



# annual report

2011-12

# Awards & Recognitions



- **Forbes Asia**, the prestigious business magazine, ranked SRF as one of Asia Pacific's 200 Best Corporations Under a Billion in annual revenue for 2011. SRF was one among only 35 Indian companies to get the honour.
- SRF's Chemicals Business won the **Commendation Certificate for Significant Achievement** under the prestigious **CII-ITC Sustainability Award-2011**. This was for the 4th year in a row that SRF bagged the prestigious award for its endeavor towards sustainable economic, environmental and social development.
- SRF's Chemicals Business was awarded the **Shikshak Shri Samman** by the District Education Department for strengthening primary education in the supported schools.
- The Chemicals Business of SRF Limited received the **State Award For Export Excellence** by the Government of Rajasthan, as a recognition of the outstanding export performance by the business in the year 2011.
- The Packaging Films Business of SRF bagged the **EPCES Export Award** in the Category-II Product Specific SEZ (Plastic Product), for the 5th consecutive year, for the year 2009-10.
- The Natural Resource Management (NRM) project of SRF was selected as a **Unique Example of NGO-Business Partnership Model** and was showcased at Erasmus University, Rotterdam in April 2011.
- Mr Rajendra Prasad, CFO, was honoured with the prestigious **Best CFO Award** by one of the leading business magazines, **Businessworld**.
- Mr Suresh Tripathi, President (HR) was awarded **Pride of HR Profession Award** at the **India Human Capital Summit**.

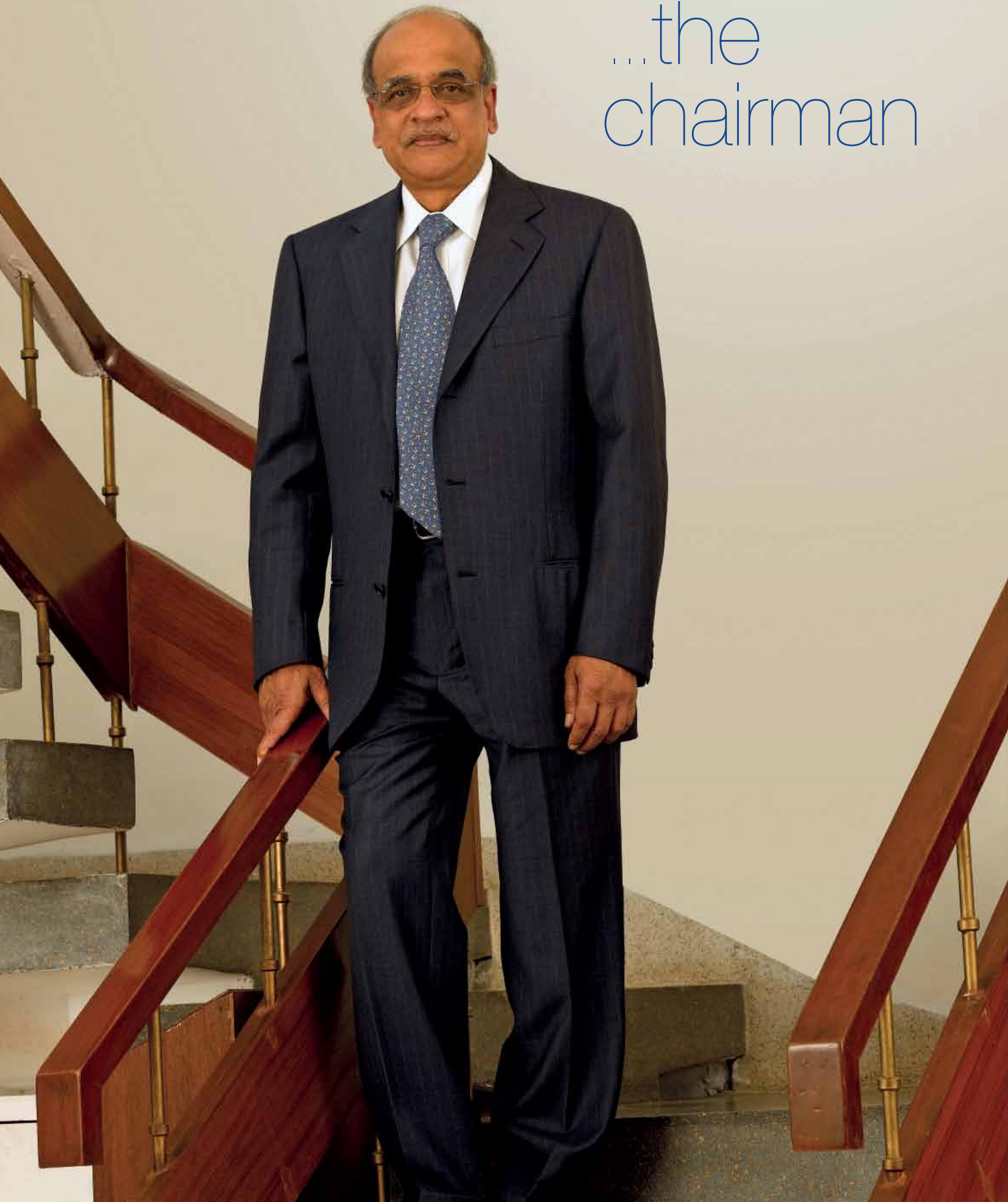


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message from...

...the  
chairman



Dear shareholders,

The ability to adapt is the key to success in today's time which is marked with uncertainty and volatility. A lot is happening in SRF which will change the size, shape and complexion of its businesses in the years to come. We are expanding our footprint overseas. Within a couple of years, a sizeable portion of our revenue will come from outside India. Also, with majority of the investments going into the Chemicals and the Packaging films, the company's dependence on the Technical Textiles Business will come down gradually, although growth will continue in select areas of technical textiles.

[The major growth initiative is our Chemical Complex, which is coming up at Dahej in Gujarat. Today I am happy to announce that we are close to realising our dream.](#)

Three new units namely the Flexible Multi-Purpose Plant, the Intermediate Speciality Plant and the Multi-Purpose Chemical Plant, are in the process of being commissioned and many more are in the conceptualisation phase. You will appreciate that developing a green field chemical complex of such scale and complexity is a major task. I take this opportunity to thank my colleagues involved in the project for their active engagement, continued commitment and enthusiastic co-operation.

[In many ways, the new chemical complex will set a new direction for SRF.](#) To begin with, this will help us add a variety of fluorochemicals and fluorospecialities in our product basket, which we sincerely believe are the growth drivers for SRF. While the addition of new products will surely change the contours of your company's product offerings, for our scientists, this will also be a big leap forward as they add to their capabilities to develop a wider variety of products on a large scale. More importantly, the success of the new plants will stamp our authority as one of the select global players with a proven R&D capability especially in the area of fluorine chemistry.

[In line with our focus on de-risking our business, we are setting up two green field overseas plants for packaging films.](#)

While our BOPET film plant is coming up in Thailand, our plant in South Africa will mark our maiden entry into BOPP films. This will also help us expand our portfolio geographically for packaging films. Both these plants are scheduled to be commissioned during 2013-14. In addition, the new Coated Fabric plant is getting ramped up and will help the Technical Textiles Business reduce its dependence in Nylon Tyre Cord.

Prospects notwithstanding, the challenges are enormous. The year gone by was certainly one of the most difficult periods for the business in general. The situation, however, does not seem to be any different now. While the global economy continues to be tottering on the brink of yet another slowdown, India is struggling with a variety of economic woes with the burgeoning current account and fiscal deficit, rupee depreciation, rising input costs, double-digit inflation and high interest rates. As expected the growth of the Indian economy declined from 8.4% in 2010-11 to 6.9% during 2011-12. This was primarily due to deceleration in industrial growth, which plunged to a level of 2.8% in 2011-12 on the heels of 8.2% growth recorded during the previous year.

