

SRF to Invest ₹3,500 cr in 4 years, Grow Chemicals Biz

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New Delhi: SRF is planning to invest ₹3,500 crore over the next four years, 70% of which would go into its fast-growing chemicals business, to cater to rising global demand.

SRF, which exports 90% of its chemicals and counts Syngenta, BASF, Bayer CropScience and other global biggies as its clients, has over the years steered its focus away from technical textiles to chemicals, where it has witnessed a rapid revenue growth and fat operating margin.

“The long-term story of growing on the chemicals side at 20-25% is something that I am fairly confident that we should be able to do at least for the next 3-4 years. As the base becomes bigger, the challenges of growing at 25% also become bigger. But for the next 3-4 years, one can do that,” Ashish Bharat Ram, the managing director of SRF Ltd told ET.

SRF will use internal resources to fund the planned investment as the company generates about ₹1,000 crore of free cash



Co to use internal resources to fund the investment as it generates ₹1,000 cr of cash flows every year

flows every year, Bharat Ram said. In four years, even as it completes its planned expansion, SRF's net debt will actually shrink from the current ₹1800 crore, and the net debt-equity ratio will improve to 0.3 from 0.74 now, he said.

Just a fifth of the planned ₹3,500-crore investment will go into the packaging films business and the balance 10% would be used for other busi-

nesses in the company.

“Even in our packaging films business, we have delivered numbers which are better than others. That is giving us confidence that why don't we grow even in this business,” Bharat Ram said, explaining that even after providing for the investment in chemicals, SRF would be left with cash for deployment in the packaging films business that offers about 17% return on the capital employed.

SRF's shares have risen more than 35% in a year as its focus on chemicals intensified. SRF is confident of capturing a larger share of the chemicals market because of its rising knowledge and tech capabilities, Bharat Ram said.

“A few years ago, our stated intent in SRF was to transform the company from a staid commodity company into a company which is now going to be more tech and innovation-oriented,” Bharat Ram said. SRF is confident of capturing a larger share of the chemicals market because of its rising knowledge and technological capabilities in a world where increased demand for food and medicine require food and drugs companies to engage more with innovative chemicals suppliers such as SRF, Bharat Ram said.