potential to make an impact because, even today, only about 10% of the Indian population invests. Many of the bottom 60% do not have any savings, so we can set that aside. But there remains a large body of people who save but do not invest. So, that's one area where you can see a shift.

Now, within investing, what are people doing? There are financial assets and real assets. The trend shows that real assets, such as gold and real estate, are decreasing. While there will be ups and downs, the general trend is a reduction. Financial assets, which include mutual funds, bank accounts, fixed deposits, etc., continue to rise.This creates a distinction between savings and investments. Within financial savings, there are savings and investments, and within investments, there are various asset classes. People can invest in equities, commodities, and other options. As more products become available, people will start to get used to and educated about them, leading to the emergence of some more unheard esoteric strategies.

Globally, a significant part of the conversation is whether to invest in passive strategies—where you follow an index and invest in it in the same proportion—or to pursue active strategies. In the U.S., for instance, there has been a large shift toward passive strategies, and this trend is growing for a reason. This topic intersects with investor psychology as well as the strategies that fund managers use. You may have heard of John Bogle, the founder of Vanguard, who was a big proponent of passive strategies. There's a rationale behind why those strategies make a lot of sense. Similarly, passive investments have really grown in India over the last 5 to 6 years. Five years ago, this was a very small part of the market, but now it has become quite significant. If we look at global trends, it is set to grow even larger.

There could be specialized or institutional investors who look far beyond these options and may set up their own investing desks, but generally, when discussing a typical investor, broadly speaking, these are the three key points: first is moving from saving to financial savings, second is investing rather than merely saving, and third is the trend towards passive investments, which simplifies the process for investors.

If you invest in active funds, the fund manager makes decisions; in passive funds, the manager merely tracks an index without making many calls. As the number of fund managers and funds increases, it becomes increasingly difficult for investors to identify where to invest. This is why the popularity of passive funds is rising.

The focus is shifting away from the specific products—like the funds themselves—to what the investors actually want and need. Investors need good exposure to high-quality businesses, which they can achieve by investing in passive options. This way, they don't have to worry about choosing between Fundhouse X and Fundhouse Y, or which specific fund to select within Fundhouse Y. It becomes too cumbersome, and nobody really has the answers about what will happen in the future.

> **"The key takeaway is learning how to learn... if you are not interested in new ideas, progress will be limited."**

Passive investments are already significant. Many institutional investors, such as pension funds, have already made the switch, and I believe this industry is going to grow substantially. In bull markets, when markets are performing well, some active funds may outperform the overall market, but this balance tends to even out over time.

So, from this discussion, my conclusion is that people will increasingly lean toward passive investments.

While there will always be sophisticated strategies, they will remain limited to a small group of very sophisticated investors.

Can you describe your overall investment philosophy and approach to managing equity portfolios specifically?

My approach has developed over a period of time. There are various approaches to managing money, and my focus has always been to invest in something that is fundamentally strong and has the potential to grow. I consider myself a high-quality growth investor. I'm not overly concerned about what the stock price will do over the next few weeks or months, but rather what the business will achieve. This is because the basic premise is that in three to five years from now, if this business could be, say, twice its current size in terms of profits, then I am interested. There are many factors to consider regarding quality, but generally, I look for strong companies that tend to do well over time. If you examine ten years of data, you'll find these companies performing well, regardless of short-term market fluctuations.

My philosophy is simple: good companies create most of the wealth. If there are 100 companies and 20 of them are what we consider good, after ten years, you'll see that these 20 companies will share a disproportionate amount of the overall value of the 100. The straightforward approach is to focus on these 20 high-quality companies. What are the hallmarks of these companies? You likely know the indicators: return on equity (ROE), free cash flow, growth, and sustainability. The key here is the sustainability of cash generation. Businesses are meant to generate cash. Some years they may reinvest, but most years, investors expect them to generate significant returns.

The reason these companies can sustain growth over a long period is due to what we call a sustainable competitive advantage. This refers to what sets them apart from the competition—what they possess that allows them not just to do well today but also to excel five years from now. Whether it's strong research, exceptional products, or robust distribution networks, a company's reputation built over decades will encourage consumers to continue buying their products. To summarize, my style emphasizes high-quality companies with long-term growth potential, where sustainability is key. The quality will endure, and growth will persist, supported by a strong competitive advantage.

