



## **CAREER INSIGHTS: DEBT CAPITAL MARKETS IN INDIA**

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Co-founder, Mavuca Capital Advisors

**Date:** Thursday, 8 October 2020

**Time:** 5:30 – 6:30 p.m. IST



**CFA Institute**

# Personal Journey

## Roles

- Since Dec'18, co-founder of Mavuca Capital Advisors. It serves strategic & management consulting, capital (debt, hybrid or equity) raising, investment banking & stressed assets advisory.
- Nov'11–Oct'18, IDFC Bank/ IDFC Ltd as Head – Debt Capital Markets
- Dec'10–Nov'11, StanChart Bank as Head – Fin. Inst. Grp, Capital Markets, South Asia
- Jun'07–Dec'10, The Royal Bank of Scotland, as Head – Financial Institution Sales, Singapore / India
- Jul'06-May'07, Rabo India, as Head-DCM
- May'98–Jun'06, ABN AMRO as Fin.Inst. Derivatives Marketer & prior Head – Financial Inst. Sales / Fixed Income Sales
- Jun'95–May'98, Kotak Mahindra in Fixed Income Securities Group

## Play-field

- Financing solutions, origination, structuring-cum-underwriting, placement of all types of debt market products
  - Bonds, NCDs, Sub-debt & bank capital securities; ABS/MBS;
  - Loans; Structured products; Convertibles; bonds+warrants; Equity Linked Notes, etc.
  - INR & FCY denominated
  - For variety of end-use & across industry sectors
- Structured-executed derivatives - Credit, Rates, Currency, Commodities & Equity.
- Advisory mandates for FIs & Corporates - ALM, Capital, BASEL III, project Finance, Restructuring, acquisition, etc.
- ALCO, investment/underwriting committee, risk management committee
- Investment banking, INVIT/REITs, IDFs
- Client, internal & external, management

