

# Interview



## CMA LVS Sudhakar Babu

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*CMA LVS Sudhakar Babu joined SMFCL as Managing Director on 6th November 2025. He is having over 32 years of experience in the Non-Banking Financial Company (NBFC) sector, having previously served as Executive Director at HUDCO, possessing dual qualifications-MBA and CMA (Cost Management Accounting). He Joined in HUDCO, an NBFC (IFC) and a Navaratna CPSU on 19th January 1994 as a Management Trainee and has grown along with the organisation, working at various levels.*

*He worked as a State head for Andhra Pradesh, Telangana, Madhya Pradesh & Delhi-NCR. Major contributions to HUDCO, as a State head for the states of Andhra Pradesh and Telangana, disbursed around 15,000 crores for each state during his tenure and contributed significantly to*

*the PAN INDIA operations of HUDCO with highest yield loan portfolios. He also looked after Resource Mobilisation, banking and Investments, Bonds and Special Projects, Business generation, Monitoring. Lending. Financial Concurrence, Corporate Finance, Accounting, Recovery, Fund mobilisation and to economise the cost etc. Additionally, he is having extensive experience and familiarity with NBFC operations, as well as with the regulatory/ compliance framework of the Reserve Bank of India.*

***Q1. In the context of rising project costs and capital constraints, what key financial and cost-management strategies is SMFCL adopting to ensure sustainable infrastructure financing? How are CMAs contributing to these initiatives?***

**Ans.** In the context of rising project costs and capital constraints, SMFCL is adopting a combination of prudent financial planning and robust cost-management strategies to ensure sustainable infrastructure financing. Key measures include prioritisation and phased execution of projects to align cash flows with funding availability, optimisation of capital structure through a balanced mix of internal accruals and long-term borrowings, and proactive engagement with lenders for favourable financing terms. SMFCL is also strengthening cost controls through value engineering, tighter contract management, and competitive procurement practices to mitigate cost escalations. In parallel, enhanced financial monitoring, improved working capital management, and focus on revenue-generating and economically viable projects are being pursued to maintain financial sustainability and long-term viability.

CMAs play a key role in strengthening budgeting, variance analysis, and cost control mechanisms, enabling timely identification of cost overruns and corrective actions. Through working-capital optimisation, contract cost analysis, and performance measurement, CMAs help improve financial efficiency.

***Q2. As a PSU focused on maritime and port-led development, what specific skills and knowledge areas should ICAI emphasise to better align CMA graduates with the needs of infrastructure finance institutions like SMFCL?***

**Ans.** ICAI should emphasise skill development in infrastructure project finance, financial modelling for PPP/EPC projects, and risk assessment of maritime assets. Strong grounding in cost management, tariff and concession frameworks, and cash-flow based lending is essential. Additionally, exposure to contract management, viability gap funding, ESG-linked financing, and monitoring of large capex projects will ensure CMA graduates are industry-ready for institutions like SMFCL.

***Q3. How are digital tools, data analytics, or emerging technologies transforming financial appraisal and risk assessment at SMFCL? What steps should CMA students take to stay relevant in this evolving environment?***

**Ans.** Digital tools and data analytics are strengthening SMFCL's financial appraisal and risk-assessment processes by enabling more data-driven, timely, and transparent decision-making. Advanced data analytics supports better evaluation of traffic forecasts, revenue sensitivities, and cost overruns, while early-warning dashboards track key risk indicators during project implementation. Emerging technologies such as automation and AI-enabled analytics are also improving due diligence, portfolio monitoring, and compliance, thereby enhancing the overall quality and speed of infrastructure financing decisions.

Following steps CMA students take to stay relevant:

Build digital and analytical skills: Gain hands-on exposure to Excel-based financial modelling, data analytics tools (Power BI, Tableau), and basics of automation and AI applications in finance.