When managing these portfolios, do you have a preference for dividend-paying stocks, small caps, mid caps, or large caps?

There are various types of products available, so I don't have a specific preference. The beauty of investing is that you can find the characteristics, that I laid out in my previous answer, across large caps, mid caps, and small caps. However, while potential looks promising, it's crucial to consider the risks involved. For instance, if it's a small company, unexpected events like COVID-19 could jeopardize its survival. Therefore, alongside strategy, I maintain a comprehensive risk framework. Even if many small companies meet my criteria, I may limit my exposure to 10% or 20% of the portfolio rather than allocating 60%. So, managing risk intuitively is essential. But, sometimes some small companies can create significant value over the next five to ten years, potentially becoming mid caps or even large caps.

For example, consider companies like Zomato, which started small, making losses a decade ago, but have since grown substantially. So, understanding management and consumer behavior is vital. If management demonstrates vision and execution capability, even small companies can grow into industry leaders, where substantial returns can be achieved.

What market conditions do you prefer for investing?

You typically want to buy low, so when the markets are under pressure. In tough times, like during the COVID-19 pandemic when markets dropped by 30-40% and some companies fell by 70-80%, that's when you ideally want to invest. It's rarely advisable to chase investments when prices are already inflated, especially when you're sitting on cash while your investors express dissatisfaction for missing opportunities. Those aren't the ideal conditions for investing.

What are the criteria for initially considering a stock that makes it a compelling buy? Do you prioritize any specific metrics?

The biggest factor in this market is compounding. I'm sure you understand the power of compounding. Consider Warren Buffett, who has achieved returns of around 18-19% compounded since 1965. While that percentage might not sound large, over nearly 60 years, it accumulates to a massive sum.

You want to invest in businesses where you have visibility of long-term growth, as that's where significant wealth is generated. This doesn't mean ignoring shorter-term opportunities; sometimes, stocks may be mispriced or ignored due to temporary issues—like a poor performance last year or changes in management.

Essentially, you can profit in two ways: by buying undervalued stocks that are trading cheaply for various reasons as compared to the worth of the business or by investing in great businesses, irrespective of their current stock price. In the first case, you buy the stock expecting its price to increase; in the second, you invest in solid businesses that will perform well over time, allowing the stock price to follow suit. If you can find a great business that is also undervalued, it's rare but can lead to extraordinary returns. The key is ensuring that the company exhibits high quality and long-term sustainability. If you can acquire it at a low price, that's a bonus.

To find these companies, do you use a top-down approach, focusing on the economy or a particular industry first?

No, I don't use that approach. All that foundational work is already done. Investing isn't something you start from scratch today. When you're part of an organization, this analysis is ongoing. Most firms focus on a specific universe of stocks—usually around 500 out of 3,000 available—considering factors like size and quality Analysts in these firms have likely built a wealth of knowledge over five to ten years by meeting management and tracking these businesses. So when a fund manager is building a portfolio, they rely on that pre-existing analysis. Top-down thinking is always in the back of your mind. It involves looking at the economy to determine which sectors may perform well, and then seeking strong companies within those sectors. However, some fund managers might focus solely on mid-cap or small-cap companies that will thrive regardless of economic conditions, making top-down considerations less relevant for them.Most likely, in the mutual fund industry, you won't use a purely top-down approach. Typically, you'd identify a sector expected to perform well and then select the strongest companies within it. Some companies may be exceptional, while others may be undervalued but offer solid potential. This creates a bottom-up view that complements top-down insights.

Very few investors focus exclusively on top-down methods. Global macro investing might rely on those principles, but such approaches shift every three to six months based on market trends, currency movements, etc. That style can be difficult to master and is not my preference. I believe in focusing on what you do well to create value for investors - i call this the competitive advantage of fund managers.

How do you keep up with current market trends and developments?