# Contents

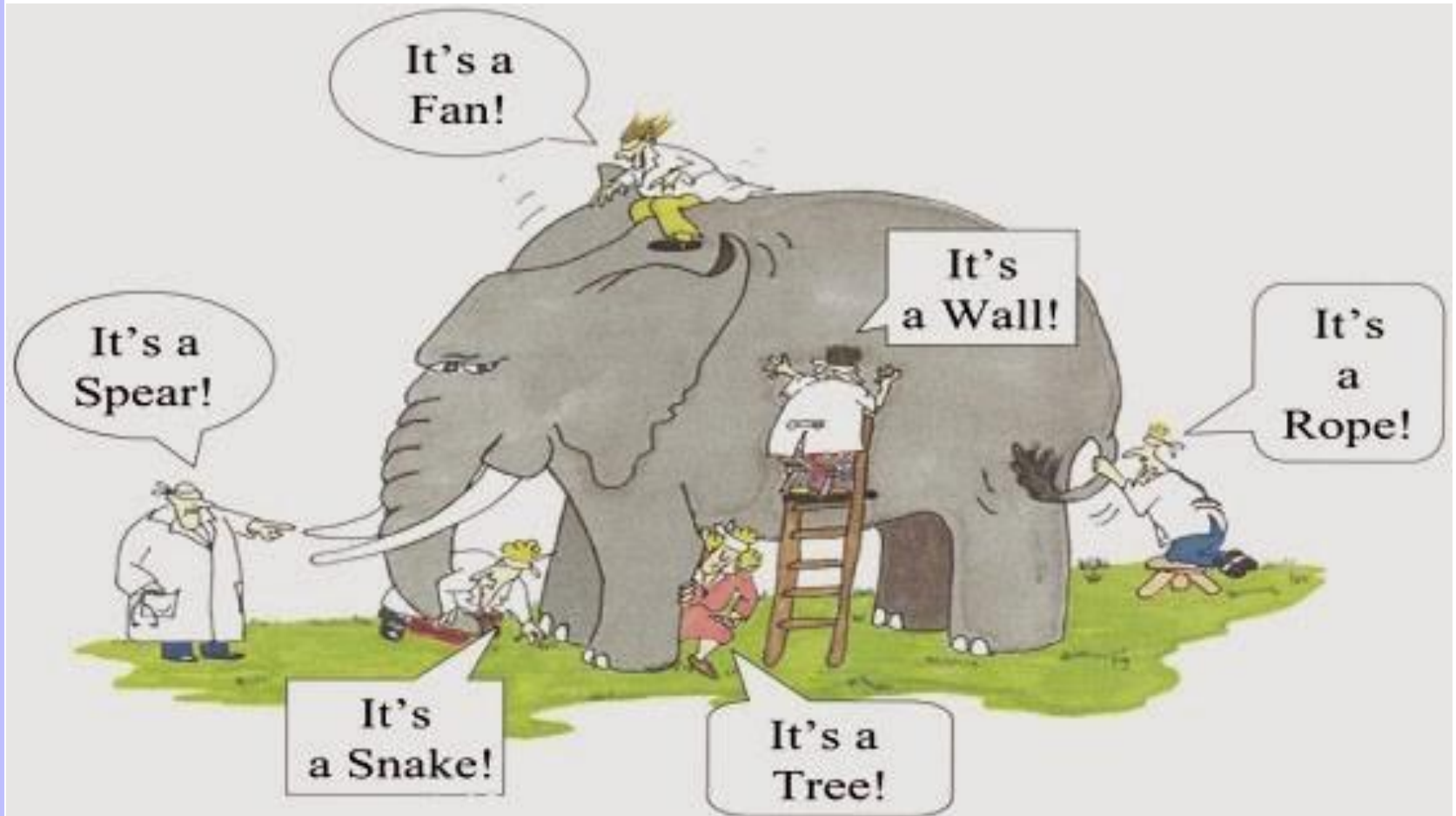
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- Debt Markets – Holistically
- Debt /Fixed Income Market Landscape
- Infrastructure Participants
- Department Organogram
  - Debt Capital Markets (domestic) – Sell Side
    - Added elements in a Global DCM Platform – Sell Side
  - Fixed Income Fund (domestic) – Buy Side
- Careers
- Competencies & Long Term Goals