Managing operations in a turbulent environment is certainly a challenging task. Though in absolute terms our net profit after tax declined by 20% on YoY basis, it's a credit to our team that your company managed to post a net profit of Rs 387 crore in 2011-12 even during such difficult times.

[At SRF, we truly believe that the purpose of an organisation is not merely to earn profits but to share prosperity with the community at large.](#) As always, we launched a number of new initiatives in collaboration with other organisations such

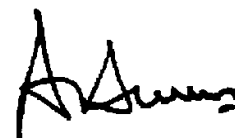
as IBM and Schneider to provide quality education to the underprivileged children of the Mewat region in Haryana. Building on our Natural Resource Management (NRM) programme, we reached out to a large number of families in our effort to enhance the livelihood of the poor people of the dry and arid region around our chemical plant at Bhiwadi in Rajasthan.

In recognition of its contribution towards sustainable development, your organisation received the prestigious *CII ITC Sustainability Award* for the 4th year in a row - SRF received the recognition for *Significant Achievement* in the Independent Category. [Your organisation also received a rare international recognition by figuring in the Forbes Best under a Billion List for its overall performance.](#) SRF was one of the 35 Indian companies to have made it to the list.

We are proud to have a team of dedicated people who are committed to working towards the progress of the company. We remain committed to achieving sustainable growth of your company through total excellence and working towards returning value to our shareholders. We are also committed to provide help to the society so that we continue to earn the respect of all our stakeholders both in good and bad times.

I would like to take this opportunity to thank all the shareholders for reposing trust in the SRF management and our Board of Directors for their constant support and guidance. Together, we will take the company to new heights in future.

With kind regards,



ARUN BHARAT RAM



# board of directors



*Left to right (From top left):* Arun Bharat Ram • Ashish Bharat Ram • Kartikeya Bharat Ram  
S P Agarwala • K Ravichandra • Vellayan Subbiah • Vinayak Chatterjee • Subodh Bhargava  
L Lakshman • Tejpreet S Chopra • Piyush G Mankad  
(as on 1st May 2012)

**Auditors:** M/s Deloitte Haskins & Sells, Chartered Accountants

**Company Secretary:** Anoop K Joshi

#### Bankers

ICICI Bank • State Bank of India • State Bank of Patiala • Standard Chartered Bank  
Citibank NA • Yes Bank Limited • HDFC Bank • The Royal Bank of Scotland



*Chemical Complex, Dahej, Gujarat*

# company information

## Chemicals and Polymers Business: PLANTS

- Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan
- Manali Industrial Area, Manali, Chennai - 600068, Tamil Nadu
- Plot No. 14 C, Sector 9, IIE Pantnagar, Distt. Udham Singh Nagar - 263153, Uttarakhand
- D III/1 GIDC, PCPIR, GIDC, Phase II, Tal Vagra, Village Dahej, Distt. Bharuch - 392130, Gujarat

## Technical Textiles Business: PLANTS

- Manali Industrial Area, Manali, Chennai - 600068, Tamil Nadu
- Industrial Area, Malanpur, Distt., Bhind - 477116, MP
- Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu
- Viralmalai, Distt. Pudukottai - 621 316, Tamil Nadu
- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar - 244713, Uttarakhand

## Packaging Films Business: PLANTS

- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar - 244713, Uttarakhand
- Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pithampur, Distt. Dhar - 454775, Indore, MP

**Registered Office:** C-8, Commercial Complex, Safdarjung Development Area, New Delhi-110016

**Corporate Office:** Block-C, Sector-45, Gurgaon-122003, Haryana

# Notice

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of SRF Limited will be held on Wednesday, the 25th July, 2012 at 11.30 a.m. at the Laxmipat Singhania Auditorium, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016 to transact the following businesses: -

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, New Delhi (Registration No. 015125N) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Audit Committee/ Board of Directors and service tax thereon and re-imbursment of travelling and other incidental expenses, if any, incurred in connection with the audit.”

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the vacancy created on the Board of Directors by the retirement by rotation of Mr Subodh Bhargava and who has not offered himself for re-appointment on the Board of Directors, be not filled in at this meeting.”

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the vacancy created on the Board of Directors by the retirement by rotation of Mr Piyush G Mankad and who has not offered himself for reappointment on the Board of Directors, be not filled in at this meeting.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Appointment of Mr Tejpreet Singh Chopra, as a Director, liable to retire by rotation:

“RESOLVED THAT Mr Tejpreet Singh Chopra, who by his co-option as an additional Director with effect from 21<sup>st</sup>

September, 2011, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Appointment of Mr L Lakshman, as a Director, liable to retire by rotation :

“RESOLVED THAT Mr L Lakshman, who by his co-option as an additional Director with effect from 11<sup>th</sup> November, 2011, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Appointment of Mr Vellayan Subbiah, as a Director, liable to retire by rotation:

“RESOLVED THAT Mr Vellayan Subbiah, who by his co-option as an additional Director with effect from 1<sup>st</sup> May 2012, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

Re-appointment of Mr K Ravichandra as Director (Safety & Environment):

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, approval of the Company be and is hereby accorded to the re-appointment of Mr K Ravichandra in the whole-time employment of the



Company as Director (Safety & Environment) with effect from 1.10.2012 for a period of three years.

## Functions

Mr K Ravichandra shall be responsible for compliances with the laws relating to safety, health and environment at the factories of the Company, present and future and such other responsibilities, if any, as may be entrusted to him by the Chairman, Managing Director and/or the Board, from time to time.

## Remuneration

Subject to overall limit on remuneration payable to all the managerial personnel taken together, the remuneration payable to Mr K Ravichandra shall be Rs. 8 lacs per annum.

## Gurgaon, 1<sup>st</sup> May, 2012

Regd. office  
C-8, Commercial Complex,  
Safdarjung Development Area  
New Delhi-110016

“RESOLVED FURTHER THAT remuneration for a part of the year shall be computed on pro-rata basis.”

“RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as mentioned above, shall be paid to K. Ravichandra as minimum remuneration with the approval of the Central Government, if required”.

## Termination

The appointment of Mr K.Ravichandra as Director (Safety & Environment) may be terminated by either party giving to the other three calendar months' notice in writing.

**By Order of the Board**

for SRF LIMITED

Sd/-

**(Anoop K Joshi)**

Vice President & Company Secretary

## Notes

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 18<sup>th</sup> July, 2012 to Wednesday, the 25<sup>th</sup> July, 2012 (both days inclusive) for the purposes of holding the Annual General Meeting.
4. Members holding shares in physical form are requested to notify change in address and bank mandate, bank particulars, updation of email addresses if any, under their signatures to Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081, the Registrar & Share Transfer Agent, quoting folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participants.  
  
In terms of SEBI Circular dated 20<sup>th</sup> May, 2009 and 7<sup>th</sup> January, 2010 pertaining to (i) transfer of physical shares (ii) deletion of name of the deceased shareholder(s) where the shares are held in the name of two or more shareholders (iii) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares; and (iv) transposition of shares- when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders, of the listed companies, the transferee(s) are requested to furnish copy of their Permanent Account Number (PAN) Card along with the other documents to the RTA for the above mentioned purpose, irrespective of the value of the transaction.
5. Members seeking any information regarding accounts to be given at the meeting are requested to write to the Company at its Corporate Office at Block C, Sector – 45, Gurgaon-122 003 (Haryana) at least seven days before the date of the meeting so as to enable the management to keep the information ready.
6. All amounts of unclaimed dividend declared up to the financial year ended 31<sup>st</sup> March, 2004 have been transferred to the General Revenue Account of the Central Government/Investor Education and Protection Fund as required by the Companies Act, 1956.
7. Pursuant to Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund of the Central Government.  
  