Currently, I don't invest, so keeping up isn't as critical for me. However, it has become much easier. In the past, data sources and reports were mainly available to sophisticated investors, but now there's a democratization of information. Any software package can provide you with real-time updates on company announcements.

Whenever something happens with a company, they must inform the exchanges, and you can receive that information almost instantly. Most fund managers are at their desks when this happens. The challenge now lies in sifting through the vast amount of information available to discern what is relevant.

This is where analysts come in. Instead of simply reporting news, analysts now focus on making judgments about relevance. Their role has shifted from gathering information to editing and highlighting what's important. Having the right editors in place is crucial because, without understanding the significance of the information, you may miss opportunities.

There's no real clear science. To stay informed, you need to be subscribed to reputable news providers and have an internal system—whether individual or team-based—where analysts can process and relay real-time updates to portfolio managers. It's not particularly difficult.

Are there any specific journals or resources that you recommend?

Once you join an institutional money management firm, all the necessary resources are available. Whether it's Bloomberg services, Reuters, or sell-side research from brokers, everything is accessible.

Today, many companies are required to publish their data, annual reports, and other materials on their websites. The challenge lies in accumulating this information efficiently. You don't want to visit each company's site individually, so there are softwares that consolidate all this data in one place, including past presentations and financials.

AI is becoming increasingly valuable in this area, as it can assist in organizing and filtering information. Depending on your investment style, whether you are a momentum stock picker or a long-term investor, the information you require will differ. Most of what you need is readily available, and no sophisticated software is necessary.

What is the biggest satisfaction from the job?

The biggest satisfaction comes from converting savers into investors and providing them with a positive experience. If a saver's initial two or three years in investing is not good, they may lose money, become dissatisfied, and never return. Therefore, my greatest satisfaction is to encourage more people to invest for the long term. This product can change not just the fortunes of a family but also those of future generations. You don't need to start with a lot of money; you just need to be disciplined.

One part of this responsibility is to manage the investor's behavior. First, you need to help them enter the market and start investing. Markets will fluctuate, so you must support them and encourage long-term investing. The problem, which is not just in India but around the world, is that when markets become volatile, people often make poor decisions. The best time to buy is when prices are low, during periods of pressure and uncertainty. However, when markets drop, people may panic and think investing isn't for them, leading them to sell.

Conversely, when the market rises, they may feel they've missed out and decide to invest at the peak, resulting in poor timing. Research has shown that investors frequently churn their investments—buying and selling repeatedly—often at the wrong times. For instance, if a fund has delivered a 15% return, a typical investor in that fund may only realize a 10% return, effectively losing out on 5%. This discrepancy can have significant implications over a 20-year period due to the power of compounding.

Therefore, my focus is on providing a good product that delivers satisfaction when the fund performs well. Additionally, if I can cultivate a group of loyal investors—loyal not to me but to themselves—who commit to long-term investing, then I can help them manage their psychology and ensure their investments remain intact for an extended period. This approach creates substantial value for customers, which is the most satisfying aspect of the job.

When you manage a fund, you have the potential to reach a large number of investors, which can make a significant impact on many lives. It is an opportunity that allows you to create a tremendous positive effect for a lot of people.

What advice would you give to students who aspire to enter the field of finance and mutual funds? What should their education and professional trajectory look like for them to be successful?

As I mentioned, I believe that if you want to enter this field, you obviously want to be successful. So how do you prepare? Nothing can substitute for genuine interest. You will be faced with many situations, companies, and different types of people, so If you lack that desire or willingness to learn more, it will be difficult to sustain in the field. Not everyone is cut out for this work, and that's perfectly okay. People have different inclinations; some prefer to delve deeply into one area without facing too many challenges. So, the requirement is a strong desire to learn. For me, even after 30 years in the industry, I still want to know what's going on. This basic inquisitiveness is essential for conducting in-depth, detailed work.

> **"Nothing can substitute for genuine interest... the best way to develop resilience is to immerse yourself in the markets."**

Technically, you need to understand how to read balance sheets and have a basic grasp of accounting; that goes without saying. However, the most critical topics I studied in business school were economics and, most importantly, strategy. You must understand what a company truly is and what it aims to achieve. Additionally, every business has customers, so understanding consumer behavior is vital.