**“I SAY I AM INDEBTED TO DEBT FOR LIFE”**

# Avoid falling in the below situation

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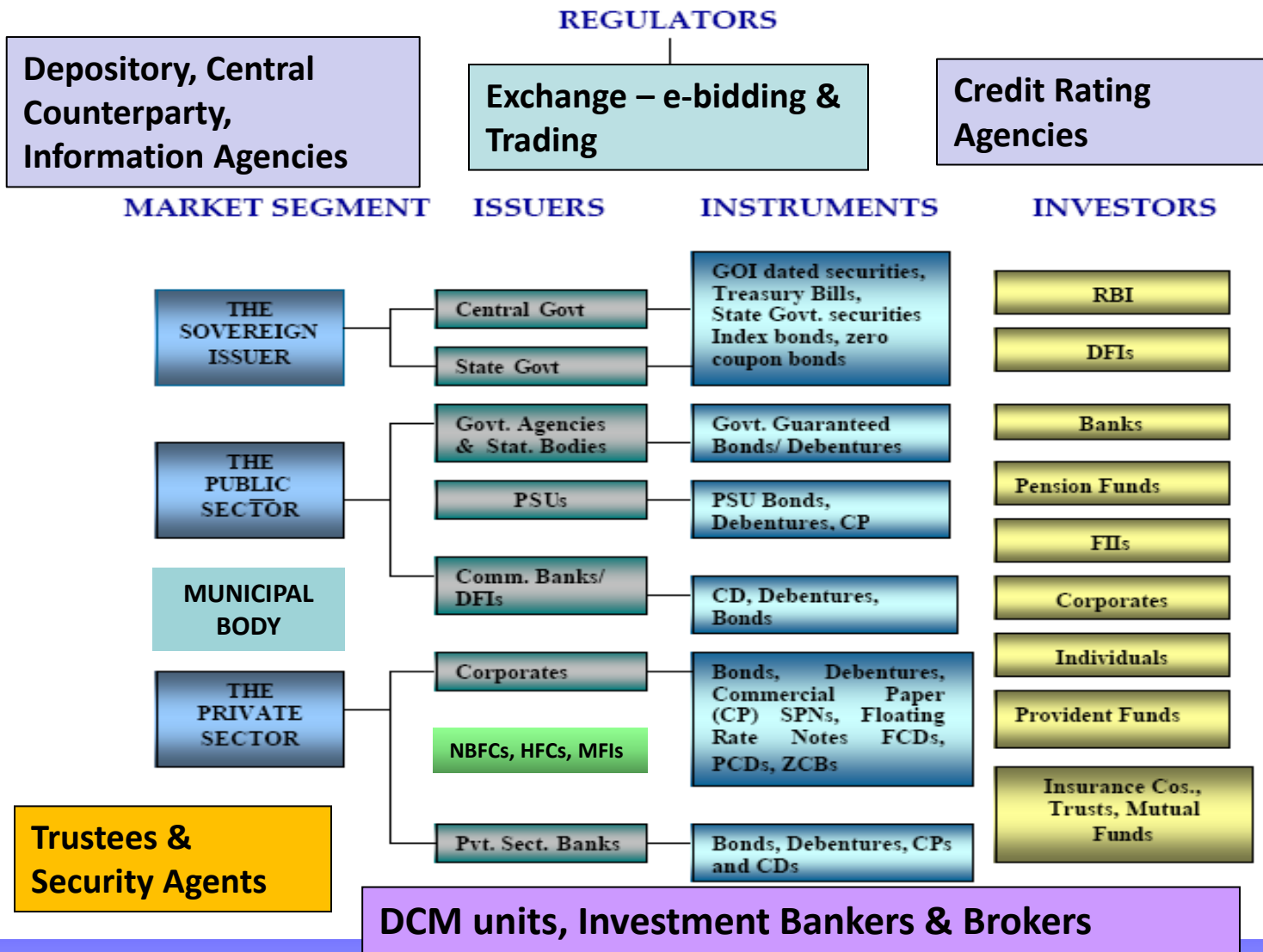
**Try and get a Holistic View**

# Debt Markets

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- Debt capital broadly encompasses all forms of non-equity, non-dilutive components of capital on a balance sheet
- Market implies access to capital for the borrowers from the providers;
  - Plus ability to assign and / or transfer;
  - with mechanism for seamless servicing by debt-takers to holders
  - Providers being institutional, international or retail
  - Price discovery based on market forces and dynamic
  - Availability of risk-management tools
- Format includes
  - Govt. Securities & SDLs,
  - Corporate Bonds, Debentures, Notes
  - Commercial Papers / Certificate of deposits / T-bills
  - Loans, working capital facilities
  - Securitized instruments – ABS/MBS/CMBS & Security Receipts
  - Sub-ordinate securities
  - On-balance sheet / off-balance sheet
- Development of Market Infrastructure for orderly, unbiased, real-time functioning of the markets and services to capital-issuer as also provider

# Market Landscape



# Infrastructure Participants

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In addition to borrowers & investors/lenders, infrastructure participants comprises of-

