



MID-SIZED COMPANIES **94** |

Symphony of Success

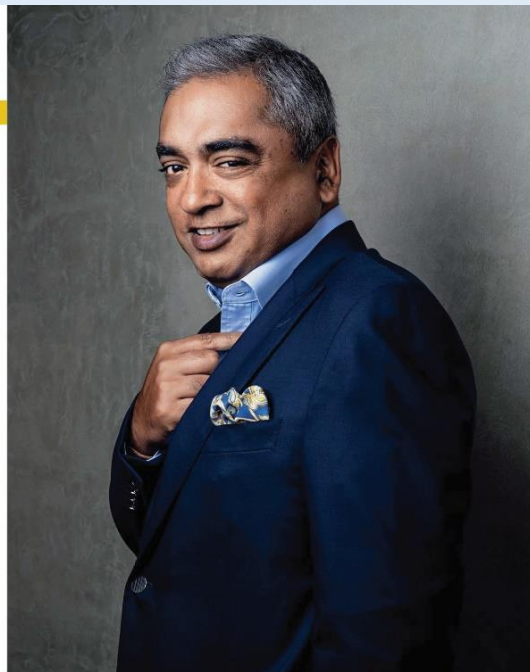
Ashish Bharat Ram has navigated SRF through tough times, never losing faith in its capabilities and employees

BEST CEOs MID-SIZED COMPANIES

SYMPHONY OF SUCCESS

Ashish Bharat Ram has navigated SRF through tough times, never losing faith in its capabilities and employees

By **Nidhi Singal**



CONFIDENCE AND POISE Ashish Bharat Ram, Chairman and MD, SRF Ltd

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► **ASHISH BHARAT RAM**, the Chairman & MD of SRF Ltd, believes he is like the conductor of an orchestra, playing a symphony. And one indeed needs the poise of a conductor to manage SRF's diverse portfolio of unrelated products. To understand this, one needs to look at the company's evolution. SRF started life as Shri Ram Fibres, a technical textiles and tyre cord manufacturer, in the 1970s, before diversifying into refrigerant gases in the late 1980s; in the mid-1990s, the company got into polyester films (that was used for VHS tapes and audio cassettes back then), which has since then transformed into its packaging films business. That's quite a handful for the 54-year-old, who has grown the company into a major global conglomerate today. Bharat Ram has also expanded the packaging films business to Thailand, South Africa and Hungary; today, chemicals contribute 42 per cent to SRF's top line, packaging films 38 per cent, with technical

textiles and other businesses making up the rest.

SRF, says Bharat Ram, looks at innovation and technology as game changers. And while the easiest way is to buy and partner with technology, SRF took a different route. In the early 2000s, the company set up its R&D team to develop technology in-house. "We do our own R&D for all the molecules that our customers want and don't buy technology unless we really need to buy it. And I think that sets us apart because we are significantly ahead of many of our competitors in India," he says proudly. This explains why SRF is the only Indian manufacturer of ozone-friendly refrigerants such as F134a and F32, the technology to produce which was developed in-house. As of December 31, 2022, it had applied for 398 patents, while it had been granted 130 patents.

But good times come with bad times. How does the SRF boss navigate them? When facing tough challenges,

Key Highlights

➊ Expanded packaging films business to Thailand, South Africa and Hungary

➋ Emphasis on in-house R&D for all molecules customers want

➌ Capex-led strategy for growth, irrespective of market conditions

PHOTO BY HARDIK CHHABRA

Mid-sized Companies
ASHISH BHARAT RAM
CHAIRMAN AND MD, SRF LTD

Revenue from operations	FY22	12,312.75
	9MFY23	10,872.52
Profit before tax	FY22	2,585.55
	9MFY23	2,090.60
Profit after tax	FY22	1,888.92
	9MFY23	1,599.89
	FY22 RoE (%)	24.51
	Market Cap	73,243.61

- Data is on a consolidated basis; all figures in ₹ crore except RoE; 9MFY23: April-December 2022
- M-cap as of April 19, 2023
- Data Source: BSE, ACE Equity

Bharat Ram, the winner in the Mid-sized Companies category of the BT-PwC India's Best CEOs ranking, believes in the adage, 'this too shall pass'. And he approaches each problem with a cool head. For instance, in 2016-17, while SRF's specialty chemicals business was facing weak demand, the company still decided to go in for heavy capital expenditure. Bharat Ram's logic was that while the assets could lie unutilised for six to nine months, the company stood to gain a lot more when demand came back. "Our investments helped us build relationships with certain customers where we were able to fulfil their needs much faster than our competitors," he says.

Sumant Kumar, Research Analyst at Motilal Oswal, believes SRF's capex strategy is working well. "Over the past three years, around 45 per cent of the capex for SRF has been into the chemicals business. This has worked well for the company as its chemicals business is do-

ing extremely well, both in refringent gas and specialty chemicals," he says.

Bharat Ram, though, thinks the chemicals business is just a part of the story for SRF. While the mainstay of its investments will continue to be into chemicals, the company is also expanding its packaging business. It has recently entered into the sub-segment of aluminium foil, which makes SRF one of a handful of companies globally that provides three of the major packaging materials—BoPET (biaxially-oriented polyethylene terephthalate or polyester film), BOPP (biaxially oriented polypropylene or clear film) and aluminium foil. The ability to cross-sell all three will be unique to SRF, say experts.

SRF has also been on the ball in terms of trends. While the China+1 strategy has picked up pace in the past few years, Bharat Ram says that SRF saw this shift happening 10 years ago when businesses approached the company, saying that they had been buying from China, but were looking for a reliable supplier outside China. The strategy now, says the Chairman & MD, should be Europe+1, given the impact on the continent over the past year because of the Russia-Ukraine conflict and with energy costs going through the roof. "Europe, while a consumer, has also been a very strong producer on the chemicals side. So, companies that have built strong in-house capability will have the ability to also look at offshoring more products from Europe. So it's not just China+1, but also getting more downstream products from Europe," he says.

Bharat Ram reveals that he follows the business mantra of 'perform, conform and inform'. While the right business decisions fall under 'perform', conforming to the law and informing stakeholders are the other two pieces. But there is one more thing that the SRF boss considers essential: "Making people (SRF employees) feel that this is a family."

For instance, days after the first lockdown was announced in March 2020, Bharat Ram sent out a company-wide email that not a single employee (of its 7,000-strong workforce then) would be laid off because of the pandemic. While initially the company did hold back increments, when things got better, SRF awarded increments with arrears. "The emotional bank balance you create during those times is the longest," he says.

SRF's biggest strength, Bharat Ram says, is its winning team. "The conductor does not play any instrument but must ensure that music gets created, and for me having different personalities lead different businesses and functions and still finding a way of getting the best out of them is something I would say is my biggest contribution to SRF." We agree. **BT**

➔ Gearing up for a Europe+1 strategy in light of the recent developments

➔ Building an "emotional bank balance" among its 8,000-strong workforce

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