To summarize, you should focus on three key areas: basic accounting and economics; consumer behavior—how people behave today and how they are likely to behave in the future; strategy—what strategies you can deploy to encourage consumers to buy a product.

Once you have this foundational knowledge, the next step is to gain practical experience. Start investing to see if you actually enjoy it. Sometimes you may lose money, which can be a valuable lesson. Initially, try to limit your losses to small amounts. No amount of theoretical work can replace the experience of building what I call an appropriate psychological mindset. Everyone experiences losses, and ultimately, after you've gone through the theory, economics, strategy, and financial analysis, it comes down to how you respond day-to-day to market movements. Many investors, as I mentioned, may see that a fund has performed at 15% over time, but due to their tendency to churn investments or become anxious during downturns, they may only realize a 10% return.

his reaction isn't limited to investors; fund managers can also get rattled. If you have a mental makeup that is easily disturbed by market fluctuations, you might struggle. The best way to develop resilience is to immerse yourself in the markets. Start with a paper portfolio if necessary, but nothing compares to the experience of actively investing and learning from it.

Hopefully, you will encounter some setbacks, as those experiences will teach you valuable lessons. Many people enter the market and get lucky initially, leading them to believe they know everything. However, the serious journey begins once you start putting real money to work.

PADMANABH SINHA

Executive Director & CIO-Private Equity at National Investment and Infrastructure Fund (NIIF)

Padmanabh Sinha, is a prominent figure in the Indian investing landscape, bringing over 25 years of diverse experience to the table. As a senior leader at the National Investment and Infrastructure Fund (NIIF), he plays a crucial role in shaping India's financial future through catalytic investments that drive growth and development. A Managing Partner and co-founder of the Tata Opportunities Fund and a former Managing Director at Temasek, he blends entrepreneurial spirit with investment acumen to create value across sectors. His journey began with eGurucool.com, an Ed-tech startup, where he successfully raised capital and built a strong foundation for future endeavors. Padmanabh's extensive expertise continues to inspire sustainable growth in finance, making him a key player in the industry. His commitment to fostering growth and innovation continues to inspire his peers and the next generation of investors.

You have a remarkable 25+ year career in finance, with the last few years at NIIF. Can you share what initially drew you to this field and how your journey has evolved over the years?

During my time, unlike today, we weren't as sophisticated in our understanding of careers. A lot of choices were based on what we found interesting. We didn't have many opportunities for internships or exposure to practical experiences. So, when I was at business school at IIM Calcutta, I did a summer internship with Citibank. After that, I had the chance to work with them in Corporate Banking following my MBA but around that time, I read a famous book about investment banking called *Liar's Poker*, and I became fascinated by the field. At that time, JPMorgan was the only major foreign investment bank in India with a significant presence, and they had a joint venture with ICICI. I felt this was the ideal combination of a strong foreign partner and a reputable Indian partner in an emerging new field in India. They were highly regarded, with JPMorgan and ICICI in the lead, and were considered a top choice for placements. They were Day 1, Slot 1, meaning they were among the very first companies to recruit during campus placements. At that time, there was no concept of 'Day 0' and being in Slot 1 was a sign of their prominence. I was fortunate to get an offer and that's how I ended up starting my career in IBanking.

What educational background or experiences do you believe were most beneficial in your career?

It's hard to rank them, but I did my schooling at St. Columba's in Delhi, which was academically excellent at the time. I then completed my undergrad in computer engineering from BITS Pilani, followed by an MBA from IIM Calcutta. Although I had a job lined up in computer science and engineering after my undergrad, I didn't take it and went straight on to pursue my MBA at IIM Calcutta. All three degrees were critical in shaping my career, but the MBA curriculum was the most relevant for my career in finance. The other experiences provided a strong foundation.

You've studied at IIM, so how has an IIM education helped you in terms of finding opportunities in private equity? How did you go from being a student at IIM to being at a leadership position in private equity?