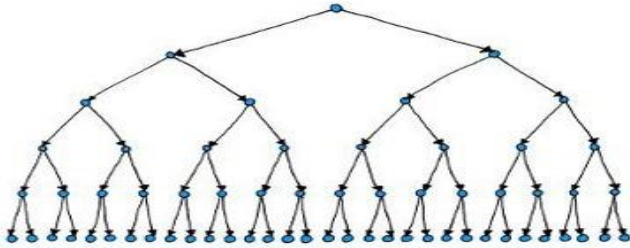
- Arrangers, Merchant Bankers, Investment Bankers, Underwriters, Placement Agents = Debt Capital Market Units
- Brokers, facilitators of secondary buy-sell
- Stock Exchanges – cash and derivatives
- E-bidding Platforms
- Depositories
- Credit Rating Agencies
- Trustees & Security Agencies
- Central Counterparties
- Macro, Economic, Industry, Credit Research Firms
- Technology Companies – provider of booking, settlement, accounting software system
- Newswire, Data services providers – Bloomberg, Reuters, etc.
- Legal Counsels
- Regulators
- Self-regulatory bodies (FIMMDA, IBA, AMFI)

**GRATIFYING DEBT MARKET CAREER WITH ANY OF THE ABOVE**

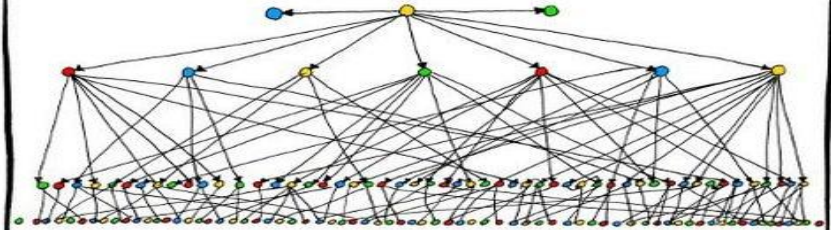


# ORGANOGRAM

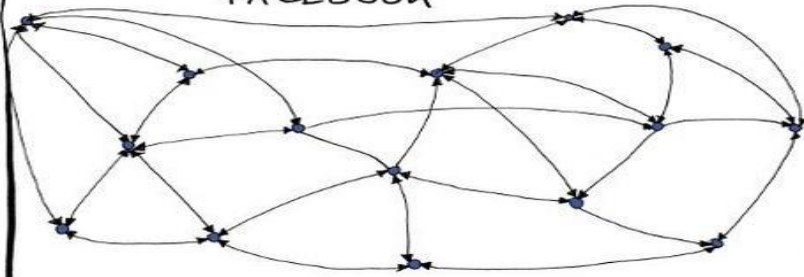
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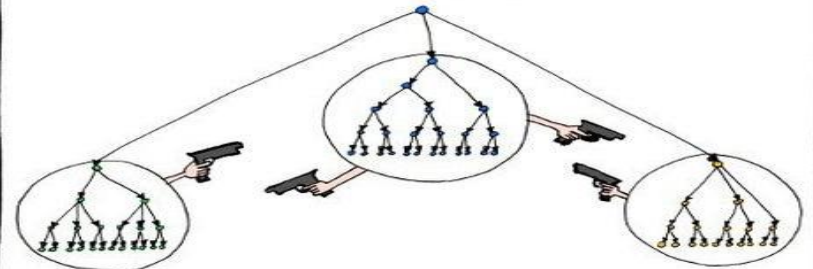
GOOGLE