Section 205C of the Act states that no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for seven years as aforesaid and transferred to the Fund.

Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial years ended

31<sup>st</sup> March 2005 and thereafter may send their outdated dividend warrants to the Company at its Corporate Office or to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited for issue of demand drafts in lieu thereof.

8. Members are requested

i) To bring copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.

- ii) To quote their folio/identification Nos. in all correspondence.
- iii) To note that no gifts will be distributed at the meeting.
- iv) In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.

## Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956

### Item No. 3

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr Subodh Bhargava retires by rotation and has not sought re-election due to his personal commitments. The Board proposes that the vacancy caused by his retirement shall not be filled up at the ensuing Annual General Meeting.

None of the Directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends the resolution for approval of the members.

### Item No. 4

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr Piyush G Mankad retires by rotation and has not sought re-election due to his personal commitments. The Board proposes that the vacancy caused by his retirement shall not be filled up at the ensuing Annual General Meeting.

None of the Directors may be deemed to be concerned or interested in the proposed resolution. The Board of Directors recommends the resolution for approval of the members.

### Item No. 5

Mr Tejpreet Singh Chopra (43) was co-opted as an additional Director on the Board of Directors of the Company on 21<sup>st</sup> September, 2011. In terms of Articles of Association of the Company and section 260 of the Companies Act, 1956 he holds office upto the date of forthcoming Annual General Meeting.

Mr Tejpreet Singh Chopra did his B.A. (Hons) in Economics from St Stephen's College, Delhi University and MBA from Cornell University, USA

Mr Tejpreet Singh Chopra is the Founder, President & CEO of Bharat Light & Power. Bharat Light & Power is a clean power generation company utilizing a variety of advanced technologies. Mr Tejpreet's 18 years of global management and finance experience was gained in various business roles held in France, England, Hong Kong, India and USA, of which over 14 years were at General Electric. Mr Tejpreet is involved in various industry associations. He was a

member of National Council of the Confederation of Indian Industry (CII), The Chairman of American Chamber of Commerce in India (AMCHAM), and Board of Directors of the U.S. - India Business Council (USIBC).

Mr Chopra has no shareholding in the Company. He is not holding Directorship in any other public company.

The Company has received a notice under Section 257 from a member signifying his intention to propose the candidature of Mr Tejpreet Singh Chopra at the forthcoming Annual General Meeting.

None of the Directors of the Company other than Mr Tejpreet Singh Chopra is concerned or interested in the Resolution. The Board of Directors recommends the resolution for approval of the members.

### Item No. 6

Mr L Lakshman (66) was co-opted as an additional Director on the Board of Directors of the Company on 11<sup>th</sup> November, 2011. In terms of Articles of Association of the Company and section 260 of the Companies Act, 1956 he holds office upto the date of forthcoming Annual General Meeting.

Mr L Lakshman is a Mechanical Engineer from the PSG college of Technology, University of Madras and an alumnus of London Business School, UK.

Mr L Lakshman is currently an Executive Chairman of Rane Holdings Limited, an apex Company of Rane Group, an acknowledged leader in the auto component industry. Mr L Lakshman steered the Rane group during a challenging and very exciting phase in the automobile industry's evolution and transformation in India. Under his leadership, Rane Brake Lining Limited, Rane Engine Valve Limited, Rane TRW Steering Systems Limited and Rane (Madras) Limited have won the coveted Deming prize. He retired as Chairman of the operating companies of the group in October 2006. As President, Madras Chamber of Commerce & Industry, ASSOCHAM, Federation of Chamber of Commerce Mr L Lakshman has been an active member in various industry forums.

Mr L Lakshman has no shareholding in the Company.

Details of his directorship and committee membership are as follows-

Directorships in other public companies	Committee Membership
Rane Holdings Limited	Investor service
Rane (Madras) Limited	1. Audit Committee 2. Investor service*
Rane Engine Valve Limited	1. Audit Committee 2. Investor service*
Rane TRW Steering Systems Limited	1. Audit Committee 2. Investor service*
Rane NSK Steering Systems Limited	Audit Committee*
Kar Mobiles Limited	Audit Committee
Tata AutoComp Systems Limited	Audit Committee
Rane Break Lining Limited	
JMA Rane Marketing Limited	
Force Motors Limited	
DCM Engineering Limited	

\* Chairman of the Committee.

The Company has received a notice under section 257 from a member signifying his intention to propose the candidature of Mr L Lakshman at the forthcoming Annual General Meeting.

None of the Directors of the Company other than Mr L Lakshman is concerned or interested in the Resolution.

### Item No. 7

Mr Vellayan Subbiah (43) was co-opted as an additional Director on the Board of Directors of the Company on 1<sup>st</sup> May 2012. In terms of Articles of Association of the Company and section 260 of the Companies Act, 1956 he holds office upto the date of forthcoming Annual General Meeting.

Mr Vellayan Subbiah is B.Tech (Civil) from IIT, Chennai & MBA from University of Michigan.

He has rich experience of over 20 years of different positions across various industries. Since Aug 2010 he is Managing Director of Cholamandalam Investment & Finance Company Limited.

Mr Vellayan Subbiah is presently holding 299 equity shares of the Company.

Details of his directorship and committee membership are as follows-

Directorships in other public companies	Committee Membership
Cholamandalam Investment and Finance Company Limited	1. Business Committee 2. Shareholders Grievance Committee 3. Risk Management Committee
Cholamandalam Distribution Services Limited	Audit Committee
Cholamandalam Securities Limited	Audit Committee
Cholamandalam Factoring Limited	Audit Committee

The Company has received a notice under section 257 from a member signifying his intention to propose the candidature of Mr Vellayan Subbiah at the forthcoming Annual General Meeting.

None of the Directors of the Company other than Mr Vellayan Subbiah is concerned or interested in the Resolution.

### Item No. 8

Mr K Ravichandra (78) is a Chemical Engineer from Madras University. He has been associated with various Government companies including Fertilizers and Chemicals Travancore Ltd. and Hindustan Petroleum Chemicals Ltd.

He has been consultant to GAIL for Safety studies at their petrochemical complex. He has been associated with SRF Limited as Director (Safety and Environment) since 1997 and is responsible for compliances with the laws relating to safety, health and environment at the factories of the Company besides his responsibilities as Occupier under the Factories Act.

Mr K Ravichandra's term expires on 30.09.2012. The Board has, subject to the approval by the Company in general meeting, re-appointed Mr K.Ravichandra as Director (Safety & Environment) with effect from 1.10.2012 for a period of 3 years on the terms stated in the resolution.

Approval of the members is sought to the re-appointment of Mr K Ravichandra as Director (Safety & Environment) in terms of Sections 269 and 309, read with Schedule XIII to the Companies Act, 1956. The terms of appointment and remuneration including minimum remuneration proposed for Mr K Ravichandra are fully set out in the resolution. The same constitutes the abstract of the terms of appointment of Mr K Ravichandra as required under Section 302 of the Companies Act, 1956.

None of the Directors of the Company other than Mr K Ravichandra is concerned or interested in the Resolution.

Inspection: Relevant documents referred to in the notice are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 A.M. and 1.00 P.M. upto the date of the meeting and at the venue of the meeting on the date of the meeting.

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### Important communication to members

The Ministry of Corporate Affairs has taken a 'green initiative in the corporate governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to update their email addresses with Karvy Computershare Pvt. Ltd., Registrar and Share transfer agent.

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# directors' report

Your Directors are pleased to present the 41<sup>st</sup> Annual Report for the year ended 31 March 2012.