IIM played an important role in my career, in holistic business education and in corporate finance theory. The job I mentioned earlier in Investment Banking was only offered to graduates from top business schools, and my IIM education provided the necessary skills, the access and thus a strong start. After that, as you progress in your career, the university or college you attended becomes less of a focal point, while your work experience, skills, and ability to tackle the job at hand become more important. Still, the foundations in finance and in management I received at IIM has supported me throughout my career.

In your leadership position at NIIF, what does a typical day look like for you? How do you balance your various responsibilities?

You know, in a career in private equity, I don't think you can describe a typical day because it's such a varied job. One of the reasons I enjoy the industry is that you invest in a variety of businesses at different stages. Then, you manage them over time, help create value, and ultimately harvest them through exits after 4, 5, or 6 years. During the period you're invested in, you're not a passive investor, like in listed stocks. You're actually an engaged and active investor. You sit on the boards of those companies, and you engage with them far beyond just the board positions. Even before making an investment, you typically spend a fairly extended period researching the industry, the business, engaging with the management, founders, and other investors if they exist, before making the decision.

So, it's tough to describe a typical day because there could be companies you're evaluating for investment, some where you're working to help create value, and others where you're preparing for an IPO or an M&A event to exit and liquidate your stake. On top of that, there are leadership responsibilities, investment committee duties, and administrative tasks. So, I wouldn't say there's any 'typical day'—it can vary dramatically. Additionally, you also deal with investors because you manage capital on their behalf. Raising that capital, engaging with those who've entrusted you with their money, and providing them with updates on the businesses you've invested in also takes up considerable time. So, there are many different aspects of the job, and sometimes one part takes up a significant portion of your time, while other times it's something else. Travel is also a regular part of the role. So, in short, there's no such thing as a typical day and no two days are the same.

You have been the CIO or in leadership positions at NIIF, Tata Capital and Temasek. What specific skills or qualities do you consider vital for someone aspiring to reach a leadership position in the private equity industry?

The hard and soft skills required in private equity are quite distinct. On the hard skills side, it's about your ability to identify good businesses to invest in and ensuring you're investing in those businesses at a fair value. Even if you're investing in high-quality businesses, if you're doing so at inflated valuations, it becomes challenging to generate the required returns. So, investing is, I would say, both a science and an art. It requires quantitative skills, corporate finance knowledge, and expertise in valuing businesses and assessing the opportunities and risks associated with them. Over time, you also develop a sense of pattern recognition and intuition, which helps in making investment decisions.

But it's not just about the investment judgement. Your social skills also play a crucial role because you're not just stock-picking, like in a mutual fund or the stock market. You have to build a rapport and negotiate with the counterparty, which is the management of the company you're investing in. This requires building rapport and chemistry with them, creating a win-win situation as it's a long term relationship you are entering. So deal-making requires a mix of soft skills in addition to the core financial and judgment skills I mentioned earlier.

In private equity, unlike public market fund management or mutual fund management, where you can operate solo as the fund manager, you typically work with a team. This is because it takes a long time to evaluate a business, and then you stay invested and highly engaged for 4, 5, or 6 years before exiting. So, you need strong interpersonal skills to work alongside others, align interests, create a common goal and purpose, and work toward that shared objective.

> **"Investing is both a science and an art; it requires quantitative skills and corporate finance knowledge,but also a sense of pattern recognition, strong instincts, and in the case of private equity, relationship skills."**

So ultimately, it's about having strategic thinking, financial acumen, emotional intelligence, relationship-building skills, and leadership abilities. All these skills come together to succeed in private equity.

What emerging trends do you think will shape the future of private equity and corporate finance in India and globally?

There are multiple trends, and they differ across sectors within private equity. Tech investing and investing in other growth businesses is one area, but you also have buyouts, which involve investing in more mature businesses, and credit investing, which focuses on credit products. These segments have their own dimensions, trends and disruptions, so I wouldn't say there's a single emerging trend. Therefore, there aren't any overarching trends that apply universally across all these areas; each segment evolves differently.

Can you describe your overall investment philosophy and approach to managing private equity investments?