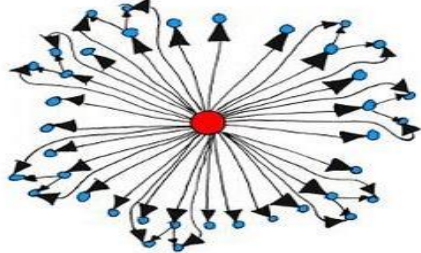
FACEBOOK



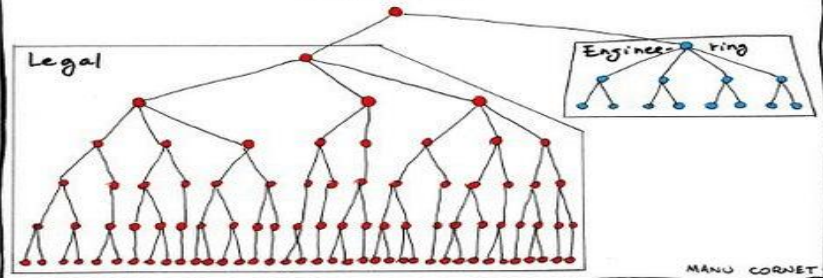
MICROSOFT



APPLE



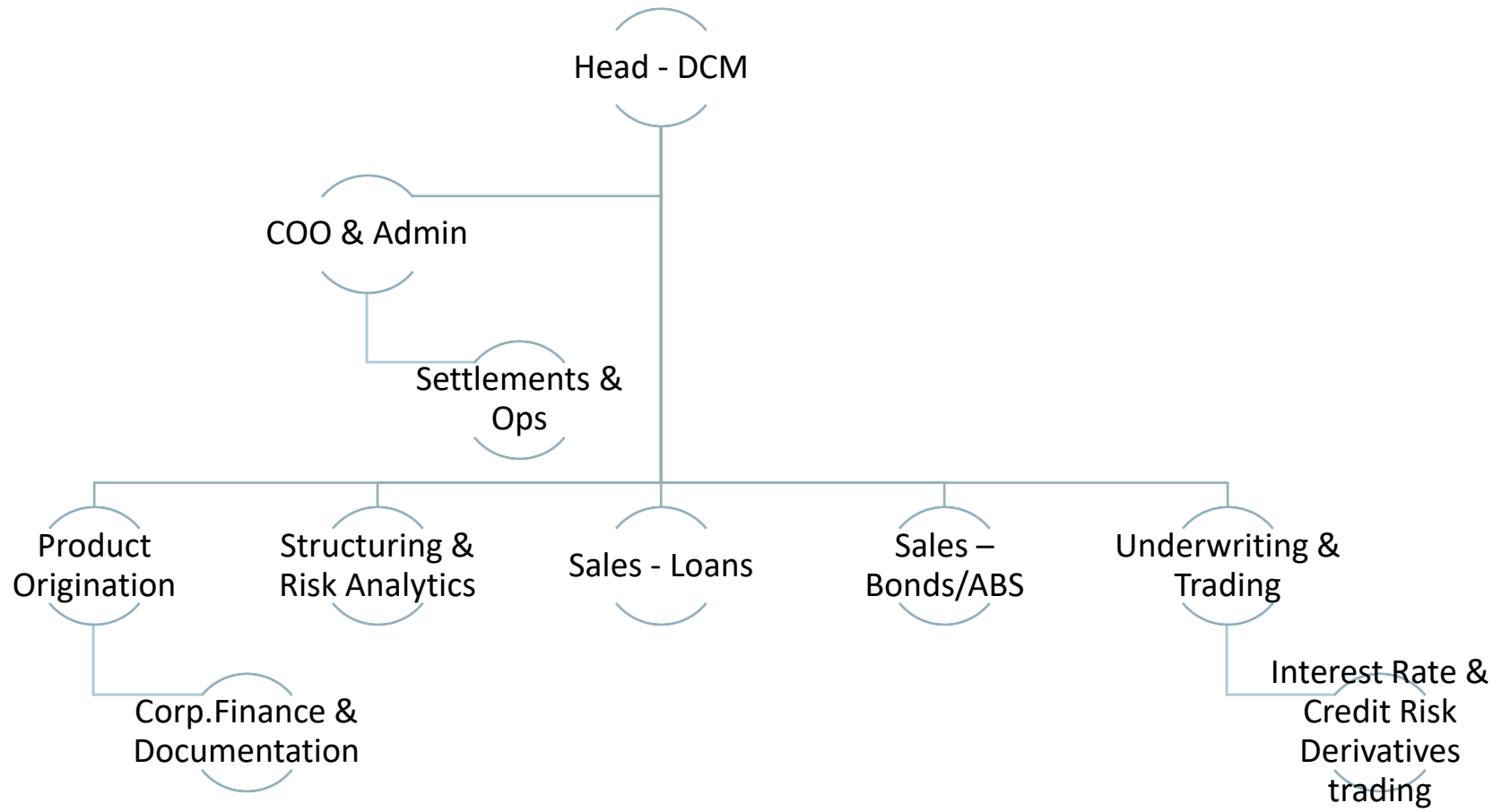
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# Organogram