## Financial Results

(Rs crore)

	2011-12	2010-11
Net Sales	3512.73	2986.06
Profit Before Interest, Depreciation & Tax (PBIDT)	829.62	905.98
Less: Interest & Finance Charges (Net)	102.08	76.79
Gross Profit	727.54	829.19
Less: Depreciation and amortisation charge	161.68	151.71
Profit Before Tax (PBT)	565.86	677.48
Less: Provision For Taxation including Deferred Tax Charge	178.48	194.04
Profit After Taxation (PAT)	387.38	483.44
Add: Profit Brought Forward	931.56	627.14
Surplus available for appropriation	1318.94	1110.58

## Appropriation

(Rs crore)

	2011-12	2010-11
Interim dividend on Equity Shares	81.23	84.71
Corporate Tax on Dividend	13.18	14.06
Amount transferred to General Reserve	40.00	50.00
Amount transferred to Debenture Redemption Reserve	75.00	30.25
Amount transferred to Special Economic Zone Re-investment Allowance Reserve	5.50	-
Profit carried to Balance Sheet	1104.03	931.56
<b>Total</b>	<b>1318.94</b>	<b>1110.58</b>

## Equity Dividend

During the year, your Company has paid two interim dividends each of Rs 7 per share aggregating to Rs 14 per share, amounting to Rs 94.41 crore (inclusive of tax of Rs 13.18 crore). The Board of Directors of the Company has not recommended any final dividend.

## Operations Review

Net sales of the Company grew by 17.64 per cent from Rs 2986.06 crore in 2010-11 to Rs 3512.73 crore in 2011-12. Due to combined factors of higher input costs, higher energy costs and adverse demand-supply situation Profit before interest, depreciation and tax (PBIDT) including 'other income' decreased from Rs 905.98 crore in 2010-11 to Rs 829.62 crore in 2011-12.

Profit before tax (PBT) decreased by 16.48 per cent from Rs 677.48 crore in 2010-11 to Rs 565.86 crore in 2011-12. After accounting for the provision for taxation of Rs 178.48 crore, which



includes deferred tax charge and provision relating to earlier years, profit after tax (PAT) fell by 19.87 per cent from Rs 483.44 crore in 2010-11 to Rs 387.38 crore in 2011-12.

## Management Discussion and Analysis

A detailed section of the Management Discussion and Analysis forms part of the Annual Report. A review of the Businesses is also given in that section.

## Subsidiary Companies

### Restructuring of shareholding in international subsidiaries

#### SRF Global B.V.

In order to streamline the overseas holding structure and reduce administrative expenses, SRF Tech textile B.V., was merged into SRF Global B.V. SRF Global B.V. has reported a loss of US \$ 8.24 lakhs during the year 2011-12 on account of administrative and interest expenses.

#### SRF Industries (Thailand) Ltd.

A wholly owned subsidiary of SRF Global B.V. is a company incorporated in Thailand and engaged in the manufacture and distribution of nylon tyre cord. The company is setting up a greenfield project in Thailand to manufacture Biaxially Oriented Polyethylene Terephthalate film with a capacity of 28500 TPA. The project is expected to commence commercial production during 2013-14. For the year 2011-12, the turnover of the company was THB 2093.32 million and the company incurred a loss of THB 25.09 million.

#### SRF Industex Belting (Pty) Ltd.

A wholly owned subsidiary of SRF Global B.V. is a company incorporated in South Africa and engaged in the manufacture of belting fabrics. For the year 2011-12, the turnover of the company was ZAR 144.14 million and the company incurred a loss of ZAR 4.27 million.

#### SRF Overseas Ltd.

A wholly owned subsidiary of SRF Global B.V., is operating out of Dubai and is an arm of the Technical Textiles Business (TTB) targeted at the markets of Middle East, Europe and Africa. During the year 2011-12, turnover of the Company was AED 147.48 million and the company incurred a loss of AED 3.89 million.

#### SRF Flexipak (South Africa) (Pty) Ltd.

A wholly owned subsidiary of SRF Global B.V., has been incorporated during the year to set up a greenfield project to manufacture Biaxially Oriented Polypropylene film in South Africa with a capacity of 25500 TPA. The project is expected to commence commercial production during 2013-14. For the year 2011-12, the company had earned an income of ZAR 1.39 million mainly on account of foreign exchange profit of ZAR 1.24 million on the loans availed from the holding company for purchase of land and for other miscellaneous expenditure. The company earned a profit of ZAR 1 million.

## Other Subsidiaries

SRF Transnational Holdings Ltd. earned a net profit (PAT) of Rs 89.37 lakhs during the year 2011-12.

SRF Properties Ltd. earned a net profit (PAT) of Rs 16.10 lakhs during the year 2011-12.

SRF Holiday Home Limited has incurred a loss of Rs 0.15 lakhs during the year 2011-12.

SRF Fluorochemicals Limited, SRF Energy Limited, SRF Fluor Private Limited, and SRF Nitol (Bangladesh) Ltd. had not started any operations.

Annual accounts of the subsidiary companies and the related detailed information can be obtained on request by the shareholders of the Company and of the subsidiary companies. These are also available for inspection at the Corporate Office of the Company and at the respective registered offices of the subsidiaries between 11 AM to 1 PM on all working days.

## Directors

Mr Subodh Bhargava and Mr Piyush G Mankad are retiring by rotation at the ensuing Annual General Meeting but do not seek re-appointment due to their personal commitments. The Board of Directors has placed on record its appreciation for the valuable contribution made by Mr Bhargava and Mr Mankad during their tenure as directors of the company.

The Board has subject to approval of the Members in General Meeting, re-appointed Mr K Ravichandra, Director (Safety & Environment) for a further period of three years, whose term of appointment will expire on September 30, 2012.

Mr L Lakshman, Mr Tejpreet Singh Chopra and Mr Vellayan Subbiah were co-opted as Additional Directors during the year. Their term of office as Additional Directors is expiring at the ensuing Annual General Meeting and being eligible offer themselves to be appointed as regular Directors of the Company.

Brief resumes of the Directors offering themselves for re-appointment are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

## Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) that the Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March 2012 on a 'going concern' basis.

The Company is controlled by Arun Bharat Ram Group ("Promoter Group") being a group as defined under the erstwhile Monopolies and Restrictive Trade Practices Act, 1969. The Promoter Group consists of various individuals and corporate bodies who are in a position to and who jointly exercise control over the Company.

A list of these individuals and corporate entities is as follows: a) Mr Arun Bharat Ram; b) Mr Ashish Bharat Ram; c) Mr Kartikeya Bharat Ram; d) Mrs Shiela Bharat Ram; e) Mrs Manju Bharat Ram; f) Mrs Vasvi Bharat Ram; g) Mrs Radhika Bharat Ram; h) KAMA Holdings Ltd.; i) KAMA Realty (Delhi) Ltd.; j) Srishti Westend Greens Farms Private Limited; k) Karm Farms Private Limited; l) Karmav Holdings Private Limited; m) Skylark Investments & Trading Private Limited; n) Shri Educare Limited.; and o) Shri Educare Maldives Private Limited.

## Buy-back of Shares

The Board of Directors at its meeting held on 26.2.2011 announced buy-back of fully paid up equity shares for an amount not exceeding Rs 90 crore at a maximum price of Rs 380 per share from the open market through stock exchanges. The buyback of equity shares as announced was successfully completed and was closed on 15.2.2012.

Pursuant to the buyback, Company has bought back 30,83,080 fully paid up equity shares of Rs 10 each from open market at an average price of Rs 291.89 per share absorbing an amount of Rs 89.99 crore (approx.)

## Listing of Equity Shares

SRF's equity shares are listed at the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

## Corporate Governance

Certificate of the auditors of your Company regarding compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is attached to the report as "Annexure – 1".

