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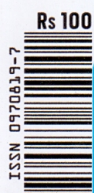
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THE CONQUERORS

Top corporate leaders open up on how they overcame the gravest of challenges, and emerged winners

AJAY SHRIRAM
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Shah Rukh Khan's business plans



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WHAT NEXT FOR RBI?

DELHI SUFFERS SMOG SEASON YET AGAIN. BUT FOR HOW LONG?

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CHALLENGES HELPED US GROW

By Ajay Shriram
Chairman, DCM Shriram

PROFESSIONAL LIFE and challenges are two sides of the same coin, and as one gains experience they are met with more maturity. Yet there are some events that are overwhelming that shake you to the core. For my brother Vikram and I, the biggest challenge came rather early in our working life.

It was 1990, the elders in our group lead by Dr Bharat Ram and Dr Charat Ram decided to carve out DCM to avert family conflicts in the future. However various branches of the family were not equally equipped to take on the new roles. We were apportioned Shriram Fertiliser and

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Chemicals complex in Rajasthan and Swatantra Bharat Mills in Delhi. It was a case offait accompli. Before the recast, we had worked in different businesses of the group and reported to an executive director or to a general manager. Suddenly we were the managing directors of unknown businesses at the age of 36 and 32.

The fertiliser business was going through a severe cash crunch, and the textile mill was saddled with 7,000 workers, divided among 13 unions, and was making heavy losses. At this difficult juncture, when tight liquidity had hampered operations, we got words of encouragement from our uncle Arun Bharat Ram, who headed SRF — “Don’t worry, we will support you. Take up the challenge.”

DCM Shriram was formed in May 1990, had a debt-to-equity ratio of eight is to one, with a deteriorating cash flow. On top of that one of our lead banks called in its loans. This was crunch time, but also a time to show fortitude and build trust. We analysed each business and with support of the senior team presented a revival plan to the bank. We told them frankly: “We cannot pay now, but we will pay back. Please visit our factory every quarter and look at our books. If you go to court, it will take years before you recover the loan.”

The plan worked so well, that after a couple of years the same bank came back and offered more money.

At the Swatantra Bharat Mills, restructuring was an imperative. We met all the union leaders and told them our game plan. Attractive voluntary retirement schemes to rationalise manpower were rolled out and departments reorganised. Spinning gradually became viable, and

later, pursuant to a Supreme Court order to close down manufacturing in Delhi, a new factory was started in Tonk to take care of workers.

Simultaneously in 1990, the Kota complex was shut for two weeks because there was no money to buy naphtha, a key raw material for urea. Equipment was lying in the docks as we could not pay the import duties. We had long discussions with the financial institutions and built credibility around our business plans. They helped us raise money to fund working capital, and a captive power plant in Kota. Gradually the machineries in our factories started humming and businesses stabilised. It was indeed a complete turnaround situation.

The early days were like a trial by fire, but we were supported by our employees who responded brilliantly during difficult times. Even though most of the senior management team was new to us, as we gained their trust, there was a sense of purpose. We also took the unusual step of requesting a non-family professional, Mantosh Sondhi, to become chairman of

our company. His stature as a business leader and respected technocrat helped in bringing stability and good governance practices at the board level.

When we look back, there is a sense gratification that our company’s net worth in 2018 is 110 times of 1991 and the turnover has increased 20 times during the same period. From the beginning we decided not to be in a rat race to prove ourselves to anyone, other than ourselves. We aimed for stability, a healthy growth rate and corporate credibility with all stakeholders. This philosophy has served us well and continues to be a guiding principle. **BW**

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CHANGA
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