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# BusinessLine

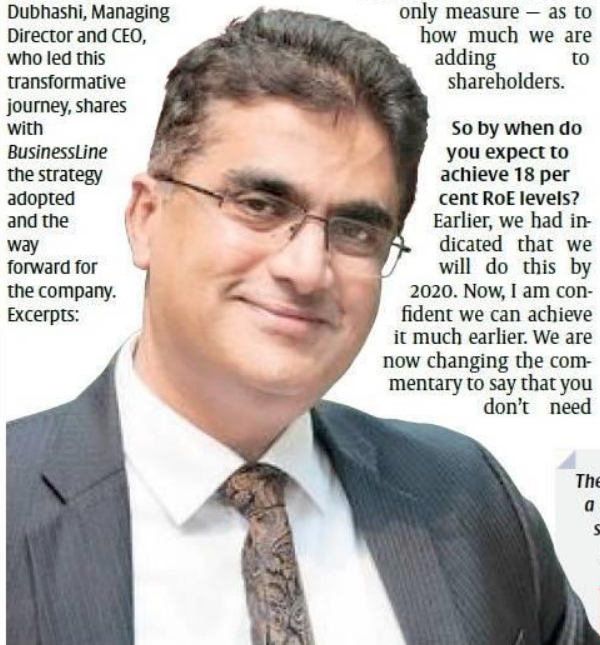
## A culture of 'results not reasons' helped transform L&T Finance Holdings, says MD

Expects to achieve RoE of 18% much earlier than 2020

**KR SRIVATS**

New Delhi, September 21

From a behemoth that offered nearly 20 products in the financial services space, L&T Finance Holdings Ltd (LTFHL) has over the last 18 months transformed itself into a nimble corporate structure focussed on just five product areas. This big restructuring has boosted shareholder value and changed the market perception of LTFHL. Dinanath Dubhashi, Managing Director and CEO, who led this transformative journey, shares with *BusinessLine* the strategy adopted and the way forward for the company. Excerpts:



**Now that LTFHL has pruned the number of businesses, what is going to be the journey forward?**

As a company, we will look to deliver the top quartile return on equity (RoE) of 18-20 per cent and also profit after tax (PAT) growth of over 20 per cent on a sustainable basis. The image we want to establish is of a company that is focussed on steady and sustainable growth, not one that grows in spurts and starts.

**What is the metric on which you would like to be judged?**

To me, RoE should be the only measure – as to how much we are adding to shareholders.

**So by when do you expect to achieve 18 per cent RoE levels?**

Earlier, we had indicated that we will do this by 2020. Now, I am confident we can achieve it much earlier. We are now changing the commentary to say that you don't need

to wait till 2020 for this milestone.

**Where is this optimism coming from?**

This optimism is coming from our execution trajectory in the last five quarters. Our RoE has been steadily on the rise and there is enough public information on this. Events that had become difficult built our muscles. The tenacity to fight adversity has been tested early.

We had difficulties in the last 18 months despite our execution being good. So, we have the confidence that we can now increase the speed and maintain it.

**What were the main factors that held you back during 2011-16? How have you brought the change?**

We consciously moved to a culture of 'results not reasons'. We also took the choice of 'simplicity' and 'not be intellectually nice sounding'. I believe in keeping things simple. The problem earlier was we had too many products and high expenses.

Of course, in the ambition of becoming a bank we had

launched too many products. Two-thirds of the products were not scaled up. The intellectual reasons of holding company structure, external environment had also been cited for our sub-optimal performance.

**What was the secret sauce behind this transformation?**

The driving force is my obsession for shareholder value. We are not dogmatic about anything except one thing – that this company will always deliver shareholder value and be nimble. If a strategy relook has to be done, it will be done.

But what will not change is the objective of delivering shareholder value. Our job is to keep showing consistency and deliver RoE.

**So, what was done?**

I made sure the management intent is communicated clearly down the line. The message is to keep focussing on the five core areas – wholesale, rural, housing, mutual fund and wealth management – and execute what we promised. We have delivered despite demonetisation. thanks to a strong execution engine run by young people.

**Will you look to further consolidate and trim down the number of subsidiaries?**

Over the next 4-5 years, we will have 3-4 companies at the maximum. I am not looking to merge housing for now.

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INTERVIEW

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**DINANATH DUBHASHI**  
MD & CEO, L&T Finance Holdings