

Interview



Vallinath, CFO, Visaka Industries

“The CFO has to play a crucial role in assisting the CEO to maximise wealth for the shareholders”

As a CFO, can you please elaborate on your three key priorities in next three years?

1. Grow topline to Rs1500 crore without compromising on margins
2. Reduce debt while making investments for growth.
3. Introduce IT-enabled systems and processes to de-risk the company in all respects and make it comparable to a world class company.

Can you highlight a strategic initiative which paid off well for your company during your tenure as a CFO with Visaka? How did it help the company and the investors who have parked their money in your company's stock?

I have been the CFO of Visaka since 1997. There are many strategic initiatives out of which I will attempt to name a few. First to turn our focus to rural India for cement asbestos business. Result: grew fast and catapulted the company from seventh position in the industry to the second position, while creating an all-India footprint. Introduced some of the best systems and processes for our various functions to support this aggressive growth process which helped derive advantage from the growth. The recent initiative to embark onto V-Next products business and becoming a market leader within a very short time. This, in my opinion, will be a strategically wonderful move for the company for a very long period of time.

As a CFO, what are the key challenges faced by you in achieving the company's vision and mission? How did you really overcome them?

I do an in-depth and incisive analysis of the businesses we want to enter, pick the best and implement them right. While doing this, I ensured that I kept the long term view in mind, on margin sustainability and also scalability. Any analysis is from an economy-industry-company standpoint. Various risks are mitigated and/or managed well. Ensuring proper cash flow management, while reducing the interest costs is another challenge. We made very few mistakes in our journey so far and have been a consistently profit-making, dividend-paying company for the last 30 years. Our debt is low, asset base strong, brand recall very good. We enjoy a significant no. 1/no. 2 position in all the businesses we operate.

We keep hearing about CEOs more through media and other such modes of communication. The CFOs apparently live behind the curtain but play a very crucial role when it comes to wealth creation for the company and the individual investors. Do you feel deprived of the limelight at times? How about CFOs being faces of the companies in India in future?

Not always. However, a CEO has the overall responsibility for any company and the CFO has to be his trusted support system. The CFO has to play a crucial role in

assisting the CEO to maximise wealth for the shareholders. I have significant freedom of communication and working. In all good and big companies, it is the CFO who is the face of the company to the investors and the CEOs meet only a few big investors. Our company is comparable to such great companies.

Numbers are the primary things that you play with at work. People in the outside world have a feeling that CFOs are a set of people who only understand numbers and are kind of away from other aspects of life. How much is this true? What further needs to be done to ensure CFOs in India get their due?

This is a misconception. Numbers are only outcomes of the various initiatives that are taken by the company. The initiatives are the result of analysis, brainstorming and thorough planning and course correction from time to time. This is where a CFO with a background of economics, finance and operations research can contribute and this is where my heart is. Regulations have to change to increase importance of CFOs in companies, since they almost always have a thorough overview on everything, although it depends on individuals.

Any necessary information about your organization you would like to share with us?

We expect our V-Next business to be the big growth driver for the next two decades.