So firstly, in growth investing, it's essential to understand the industry and any risks of disruption within it. You need to identify a business that can consistently grow over a period of four, five, or six years, within an industry that has strong growth prospects and is not expected to face significant disruption. Secondly, the company must have the right to compete and succeed in that industry, aiming to maintain or gain market share. This involves evaluating the management team, assessing product-market fit, analyzing the business model, and identifying unique capabilities and differentiators - all those elements. Profitability growth is also crucial, along with strong execution, which includes keeping costs under control while scaling up to benefit from operating leverage.

And then it's about post investing. It's important to help these companies not only with their organic, day-to-day growth but also by assisting them in expanding into adjacent product-markets. This can help them launch related new business lines, thereby accelerating their growth and entering new relationships. Equally important is knowing the right time to monetize the investment. It is easy to become emotionally attached to a business, which can lead to missing out on optimal exit opportunities. These windows for exiting can be intermittent; if you miss one, you may have to wait a long time or may never get another chance. Thus, discipline regarding exits is also essential.
All these skill sets are critical and form the core of my investment philosophy. Of course, price discipline is also vital; while investing in quality businesses, they will rarely be cheap, but you must ensure you are acquiring them at reasonable valuations to avoid overpaying at entry.

What market conditions do you find most favorable for investments, and how do you adapt your strategy during periods of economic uncertainty?

Private equity investments are long-term, so short-term market volatility doesn't impact us as much as it does in public markets. It takes time to consummate an investment, so it doesn't happen overnight. This contrasts with public markets, where you can take advantage of short-term volatility to secure better entry points. In public markets, there can be days or even months when the market fluctuates by 10% either way, which can make a significant difference. Therefore, it's easier to time your investments by identifying entry points during these correction periods. You research stocks and establish target entry prices, and whenever those prices are met, you enter the market. In private equity, however, it's a longer-term business model that requires more time to finalize investments. Additionally, you typically hold the investment for a significant period. Consequently, the discipline in private equity involves maintaining an orderly pace of investing, which helps achieve what is called vintage diversification.

This approach ensures you are not putting all your eggs in one basket during a particular time frame. Instead, you aim to build a diversified portfolio within your fund, balancing risks across different investments. Typically, you would invest from a specific fund over a period of three to five years, which inherently provides some levels of both sectoral and periodic diversification through the investment process.

How do you assess a company's potential for growth when considering investments? What financial metrics do you prioritize?

Potential growth is what I touched upon earlier. role in that creation. When evaluating a company, you first look at the overall industry growth and then assess where this company's market share is likely to move from its current levels. Additionally, you need to consider how its profit margins are likely to shift.

In terms of methods, there is always a fundamental value approach, which typically involves a discounted cash flow (DCF) model. There are variants of this model, such as free cash flow to the firm or free cash flow to equity holders, among others. Another method is to use public market comparable multiples. When investing as a private equity fund, you can look at already listed companies in the same industry. You would assess the benchmark multiples for those publicly traded companies and ideally apply some discount to them as a private company, with all other factors remaining constant (ceteris paribus). Additionally, you can examine transaction multiples from prior transactions in similar businesses within the private equity universe to understand what sorts of multiples were transacted at by credible informed parties.

So, the first method is the DCF or fundamentally cash flow approach, the second is the comparable multiples method (whether public or transaction-based), and the third would involve estimating your internal rate of return (IRR) based on your projected exit, which means considering the returns you hope to achieve from that deal at exit. Ideally you should look at a so-called football field providing the valuation ranges from each of these three methods.

How do you keep up with current market trends? What is your routine?

I read and listen a lot to various materials about what's happening across industries and businesses. I listen to many podcasts on similar topics and engage in a significant amount of business news reading. All of this helps me stay current. For students looking for quality resources, there are many excellent business publications. Internationally, I recommend reading the *Wall Street Journal* and the *Financial Times*. Domestically, there are also various reputable business newspapers available. In addition to these, there are many podcasts and equity research reports that can provide valuable insights if you can access them.

What is the biggest satisfaction from the job?