In compliance with the requirements of Clause 49(V), a certificate from Managing Director and the President & Chief Financial Officer was placed before the Board.

All Board members and Corporate Leadership Team (CLT) have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Managing Director is enclosed as a part of the Corporate Governance Report. A copy of the Code is also placed at the website of the Company ([www.srf.com](http://www.srf.com))

## Consolidated Financial Statement

In accordance with the accounting standard (AS-21), your Directors are pleased to attach the consolidated financial statements, which form part of the Annual Report and Accounts.



## Accounts and Audit

The auditors, M/s Deloitte Haskins & Sells retire at the conclusion of the 41<sup>st</sup> Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the auditors are explained wherever necessary in appropriate notes to the accounts.

## Cost Audit

Pursuant to the various circulars issued by Ministry of Corporate Affairs, the Company is required to maintain cost records for all the products being manufactured by it and get the same audited by a cost auditor.

Mr Harkesh Tara, Cost Accountant, has been appointed to conduct cost audit of the accounts maintained by the Company for the financial year 2012-13 in respect of the products manufactured by Technical Textiles Business and Engineering Plastics Business.

Mr Sanjay Gupta & Associates, Cost Accountant, has been appointed to conduct cost audit of the accounts maintained by the Company for the financial year 2012-13 in respect of the products manufactured by Chemicals Business and Packaging Films Business of the Company.

The Cost Audit report for audit of 'nylon' products for the year 2010-11 conducted by Mr Prakash Kumar Varma, Cost Accountant (M. No. 3541), has been filed with the Ministry of Corporate Affairs on the due date.

## Internal Control System

The Company's internal control system includes audit and verification of compliance with defined policies and procedures by Internal Audit Function. The internal auditors independently evaluate the adequacy of internal controls and audit the sample of the transactions in value terms. Independence of the audit is ensured by the direct reporting of internal audit function to the Audit Committee of the Board.

Date: May 1, 2012  
Place: Gurgaon

## Fixed Deposits

Your Company discontinued accepting/renewing fixed deposits since 14 August 2004. Deposits accepted from Public which have matured and are unclaimed are being reflected under "Unclaimed fixed deposits (including interest)" in Current Liabilities & Provisions (Schedule 8 to the annual accounts).

## Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975, as amended, the names and other particulars of employees are set out in the "Annexure - 2" to the Directors' Report.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given as "Annexure - 3" to the Directors' report.

## Industrial Relations

The Company continued to generally maintain harmonious and cordial relations with its workers in all its businesses.

## Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central Government and the Governments of Madhya Pradesh, Rajasthan, Tamil Nadu, Gujarat and Uttarakhand, financial institutions and banks. Your Directors thank the shareholders for their continued support. Your Directors also place on record their appreciation of the contribution made by employees at all levels.

**For and on Behalf of the Board**  
**Arun Bharat Ram**  
Chairman

## Annexure 1: Auditors' Certificate on Corporate Governance

### To the members of SRF Limited

We have examined the compliance of conditions of Corporate Governance by SRF Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

GURGAON, May 1, 2012

For Deloitte Haskins & Sells

Chartered Accountants  
(Registration No. 015125N)

**Manjula Banerji**

Partner  
(Membership No. 086423)

## Annexure 2: Annexure to Director's Report (Statement Pursuant to Section 217(2A) of the Companies Act, 1956)

S.NO	Name	Business	Age (in years)	Designation	Remu.	Qualification	Exp	DOJ-SRF Ltd	Last Employment
1	Arun Bharat Ram	HO	71	Chairman	48,989,593	B.Sc (Indl Engg)	45	1-May-72	Manager, Textile Div, DCM Ltd
2	Ashish Bharat Ram	HO	43	Managing Director	28,168,052	MBA	21	2-Sep-02	MD, SRF Overseas Ltd
3	Kartikeya Bharat Ram	HO	41	Dy. Managing Director	25,524,842	MBA	18	5-Jul-93	NA
4	Roop Salotra	CB	61	President & CEO (CB & PFB)	15,730,992	B.E.	40	1-Jun-89	Fenner India Ltd
5	Sushil Kapoor	TTB	52	President & CEO (TTB)	15,730,988	B.Tech	29	1-Jul-82	NA
6	Rajendra Prasad	HO	54	President & CFO	11,990,874	CA, DISA, CISA (USA)	30	20-Mar-06	Country Controller, American Express Bank
7	Rajdeep Anand	P-R&D	60	President (Projects & R&D)	14,493,173	B.Tech	40	29-Mar-93	Chief Executive, Chem Aides
8	Suresh Dutt Tripathi	HO	51	President (Corporate HR)	8,968,988	M.Sc, PGDSW	29	11-Feb-02	Principal, Mgt Consultancy MASCON Global Limited
9	Suresh Kannan	TTB	44	Vice President , Business Head (Belting & Coated Fabrics)	6,707,786	B.Tech	23	5-Jun-89	NA



# Annexure 3: Annexure to Director's Report (Pursuant to Section 217(1)(e) of the Companies Act, 1956)

## A. Conservation of Energy – Measures taken:

### 1. Technical Textiles Business, Gwalior

- Saved 76800 kwh/month by installing 1 No centrifugal compressor of capacity 5400 Nm<sup>3</sup>/hr in place of 3 No's reciprocating compressors
- Saved 27576 Kwh/month in lighting by replacing energy inefficient T-8 tube lights with T-5 tube light.
- Saved 27000 Kwh/month with installation of energy efficient motors (20 no.) in textile.

### 2. Technical Textiles Business, Manali

- Saved 20460 Kwh/month by replacing 20 HP aerators in Effluent Treatment Plant by the energy efficient Diffused aeration system.
- Saved 26903 Kwh/month replacing Cryogenic nitrogen plant with Pressure Swing Absorption Nitrogen plant.
- Saved 11160 Kwh/month with the conversion of 80 Nos of 250 Watts lights with 80 Watts CFL in MTP & textiles areas.

### 3. Technical Textiles Business, Gummidiipoondi

- Saved 22000 Kwh/month by lighting load optimization in Textile, Polyester Industrial Yarn, Dipping, Coated Fabric shed and periphery areas.
- Saved 20535 Kwh/month through optimized operation of HT compressor in combination with low capacity Reciprocating and LT air compressors
- Saved 154335 Kwh/month through optimized operation of 250 TR Carrier chillers along with 600 TR Trane chillers

### 4. Technical Textiles Business, Viralmalai

- Saved 7800 Kwh/month in Air Compressors with the introduction of VFD's and pressure transmitter and running air compressor in closed loop systems.
- Saved 8300 Kwh/month in lighting by Installation of light pipe (use of day lighting - sun light) and optimizing plant lighting during day time
- Saved 6000 Kwh/month in twisting section by Installation of cyclic load energy saver and improving on power factor.

### 5. Technical Textiles Business, Kashipur

- Saved 18650 Kwh/month by using one No 37 Kw pump instead of 2 pumps, and balancing of Cooling Tower Water flow to calendaring & lamination with the use of Orifice Plate/Throttling of valves.

- Saved 64800 Kwh/month with the use of HSD in place of FO, thereby reducing 92 Kw heating loads.