## Debt Capital Markets (domestic) – Sell Side



# Organogram – Global DCM

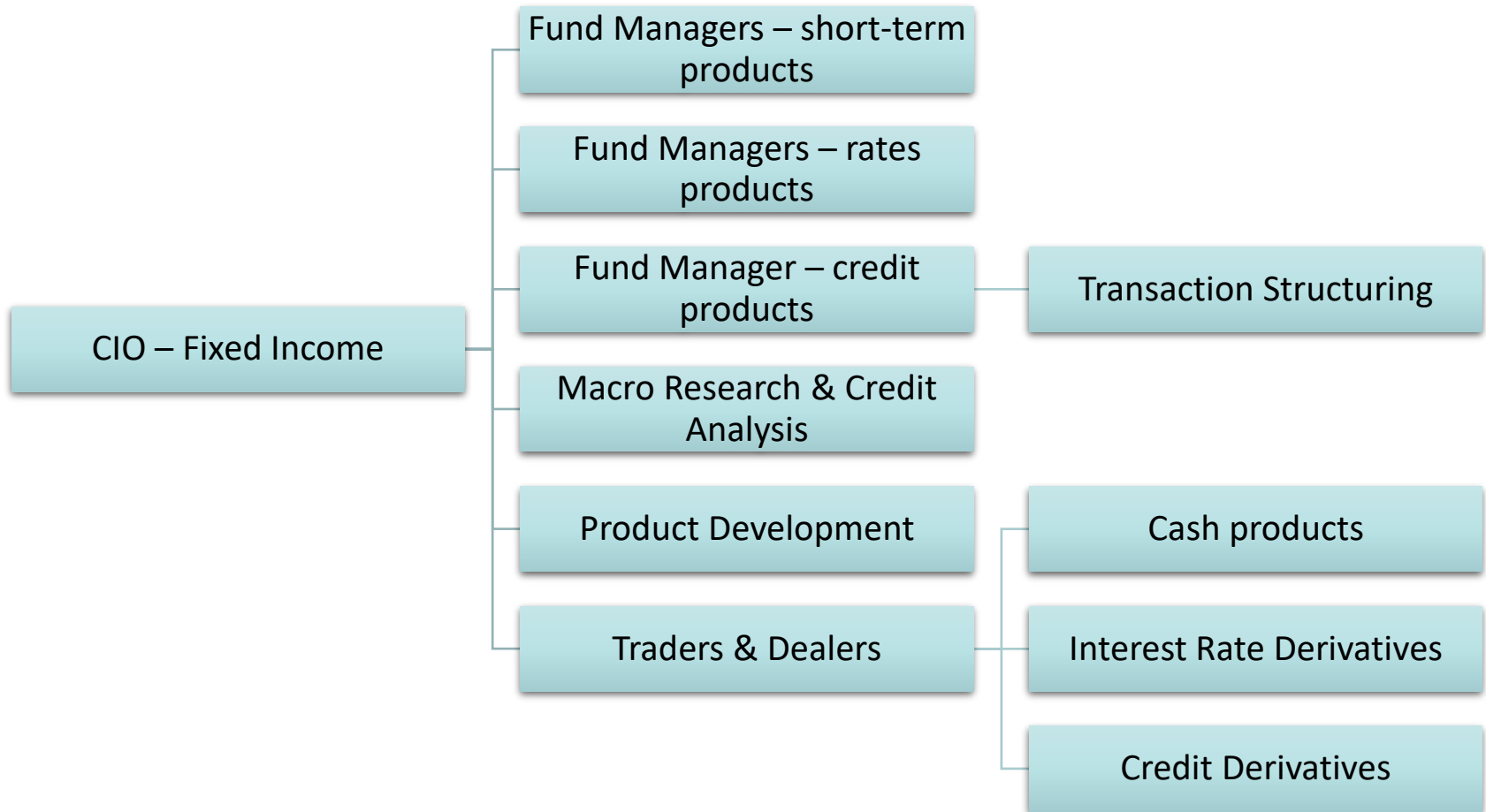
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## Added elements in a Global DCM Platform – Sell Side