***Q4. Given the long gestation and complex risk profile of maritime infrastructure projects, how does SMFCL manage financial risks across project lifecycles? What role do management accounting tools play in strengthening project governance?***

**Ans.** SMFCL manages financial risks across the lifecycle of maritime infrastructure projects through a structured, multi-layered approach, including:

- ⦿ Robust appraisal and due diligence covering traffic forecasts, tariff assumptions, concession terms, and sponsor strength to address long-gestation risks.
- ⦿ Lifecycle-based risk assessment, with differentiated monitoring during construction, stabilization, and operational phases.
- ⦿ Risk mitigation structures such as phased disbursements, escrow and waterfall mechanisms, DSRA, and appropriate security packages.
- ⦿ Active monitoring and early-warning systems, including periodic review of covenants, cash

flows, and project milestones.

- ⊙ Portfolio diversification and co-financing, reducing concentration risk across ports, terminals, and maritime assets.

Management accounting tools play a critical role in strengthening project governance by providing **timely, structured, and decision-oriented information** to management.

***Q5. How does cost audit and cost transparency help SMFCL improve accountability and efficiency in fund utilisation? In what ways are cost insights leveraged for strategic decision-making?***

**Ans.** Cost audit and cost transparency help SMFCL strengthen accountability by ensuring that project funds are utilised strictly for approved purposes, with clear visibility over cost build-ups, variances, and inefficiencies across the project lifecycle. Regular cost audits promote compliance, early detection of cost overruns, and benchmarking of project costs, thereby enhancing operational efficiency and financial discipline.

Cost insights generated through structured cost records and variance analysis are leveraged for strategic decision-making such as refining project appraisal assumptions, improving risk-based pricing, prioritising funding to cost-efficient projects, negotiating better contracts, and strengthening monitoring of stressed exposures—ultimately supporting sustainable and value-driven infrastructure financing.

***Q6. With increasing focus on sustainability and ESG in infrastructure development, how is SMFCL integrating ESG considerations into its financial evaluation framework? What new responsibilities does this create for CMAs?***

**Ans.** SMFCL's integration of ESG in financial evaluation involves embedding environmental and social risk costs, climate-resilience assessments, and governance compliance into project appraisal, funding decisions, and post-disbursement monitoring. ESG parameters are increasingly aligned with regulatory norms, lender expectations, and long-term value creation, ensuring projects are not only financially viable but also sustainable and socially responsible.

New responsibilities for CMAs include incorporating ESG metrics into cost-benefit analysis, lifecycle costing, and risk-adjusted returns; supporting ESG disclosures and impact reporting; evaluating carbon, resource-efficiency, and social compliance costs; and advising management on trade-offs between financial performance and sustainability objectives, thereby strengthening responsible infrastructure financing.

***Q7. Looking ahead, how do you see the role of MD at SMFCL evolving over the next five years? What advanced CMA competencies will be most critical to support SMFCL's long-term vision?***

**Ans.** Looking ahead, the role of the MD at SMFCL is expected to evolve from a traditional leadership position to that of a strategic enabler and ecosystem integrator—driving sustainable infrastructure financing, strengthening governance, leveraging digital finance, and aligning SMFCL with national priorities such as port-led development, ESG compliance, and blended financing models.

To support this long-term vision, advanced CMA competencies will be critical, including strategic management accounting, infrastructure project finance, ESG and sustainability reporting, advanced risk management, data analytics, and regulatory compliance.

***Q8. What advice would you give to CMA students aspiring to build a career in infrastructure finance and maritime development? What key qualities do you look for while recruiting young CMAs?***

**Ans.** CMA students aspiring for careers in infrastructure finance and maritime development should build strong fundamentals in project appraisal, cost management, financial modelling, and risk analysis, with a good understanding of PPP frameworks, port economics, and regulatory aspects. Continuous upskilling in data analytics, ESG, and digital finance tools is essential.

While recruiting young CMAs, we look for strong analytical ability, commercial and strategic thinking, integrity, adaptability, and effective communication skills, along with a willingness to learn and contribute to long-gestation infrastructure projects. **MA**