### 6. Packaging Films Business, Kashipur

- Saved 4,04,950 Kwh/annum by installing Screw type Refrigeration Compressors
- Saved 1,85,500 Kwh/annum by providing FRP (Fiber reinforced plastic) blades and thermostat in fans drive.
- Saved 1,19,160 Kwh by installing variable frequency drive in Crystallizer blower.
- Saved 53,900 Kwh/annum by monitoring Air Handling Unit blower power
- Saved 45,000 Kwh by replacing Furnace Oil by High Speed Diesel in running the Heaters

### 7. Packaging Films Business, Indore

- Saved 2,64,990 Kwh/annum by focusing on utility consumption during winter season on Chiller/AHU's/Air Compressors
- Saved 96,360 Kwh/annum by turning off 11KW exhaust blower motor of Film Line-2 TDO Section without compromising on quality.
- Saved 90,520 Kwh/annum by providing insulation at Film Line-2 Crystallizer & Dryer
- Saved 60,225 Kwh/annum by providing Energy Saver Panel in lighting circuit of Film Line-2
- Saved 40,150 Kwh/annum by auto controlling of lighting and exhaust fans and replacement of low energy consumption lamps.
- Saved 30,660 Kwh/annum by replacement/modifications of motors
- Rs 1.12 crores received as incentive (from Apr'11-Mar'12) from MPAKVN for maintaining average power factor at 0.985

### 8. Chemicals Business, Bhiwadi

- Installation of water emulsification system in HOG of HFC plant,
- Installation of solar water heater for canteen,
- Installation of 14 nos. of Variable Frequency Drives in pumps,
- Replacing 4 nos. of CPP cooling tower blades by FRP.

<b>Power and fuel consumption</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Electricity</b>		
<b>a) Purchased</b>		
- Total units (000 KWH)	265615.19	212214.85
- Total amount (Rs Lakhs)	14032.58	10340.37
- Rate/Unit (Rs)	5.28	4.87
<b>b) Own Generation</b>		
- <b>Through Diesel (000 KWH)</b>	4346.94	6063.60
- Units per KL of Diesel Oil	2732.68	3631.94
- Cost/Unit (Rs)	12.58	10.85
- <b>Through Furnance Oil (000 KWH)</b>	5399.41	35861.36
- Units per KL of furnance Oil	3992.79	4255.22
- Cost/Unit (Rs)	10.90	6.81
- <b>Through Coal</b>	41315.27	38294.71
- Unit per MT of Coal	847.38	837.19
- Cost/Unit (Rs)	5.10	3.90
- <b>Through Windmill (000 KWH)</b>	21282.38	31588.57
- Total amount (Rs Lakhs)	172.74	183.76
- Cost/Unit (Rs)	0.81	0.58
<b>Others</b>		
<b>a) Fuel (for oil boiler)</b>		
- Quantity (K. Litres)	14799.61	10308.42
- Total cost (Rs Lakhs)	5412.60	3022.89
- Rate/Unit of KL (Rs)	36572.57	29323.05
<b>b) LPG</b>		
- Quantity (K. Litres)	2786.49	2634.63
- Total cost (Rs Lakhs)	1532.58	1192.84
- Rate/MT (Rs)	55000.41	45275.45
<b>Electricity (KWH/MT)</b>		
- Yarn	2023.11	1810.09
- Fabric	4033.22	3820.19
- Fluorochemicals	908.72	925.68
- Chloromethanes	347.80	330.22
- Polyester Films	2253.79	1147.87
- Nylon Chips	493.11	0
<b>LPG (Kgs/MT)</b>		
- Fabric	95.06	90.2
<b>Steam (MT)</b>		
- Yarn	3.71	3.04
- Fabric	-	3.04
- Fluorochemicals	1.67	1.56
- Chloromethanes	1.32	1.30

## B. Technology Absorption

### Research & Development

SRF's Chemicals R&D is actively engaged in development of many new molecules at its Bhiwadi and Chennai R&D centres. It focuses on customer-tailored innovation and all the processes developed by the research team are scaled up & industrially validated. The processes developed by the research teams have been successfully translated into commercial facilities and its resulting products have been supplied to global agrochemical & Pharmaceutical majors. In the current year two more projects based on in-house innovation have been scaled up and commissioning of the projects is underway at the new chemical complex at Dahej. SRF Chemicals' R&D teams are also actively developing many more compounds for the Pharma and agro industry.

The R&D centre of the TTB is located at Manali, Tamil Nadu. It is equipped with state-of-the-art facilities including pilot plants and testing laboratories and is used for development of new products and new processes in the field of technical textiles. Products from these activities have been used by a leading European manufacturer as well as for in-house consumption. Besides, several research projects are in progress with leading Indian and overseas academic and research institutes.

SRF's Engineering Plastics Application Research Centre is located at Manali, Tamil Nadu. It is equipped with application-oriented testing centre, material flow studies facility and Pilot plant for developing new products. The New product developing team is continuously developing new products for automotive and electrical industry and the same are being used by leading Indian and global companies. This has also helped us in promoting our products in international markets and launch some new polymers. The major products developed in this centre meet Indian market conditions, our products bring advantage by making vehicles lighter in terms of weight therefore it results in saving in fuel consumption and protects our environment.

Expenditure on R&D	2011-12 (Rs lakhs)	2010-11 (Rs lakhs)
Capital	617.68	767.58
Revenue	2098.94	1845.79
Total	2716.62	2613.37
Total R&D expenditure as per cent of turnover	0.77%	0.88%

## C. Foreign Exchange Earnings and Outgo

Particulars	2011-12 (Rs lakhs)	2010-11 (Rs lakhs)
Foreign Exchange earnings	122036.95	79285.59
Foreign Exchange outgo	73939.25	76047.89
Net Foreign Exchange earning	48097.70	3237.70





# management discussion & analysis

The year 2011-12 was a year of two halves. While the first half was relatively stable, the second half was impacted by the woes of an unstable global economy. We had to deal with rising input costs, falling demand, foreign currency volatility, soaring inflation and high interest rates. The Indian economy after recording a GDP growth of 8.4 per cent during the previous year saw a decline to a level of 6.9 per cent during 2011-12. SRF, on its part, kept working at improving its internal efficiencies and charting its own growth path amidst the global turmoil.

## Highlights of SRF's financial performance

- net sales from operations up by 17.64 per cent from Rs 2986.06 crore in 2010-11 to Rs 3512.73 crore in 2011-12
- profit before depreciation, interest (net) and tax down by 9.20 per cent from Rs 905.98 crore in 2010-11 to Rs 829.62 crore in 2011-12
- profit before tax (PBT) down by 16.48 per cent from Rs 677.48 crore in 2010-11 to Rs. 565.86 crore in 2011-12
- profit after tax (PAT) down by 19.87 per cent from 483.44 crore in 2010-11 to Rs 387.88 crore in 2011-12

- earnings per share down by 17.96 per cent from Rs 79.90 in 2010-11 to Rs 65.55 in 2011-12

The Management Discussion and Analysis of your company's financial condition and results of operations contains forward-looking statements regarding future events and future results that are based on the previous year's performance, current expectations, estimates, forecasts, and projections about the industries in which it operates and the beliefs and assumptions of its management.

## Businesses

SRF has a portfolio of established businesses in industrial intermediates. It classifies its main businesses as: Technical Textiles Business (TTB), Chemicals & Polymers Business (CPB) and Packaging Films Business (PFB).

### Technical Textiles Business

Reflecting 15.21 per cent year on year growth, from Rs. 1445.29 crore in 2010 - 11 to Rs. 1665.19 crore in 2011-12 Technical Textiles Business (TTB) continues to be SRF's largest business



segment, contributing over 47 per cent to the total sales of the Company.

### Tyre Cord Reinforcement

The Nylon Tyre Cord Fabrics (NTCF) business segment has been a foundation business for SRF for several decades. In the year gone by whilst the first half of the year saw robust demand in the transportation sector reflecting the healthy growth of the Indian economy, the second half was relatively subdued. Apart from the sluggishness of the economy affecting the transportation sector in the second half of the year, the demand was also affected by the Supreme Court judgment in relation to the Mining Industry, which saw considerable population of the trucks becoming idle for a significant period. The business was also adversely affected on account of significantly higher commodity prices, particularly for chemicals and energy costs, which it was not in a position to pass on fully to its customers.