The greatest satisfaction comes from successfully selecting a company that has the potential to become a market leader, and then actively helping it on that journey. This not only provides a strong financial return as an investor but also offers a sense of impact in creating something of enduring value, or at least playing a significant role in that creation. It is incredibly satisfying to combine strong profits with the impact of building a high-quality business that is well-run, well-governed, and future-ready.

One of my passions is investing in businesses that align with ESG (Environmental, Social, and Governance) principles. These businesses, particularly with a focus on environmental aspects, can play a vital role in reducing the environmental risks our planet faces and improving the overall quality of the environment.

What advice would you give to students who are aspiring to enter the finance and private equity field and What should their educational and professional trajectory look like for them to be successful in this field?

I don't believe there is a single standard path to a career in finance or private equity. For instance, I have friends in quant finance who pursued PhDs in fields like mathematics or economics after completing their undergrad in computer science or engineering. Conversely, the path into private equity is different. Relatively few people enter private equity straight out of college or business school; most typically start in related fields such as investment banking, consulting, or even as successful entrepreneurs before transitioning into investing. Everyone brings a unique skill set to the table, so there is no one-size-fits-all approach. Ultimately, each of you will need to carve out your own path based on your passions and interests.

GANESHAN MURUGAIYAN

Managing Director at BNP Paribas

Ganeshan Murugaiyan is a distinguished leader in the Corporate and Investment Banking sector, currently serving as the Head of Corporate and Investment Banking at BNP Paribas India. With over 25 years of experience, he has held pivotal roles at prestigious firms, including Head of Investment Banking at UBS Securities India, where he drove major transactions that fueled the firm's growth. His finance career began at DSP Merrill Lynch, where he developed a diverse skill set across various disciplines. Known for his visionary leadership and commitment to excellence, Ganeshan continues to inspire those around him in the dynamic world of finance.

You have had a remarkable 25-year career in investment banking. Can you share what initially drew you to this field and how your journey has evolved over the years?

During my MBA, finance was one of the areas that I was interested in. I landed my first job in investment banking through campus placements at IIM, which marked the beginning of my journey in Investment Banking. Back then, investment banking was referred to as merchant banking, and the activities were quite different from what they are today. The industry has changed a lot over the last 25 years—it's a very different field today.

What educational background or experiences do you believe were most beneficial in your career?

In India, many of my peers are MBAs and a few CAs. But that doesn't mean there's one defined path you need to follow. When you look at colleagues overseas, you'll find a wide range of backgrounds—people with degrees in philosophy, psychology, law, and more. I don't think there's a fixed path you have to take. However, in a competitive market like India, the selection criteria tend to be more stringent, which is why you see a higher concentration of MBAs here.

What does a typical day look like in your leadership position at BNP Paribas? How do you balance your various responsibilities?

Well, the structure of the day really depends on what level you're at. In investment banking, there are clear levels—starting with analyst, then associate, VP, director, and finally, managing director (MD). The responsibilities differ significantly across roles, from analyst to managing director.

When you're starting as an analyst, for example, your focus is on supporting the team by doing the groundwork—pulling data from various sources, conducting research, and creating reports. As you move up to roles like associate, VP, director, or MD, the responsibilities evolve. The more senior you become, the more your role shifts toward originating new business, managing client relationships, and servicing existing clients. And then In leadership positions, like heading a team, a large part of your day is dedicated to strategic activities such as overseeing internal matters and budgeting. So, the scope of your day-to-day work changes as you progress, depending on your level within the organization.

What emerging trends do you think will shape the future of corporate finance and investment banking in India and other countries?

Look, investment banking is a basic requirement for all corporate activities like fundraising, IPOs, M&A, etc. So, there will always be a need for investment banking. However, the way it evolves will depend on how the economy and markets grow.

For example, India is now a $5 trillion economy, and the level of activity in the Indian stock market is comparable to the top 5-10 markets globally. But, there are still areas that need to evolve. So, I think we'll see the emergence of new products and streams. Additionally, the increasing use of technology across industries, including investment banking, will have a major impact. How technology, especially AI, changes the industry is something we're seeing evolve globally.

Can you describe your overall investment philosophy and approach to managing portfolios?