- Research - Macro, Fixed Income, Credit
- Strategist
- Syndicate Group
- Sales is super-specialized, such as
  - Hedge Fund Sales      Interest Rate /Macro Sales      Credit Sales
  - Structured Credit Sales      Private Banking Sales      Geographical Sales
- Origination Machinery may be focused on
  - Product type      Issuer type      Geographical
- Funding desk
  - Repo, Structured Notes
- Treasury Risk Management

# Organogram

## Fixed Income Fund Management – Buy Side



# CAREERS

## Job Titles – google search

Lead Quantitative Analyst (Fixed Income)  
**Analyst - Fixed Income - Structuring & Trading Team**  
 Fixed Income Dealer  
**Macro Trading Analyst Fixed Income**  
 Fixed Income Analyst  
**Associate - Credit Strategy - Fixed Income Research**  
 Fixed Income Operations Specialist  
**Fixed Income Manager**  
 Fixed Income Trade Support Analyst  
**Beta Strategies-Fixed Income Index Strategy – Analyst**  
 Global Data Team Leader - Fixed Income  
**Associate Manager - Research Analyst - Fixed Income**  
 Analyst - Fixed Income Financing - Securitised/  
 Structured Products/Bonds  
**Fixed Income Financing Dev**  
 VP , Counterparty Risk , Fixed Income , BFSI  
**Head Fixed Income Risk Management**  
 Treasury Marketing Fixed Income  
**Quant Role - Fixed Income - Strats Team - Bank**  
 Head - Fixed Income  
**Securitized Products Group - Agency Trading Assistant**  
 Securitized Products Group New Issue Trading Assistant  
**Head/AVP - Fixed Income - Insurance**

**GSAM FI Portfolio Management & Trading Engineer - GSAM Fixed Income**

Business Analyst - Fixed Income & Equity Trade Processing

**Associate Settlements-Equity/Fixed Income Settlement**

CIMD-GSAM Fixed Income, Investment Grade Research – Associate

**Asst Manager Settlements-Equity/Fixed Income Settlement**

Business Analyst / Capital Market /Fixed Income / Post Trade Settlements

**Structured Rates Strat**

Lead Analyst ( Credit Research )

<u>Search on Linkedin.com</u> <u>(4<sup>th</sup> Oct'20) - India</u>	Period - Past Month	Period - Past 14 days
debt capital market	9	2
fixed income	798	426
fixed income portfolio manager	7	2
fixed income specialist	11	1
fixed income trader	9	4
fixed income analyst	58	14

# CAREERS

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## At sell-side & brokerage firms-

- The no. of roles much higher; also wider type
- Most of the roles directly or indirectly are client facing
- Revenue-, volume-measures are key performance metric
- Technical skills and client management skills are required in good measure
- Solutioning approach

## Corporate Treasuries

- Corporate have realized need to have dedicated team/person handling resource-mobilization & fixed income
- Conglomerates have common-treasury
- Long-term fund raising from domestic and/or international debt markets
- Goals - adequate liquidity, optimize costs, ALM.
- Full-fledged surplus / investment management – active or passive styles

## At buy-side investors-Concentrated team manages much large AUMs

- Long-term strategy, tactical-allocations, dynamic market positioning for alpha
- Portfolio management & technical skills
- Valuation, reporting,
- Total & relative return - key metrics
- ability to analyse and price risk

Trading Units like Banks, PDs, Corporate – Traders, dealers & risk managers – rates & credit