SRF invested in Polyester Tyre Cord Fabrics (PTCF) a few years back. This segment which caters to the radial tyre segment of passenger cars and light commercial vehicles, is beginning to find its feet both in the domestic and overseas markets.

It is believed that in times to come the foundation being built now could be used as a launching pad.

In addition, the company has initiated development of new products in the Polyester Industrial Yarn space, which would enable it to improve its profitability and widen its portfolio.

### Belting Fabric

SRF has been a dominant player with over 60 per cent of the market share in the Belting Fabric segment in India and has a significant global presence, being the second largest manufacturer in the world. This business segment was also adversely affected in the second half of the year on account of the fall in mining activity in the country and freezing of key infrastructure and power projects.

In the overseas markets, the volumes were adversely affected in the last quarter with the slowing down of the world economy.

The company's South African subsidiary, which posted excellent results in the previous year, had a difficult time during the year due to negative demand in the mining sector. This was largely because the

customer industry had put their investments on hold for fear of nationalisation of mines in South Africa.

To offset the fall in demand in the domestic South African market, your company has made inroads into Latin America, a step which would help it to offset the risk in the longer term.

### Coated and Laminated Fabrics

The Laminated Fabrics Business has started generating positive cash flows having commenced production in Q4'2009-10 and has established itself well in the signage market. Towards the end of the financial year, it had reached full capacity utilisation and is now considering the expansion of the plant to build a strong position in the coming year.

The new state-of-the-art Coated Fabric line at Gummidipoondi with a capacity of 170 lakh square meter per annum has commenced production. The products have been well accepted by the market. This facility offers a wide range of products including lacquered tarpaulins, fabrics for tensile structures, awnings, auto-canopies, hangar covers etc. In addition, Poly Urethane (PU) Coated Fabrics have also



been introduced for several applications. SRF which offers the widest range of products in this segment is poised to capture a major market share in India and the coming year would see increased efforts to build this segment significantly.

### Industrial Yarn Business (IYB)

With the commissioning of the Polyester Industrial Yarn project a few years ago, SRF is able to offer a basket of Industrial yarns (nylon and polyester) for conveyor belts, transmission belts, hoses, ropes, geo-textile applications, fishing nets, stitching threads etc. SRF continues to enjoy a significant market share in the critical segments of the industry.

### Outlook

The NTCF segment of Technical Textiles Business, the largest business of SRF, mainly caters to bias tyres for bus and truck segment. The current radialisation in this segment is 18 per cent only. It is estimated that radialisation would touch a level of around 30 per cent by 2013-14 and 50 per cent by 2017-18. It is projected to stabilise thereafter, as has been observed in other developing economies of the world.

With infrastructure & mining sectors expected to grow substantially in the coming years, tyres for 'Off the Road' (OTR) vehicles, which are already witnessing a high growth, are expected to grow in double digits on a sustainable basis for many years. These tyres consume large amount of NTCF per tyre, thus ensuring a reasonable growth rate.

It is, therefore, expected that in absolute quantity terms, the demand for NTCF would grow marginally over the next five years, though the application portfolio would show a shift from buses & trucks to two-wheelers, OTR tyres and tractor tyres.

The passenger car (PC) tyre radialisation in India has reached a mature level now (over 90 per cent), which predominantly uses Polyester Tyre Cord Fabric (PTCF) as carcass for reinforcement. The car industry is expected to grow substantially in the coming years and, therefore, offers an opportunity to SRF to provide PTCF fabrics for radial tyres.

Currently, SRF is the only company in India to produce PTCF and is well positioned to benefit from the opportunity. Leveraging its relationship with the global majors on account of its Nylon business, SRF has made progress in commercialising its products.

In Belting Fabrics, given the expectation of growth in the domestic mining industry and infrastructure, the outlook is positive in India. This augurs well for SRF, which has over 60 per cent share of this business in the domestic market. In addition, with the demand for commodities continuing to grow at a high rate globally, mining is expected to be on a growth path and this would offer opportunities to SRF.

Coated Fabrics and Laminated Fabrics through the investments made and being planned are expected to grow substantially over the next few years to become the second largest segment in SRF's Technical Textiles Business. With changing lifestyles, urbanisation, and massive investments in infrastructure, it is expected that products such as signages, awnings and hangar covers would see a double digit growth. With the increasing usage of tensile structures with fabrics, as evidenced in stadiums, homes and exhibition centres, the high end products are expected to grow in double digits too.

SRF is one of the first large sector companies to foray into this area in a significant way and it is expected that the Company would be able to establish a leadership position in a short time. With state-of-the-art facility, it would also have the option of considering exports, in addition to servicing the domestic markets.

### Chemicals & Polymers Business

The manufacturing operations of SRF's Chemicals Business are located at Bhiwadi, in Rajasthan, about 70 kilometres from New Delhi. The business derives its revenue from the sale of fluorine-based refrigerants,



chloromethanes, fast-growing specialty fluorochemicals and engineering plastics. It also includes receipts from the sale of CERs generated by destruction of the greenhouse gas Hydrofluorocarbon-23 (HFC-23) under the Kyoto Protocol.

During the first half of 2011-12, the Chemicals Business posted record performance with YoY sales growing by 94 per cent and EBIDT by 147 per cent. However, during the second half, performance was relatively muted, closing the year with an overall YoY sales growth of 70 per cent and EBIDT of 107 per cent. The business faced challenges from a slowdown in the pharmaceutical sector and startup of additional capacities in chloromethanes, which affected margins.

Your Fluorospecialties Business continued to grow in line with strong market demand with sales growth of 48 per cent and EBIDT growth of 66 per cent in FY 2011-12. During the year, the business continued to extend its strategic tie-ups with global agro & pharma majors whilst meeting their product specification through technological innovation in the existing product portfolio.

## Refrigerants

Refrigerants are primarily used as a cooling medium in the air-conditioning and refrigeration industry. SRF continues to be one of the larger and more credible players in the industry globally. It is the domestic market leader with about 40 per cent share. Exports of the business are spread across 60 countries worldwide, and account for over 60 per cent of the volumes produced.

SRF's portfolio of refrigerants includes hydrochlorofluorocarbon-22 (HCFC-22), the new-generation refrigerant hydrofluorocarbon-134a (HFC-134a), and the refrigerant blend R404a. Your company is proactively addressing the expected phase-out of HCFCs from 2013 onwards under the Montreal Protocol by investing in an HFC-134a/125 plant in Dahej, Gujarat.

The market for refrigerants is estimated to grow at about 10-15 per cent per annum. The outlook for refrigerant market augurs well for SRF which continues to be the

market leader in a fast-growing, challenging and competitive landscape populated by global majors.

## Chloromethanes

SRF's main products in the chloromethanes business are methylene chloride and chloroform. While chloroform is internally consumed for manufacturing HCFC-22, methylene chloride is sold primarily in the domestic market.

In 2011-12, the chloromethanes segment made a significant contribution to the business' profitability, despite substantial fresh domestic production capacity. While the additional capacity is expected to substitute imports in the medium to long-term, it has resulted in dropping profitability during the second half of 2011-12, and cast a shadow over 2012-13 as well. A soft pharmaceutical industry (end-user for methylene chloride) was not in a position to pick up the additional quantities, putting pressure on margins. We are happy to share that despite these competitive pressures, the chloromethanes business has successfully remained profitable, and hopes to remain so through 2012-13 as well. Strong relationships with customers, high product quality, efficient production, and short delivery lead times continue to be key differentiators vis-à-vis imports.