Yeah, so in terms of personal investments, I believe it's important to have a good mix of investment strategy. Early in your career, you can afford to take on more risk, so equity-focused investments tend to dominate at that stage. As you grow and mature, you start to shift the balance between equity and debt, depending on your risk tolerance and financial goals. There are also emerging asset classes like real estate, private equity, and even art. Real estate is of course quite popular in India, but some of these other asset classes are still evolving.

> **“Every day in this job is different, which makes it dynamic and challenging”**

What are the criteria for the initial consideration of a stock making it an attractive or compelling buy? What metrics do you prioritize when assessing a stock?

I think the key factors are always management and governance. Companies evolve over time, but if they're going to be successful in the long term, they need strong leadership and solid corporate governance. Those are the top two criteria for me. After that, of course, you look at more standard metrics like performance, growth, industry potential, and financial ratios such as PE ratios and ROCE. These elements help paint a clearer picture of the investment's potential.

Personally, I don't buy stocks myself because of my position in this industry, so I don't engage in extensive research. However, if someone were in the mutual fund industry, they would typically do that.

How do you keep up with current market trends and developments? What is your routine?

To stay informed, I read extensively. Most news feeds are now available online, so the key is to stay abreast of various magazines and online channels. As for specific resources, we rely heavily on Bloomberg and several other data analysis tools, such as FactSet, which are quite helpful for keeping track of market trends and developments.

What is the biggest satisfaction from the job?

Every day in this job is different, which makes it dynamic and challenging. It's never boring. The greatest satisfaction comes when a deal concludes successfully.

What advice would you give to students who are aspiring to enter the investment banking field? What should their educational and professional trajectory look like to be successful in this field?

You need to have a genuine interest in finance; that's the first and foremost requirement. Second, reading extensively is crucial, because there's no substitute for gaining knowledge. Third, hard work is essential. To achieve your goals, you must be willing to put in the effort. These three qualities are foundational. Additionally, it's beneficial to have a strong educational background, so attending a reputable college can help you build a solid foundation for your career.

Summary and Concluding Remarks

In this book, we've explored the multifaceted world of finance through the insights and experiences of six distinguished professionals from various sectors, including fund management, private equity, and investment banking. Each interview provided a unique perspective, illuminating the complexities and opportunities within the finance industry. One key takeaway was the emphasis on a strong investment philosophy, where one interviewee highlighted the importance of focusing on high-quality companies with sustainable competitive advantages to foster long-term growth. Another professional underscored that investing is as much about managing risk as it is about seeking returns, illustrating the significance of understanding and mitigating risks for enhanced investment outcomes.

Perhaps one of the most insightful aspects of these interviews was hearing their predictions on how India's corporate and financial sectors are likely to evolve in the coming years. They discussed key trends, including the growing role of technology in finance, the rise of sustainable investing, and the increasing integration of global markets. These forward-looking perspectives have given me a broader understanding of the opportunities and challenges that lie ahead for India's financial landscape. As someone who is passionate about contributing to this field, their insights have inspired me to think critically about the future of finance and how I can play a meaningful role in shaping it.

Behavioral finance emerged as a critical theme, with a leader emphasizing the necessity of managing investor behavior during market fluctuations, highlighting the need for discipline and a strong mindset. Continuous learning was another recurring theme; as one interviewee noted, genuine interest drives professional growth, making it essential for aspiring finance professionals to remain open to new ideas and developments. The importance of soft skills, particularly communication and collaboration, was also stressed, revealing that technical skills alone are insufficient in today's interconnected world. Finally, insights into future trends, such as the rise of technology and sustainable investing, provided a forward-looking perspective that can help guide your career choices in a rapidly changing environment.

These narratives collectively emphasize the need for a robust academic foundation, continuous learning, and adaptability. As you navigate your own educational and career paths, let the experiences and advice shared in this book serve as a guiding compass. The financial sector is ripe with opportunities, and with determination, curiosity, and a commitment to lifelong learning, you can carve out a meaningful and impactful career. May this compilation inspire you to engage with the complexities of finance and empower you to make informed decisions as you embark on your journey in this dynamic field.

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Yuvraj Gode