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Changing Ahead of the Times

By [SHRADDHA NAIR OF MINT](#)

Satish Mandhana has had a more varied career than most, which probably makes him ideally suited to manage as much as \$1.3 billion of clients' money.

As IDFC Private Equity Co. Ltd's managing he manages a portfolio of about 30 companies, with interests in infrastructure, education and healthcare.

Born in Rajasthan and brought up in the north Indian cities of Delhi and Ranchi, this graduate of the Indian Institute of Technology, Roorkee, began his three-decade career on the shop floor of Eicher Motors in the nation's capital, supervising the assembly of light trucks in 1982. Mr. Mandhana's propensity to make counter-intuitive shifts, which has led him to the top post at the country's largest infrastructure private equity fund, was apparent in college.



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Satish Mandhana

"He changed from electrical to industrial engineering in the second year, which at that time was a very unusual move considering electrical engineering was 'the thing' to do 26 years ago," says Ajay Bharadwaj, his classmate from college and now managing director of Areva T&D India.

Mr. Mandhana says he made the switch so that he could learn how to run a business.

One of his IIT professors relates an anecdote that reflects an ability to see advantage where others saw adversity. In order to shield junior students from ragging, G.L. Asawa would let them spend the night at his home on campus. "I told Satish that he can come over too but he was like 'No sir, I enjoy their company... they get me snacks too.' "

He moved out of manufacturing when he left Eicher for SRF Finance, a non-banking finance company in 1992.

"Job hopping was not that easy from a shop floor to managing tons of money," Mr. Mandhana says. He had to cut his teeth on the job at a time when depositors, caught in the bull-run frenzy sparked by the late Harshad Mehta in 1991-92, overwhelmingly preferred the high returns from stocks to interest payouts from NBFCs. Mandhana's primary task was to bring clients back to SRF Finance.

Armed with a finance management degree from the Faculty of Management Studies, Delhi, that he'd picked up by attending night classes, Mandhana designed a secured product, which he dubbed the Trust Money Scheme. Unlike earlier plans, this one assured depositors that there would be no withdrawal restrictions on their money. There was no restriction on the term, unlike with deposits, which can't be for shorter than six months.

"I went to the CEO and showed the product. He looked at me and said, don't waste my time, get a lawyer's opinion," Mr. Mandhana said.

Mandhana went to Shardul Shroff, managing partner at law firm Amarchand & Mangaldas & Suresh A. Shroff & Co., with his blueprint. It got the green signal from no less a legal luminary than Justice P.N. Bhagwati, who had just retired as the chief justice of India. Amarchand Mangaldas was the first depositor. The scheme was a runaway success, picking up 450 million rupees in just one month in year.

"When one looks at the current law, one can see how visionary the whole process was in hindsight," said Mr. Shroff, who's known Mr. Mandhana for 15 years now. "He thought through the whole thing and we were ahead of the regulation even without a formal law for securitisation."

Mr. Mandhana's stint with private equity began in 1997, as a director of the British government's development finance institution, CDC Group. He took a break from the hectic fund investment business in 2003 to join a paper maker. But his reputation as a tough fund manager meant that in 2006, he was fielding various job offers.

One was from Luis Miranda, then head of IDFC's private equity business, in which his former fund CDC had invested. He picked that job over the standing offer from distressed asset investor Wilbur Ross to head its India fund.

The hiring took place in a span of four days, during which Mr. Mandhana had intense discussions with top IDFC executives ranging from Chairman Rajiv Lall to Managing Director Vikram Limaye. At the end of this, Mr. Miranda hand-delivered the offer letter at his home in Delhi. When Mr. Miranda stepped down in November 2010, Mr. Mandhana took the reins of the fund.

At that time, he also quit the boards of seven companies "to minimize travel time and provide more time to the core areas."

Mr. Mandhana has been trying to give his employees autonomy. But once a week it's mandatory for his team to meet and discuss every deal so that everybody knows what their colleagues are working on. It's important that a two-year-old associate gets to question a partner with 25 years of experience, he said.

"People work fearlessly when a junior guy can take a view on an argument," Mr. Mandhana said.

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