## At rating agencies

- Rating agencies have a large pool
- Will be growing as market builds sophistication
- Fixed income, securitization, structured finance, loans
- Industry research, credit analysis
- Forecasting
- Structuring skills

# CAREERS

## NBFCs, HFCs, MFIs – it's a daily requirement

- Similar to Corporate- core Resource raising.
- Regulatory compliance knowledge
- Investor relationship

## Banks' - for capital and resources

- Capital Securities
- Long term funds – Infra bonds
- \$ bonds & Offshore loans
- Regulatory compliance knowledge

## Other emerging categories:

### **PE funds, SWFs, venture funds**

Have in-house specialized teams to managed debt at portfolio companies;

International operations has team managing leverage at fund-level;

& risk-management

## 'Newer' Investor Categories –

- AIFs - debt, credit
- PWMs – e.g. debt investment advisory
- Venture debt
- Family offices
- Stressed asset funds

## Other firms requiring debt market skills, include-

- Valuation firms
- Rates-Credit Research firms
- Investment / risk management advisory
- Consulting Companies – advisory & transaction management services
- Trusteeships & security agencies
- Legal Counsels – {e.g. JurisCorp – H JAYESH is CFA Charterholder}
- News & data-services providers
- Fintechs – solving for many problems besieging the industry

# Competencies

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CFA Course gives most of the necessary technical ingredients:

- Macro-economics
- Products
- Mathematics
- Portfolio management, measurement, valuation
- Risk-management
- Reading Accounting Statements
- Global markets

All these are huge positive and couple with-

- Grip over home-country regulations
- Product nuances and tools
- Home Market Ecosystem
- Operations
- Banking framework,
- Home-country accounting standards, etc.

**Skills**

- Information gathering, analysing, impact-analysis and predicting outcomes
- Communication & Networking Skills



**UNBEATABLE  
COMBINATION  
FOR A CFA  
CHARTER -  
HOLDER  
TO MAKE A  
SUCCESSFUL  
CAREER IN  
INDIAN DEBT  
MARKETS**



FROM ACADEMY AWARD® WINNING DIRECTOR  
**MARTIN SCORSESE**

ACADEMY AWARD® NOMINEE  
**LEONARDO DiCAPRIO**

# THE HOUNDS OF DEBT STREET

**#THE HOUNDS OF DEBT STREET**



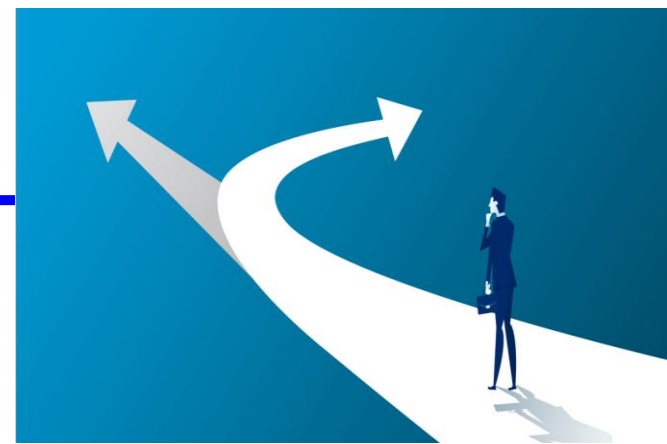
# Long Term Goals

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- Most of skills are fundamental & universally applicable
- Movement up the ladder to CEO-position
- Career can grow further in an international financial hub
- Switches from sell-side to buy-side or vice-versa are visible
- Stints with infra service agencies can re-skill and widen horizons
- Movement to segments like
  - Forex, commodities, equities, private debt, derivatives, stressed assets
- From product or asset-focused roles to corporate banking / commercial banking or investment banking roles

**This market is still nascent and very much OTC – so tremendous scope for digitization -  
Fintechs and entrepreneurship can be spurred.**

**I SAY I AM INDEBTED TO DEBT FOR LIFE**





**Thank you,  
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