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They were among the top business houses of the country, straddling various sectors. Family feuds and split of assets shrunk the empires. Some staged a comeback; others faded away. Business Standard looks at some of the winners and losers among Delhi's business houses in a series

How Ashish Bharat Ram put SRF on fast track

Much of the Shriram empire may have shrunk from early glory days but his company is going great guns

SURAJEET DAS GUPTA
New Delhi, 9 December

Armed with an MBA from Cornell University in the early 1990s, Ashish Bharat Ram sometimes wondered whether he had made a mistake in coming home to join the family business.

He had reasons. His father, Arun Bharat Ram, was then engaged in yet another feud, this time with his brothers Vinay and Vivek (all of them sons of Dr Bharat Ram), on a further division of the assets, following the first split in the Shriram family in 1989.

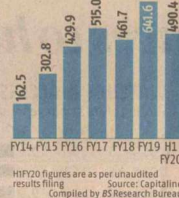
The good news was that in 1999 the dispute was settled amicably and Arun Bharat Ram gained control of SRF (known earlier as Shri Ram Fibres). The father inducted Ashish as an understudy in SRF for over five years to learn the ropes and ensure a smooth succession once he stepped down. In 2007, Ashish Bharat Ram took over as managing director.



RISE IN FORTUNES OF SRF



PROFIT AFTER TAX



H1FY20 figures are as per unaudited results filing. Source: Capitaline. Compiled by BS Research Bureau

While learning the ropes he, however, soon realised that, with 70 per cent of the company's revenues coming from nylon tyre cord (a segment that wasn't growing), the business had a bleak future. SRF had to change.

"I realised it was not a good business model. There were limited buyers for nylon tyre cord. The only differentiator was cost and there were limited suppliers of raw material like carpolactam in the world and they controlled the price of the raw material. We had to change SRF's

business model," he said.

That is precisely what Ashish Bharat Ram, now 51, has undertaken in the past 12 years. If market capitalisation (m-cap) is a measure of success, he runs the most successful of the listed Shriram companies after the split.

With a m-cap of over ₹18,644 crore, SRF shares have been a darling of the stock market, with their price going up by 52.9 per cent in the last one year to hit ₹3,243.6 a share.

Ashish Bharat Ram has transformed

the company from being an overwhelmingly nylon tyre cord manufacturer to one where only 20 per cent of the revenue comes from technical textiles (mainly nylon tyre cord) and the rest comes, equally, from chemicals and packaging films, which earlier accounted for only 25 per cent and 5 per cent of revenues, respectively.

Investors are bullish because Ashish Bharat Ram has delivered a sustainable return on equity of 16-18 per cent annually and has been able to generate revenue growth of around 15 per cent year on year. He points out that he has been able to do this by investing ₹1,000-1,200 crore every year and by earning half his revenues from exports.

To go a bit back in history, the Shrirams were a force to reckon with among Indian business houses. In many ways, some say they were to Delhi what the Tatas were to Mumbai. Found in 1909 as Delhi Cloth and General Mills by Lala Shriram, the family faced — and survived — a hostile takeover bid in the 1980s from London-based businessman Swaraj Paul.

"I REALISED IT WAS NOT GOOD. WE HAD TO CHANGE SRF'S BUSINESS MODEL"

ASHISH BHARAT RAM, MANAGING DIRECTOR, SRF GROUP



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