## Fluorospecialties

Building on its presence in the fluorine chemistry industry for almost two decades, your Company had entered the space of specialty fluorine chemistry in 2003-04. The focus has been to leverage the Company's expertise to produce intermediates and advanced intermediates, which are used to manufacture Active Pharmaceutical Ingredients (APIs) and agrochemicals by its customers. Fluorine-based specialty chemicals are finding increasing usage in the fields of agrochemicals, pharmaceuticals and performance products.

To take on the process development for new molecules at the scale necessary to support the business' growth plans, the strength of R&D and process engineering

have been significantly augmented, in terms of people, infrastructure and management. Today, a number of projects are in various stages of construction. The business is closely engaged with buyers for most of these products.

## Engineering Plastics

Engineering Plastics, a group of polymers comprising polyamides (N6 & N66), poly butylenethalate (PBT) and poly carbonates (PC) continues to build its volume and share. Except for the four-wheel segment all other segments showed robust growth. The margins, however, remained under pressure due to a competitive market situation and exchange rate impact.

SRF had started a dedicated product development centre last year which helped it complete some key product development projects and complete its product range. The business continued to enhance its skills in R&D and new product development, thereby reducing the cost of processing and developing high end grades. The Company's development Centre also received recognition by the Department of Scientific and Industrial Research (DSIR) during the year.

## Outlook

The Chemicals Business has been on the growth path over the past few years mainly driven by strong commodity upswing and R&D led innovations in specialty products. The commodity business mainly consisting of refrigerants has sustained its domestic market leadership while fluorospecialty business expanded its overseas presence by adding more volumes to existing customer base. Going forward the focus on new generation refrigerants along with a bouquet of specialty products driven by leading edge in-house R&D technology will continue.

During 2012-13, the business is expected to derive value from new products manufactured at its Dahej facility. In addition, the investment in a new R-134a/125 plant in Dahej will come up at the end of 2013-14.

The upcoming plant will be backward integrated with a global size HF plant to meet the production need.

In Fluorospecialities, the business is expected to improve its profitability from commercialisation of a range of speciality products coming out of Dahej. There is a sizable market available for these products and the business is continuing to build on its reputation and credibility with the global agrochemical and pharmaceutical majors. These niche product offerings are expected to establish the Fluorospeciality business as a key value driver for the future growth of the Chemicals Business.

## Packaging Films Business

In financial year 2011-12, the market demand-supply was far worse than what the industry had forecast in the beginning of the year. The shrinking of domestic market by around 30 per cent due to a ban on plastic laminates in Gutka packaging, coupled with start-up of many new capacities, both in India and abroad, resulted in an oversupply situation. This led to crashing of prices resulting in significant erosion in margins and business profitability. Overall, the business EBIT fell from Rs 347.60 crore in 2010-11 to Rs 16 crore.

To hedge against this volatility we increased our exports sales by around 18 per cent and ventured into value-added product variants. We also won the prestigious EPCES Export Award for Best non SSI SEZ unit for Plastic Products for the 5th consecutive year. Operationally, all the plants operated well, with the Indore plant setting global benchmarks both in production and line speed whilst Kashipur enhanced its capability as a swing plant. On the growth front, work on the two international projects at Thailand and South Africa started. Both the units are scheduled to be commissioned during 2013-14.

## Outlook

We expect the global demand for polyester films to continue growing at around 6 per cent. However, this will not be sufficient to make up for the disproportionate capacity additions in China and India which have created an oversupply situation. We expect this situation to continue in 2012-13 leading to continued pressure on margins. Low margins would discourage new investments, which should balance the demand supply situation from 2013-2014.

We believe that in the coming year, companies with low cost and global reach will have advantage over the competition. Thus, SRF's strategy for the year will be to focus on increasing exports, enhance product offerings to include value added products and to work towards timely and cost effective global expansions. Although we witness cyclicity in this business, we believe that the long term prospects are encouraging.

## Research & Development

SRF's Chemicals R&D is actively engaged in development of many new molecules at its Bhiwadi and Chennai R&D centres. This has been the lifeline for the growth of the Chemicals Business.



SRF filed 8 new process patents as intellectual property of the company during 2011-12 taking the total number of patents to 20 so far. In a major development, the company commenced commercial production of organic compounds on electrochemistry platform. The pilot plant at Bhiwadi was used to generate data to scale up laboratory process to the commercial level of 9 different products. The pilot plant is also producing adequate quantities for trial batches at our customers' end. Based on processes developed in-house, three commercial plants will be operational at the company's new site at Dahej in Gujarat by the first quarter of 2012-13. The Projects-R&D team also organised the first International Indian Symposium on Fluorine Chemistry in New Delhi which was attended by scientists and engineers from 13 different countries.

The R&D centre of TTB is located at Manali, Tamil Nadu. It is equipped with state-of-the-art facilities including pilot plants and testing laboratories and is used for development of new products and new processes in the field of technical textiles. Products from these activities have been used by a leading European manufacturer as well as for in-house consumption. Besides, several research projects are in progress with leading Indian and overseas academic and research institutes.

EP business had enhanced its R&D capabilities during 2010-11 by building a dedicated product development centre in Chennai. This helped the company develop a large number of new products. Many of such new products developed in-house got commercialised and are being used in critical applications in the automotive and electrical segment. Many more products are in trial stage with customers.

## Total Quality Management

Over the years the SRF's Management Way has diligently worked towards internalising fact-based problem solving methods to remove wastes, reduce lead time, improve operational efficiencies and enhance customer satisfaction.

Our improvement journey has not been limited to manufacturing operations alone. In the last year, the company launched a new





programme for offices titled “TOPS- Transforming Offices through Problem Solving”, aimed at improving process efficiencies in transactional processes, better visual management and improved customer experience. Nearly 100 per cent people across levels participated in these and other improvement initiatives.

Our employee teams at the grassroots levels participated in national level conventions and won a total of 67 accolades last year. The SRF problem solving programme continues to be very successful, with over 600 certified people, and projects that delivered bottom-line savings in a year when businesses faced significant cost pressures.

Our ability to synthesize new products is being bolstered by strengthening product development with higher order analytical abilities. Together with improvements in scaling up and project management, the company is poised to start up new plants in domestic and international locations that meet customers’ exact requirements of quality at competitive costs.

## Information Technology

We believe in sweating our technology investments. However this year a lot of these technologies were reaching obsolescence and thus warranted a re-assessment considering the newer technologies available. In this regard we replaced 30 servers in our data centre with 3 high end servers deploying the latest server and storage virtualisation technology; thus laying the foundation for our growth giving us high scalability.

We upgraded our intranet employee solution SPARSH to the latest platform and utilised the new features to simplify usage and IT-enable more support processes. Our Business Intelligence solution based on Qlikview technology was also upgraded to the latest version and published it on a common web interface.

Our communication applications like email and unified communications are also being upgraded to the latest version. A detailed exercise was undertaken along with reputed consultants to finalise the infrastructure applications architecture and roadmap for the next 5 years. The new solutions are being implemented in the first quarter of 2012-13. This will lead to a much higher level of

productivity while bringing employees closer through internal social media integration.

Through the reimplementation of the upgraded Oracle in Version R12, we will not only integrate our global group companies to provide us with consolidated financials from the system, but also add new modules of Oracle for our domestic businesses to further improve our operational efficiencies.

## Human Resources

The year 2011-12 witnessed SRF’s Human Resources function contributing in a significant manner as a true strategic partner to the organisation. Some of the important initiatives that were undertaken during the year included revamping of the Performance Management System, overhauling of the entire People Development System and creating a mechanism for providing better growth opportunities to the employees. These projects are currently under implementation.

During the year, we took initial steps towards the institutionalisation of organisational values by conducting enrolment workshops for leadership teams across the organisation. The next steps include reaching out to every individual in the organisation to ensure consistent employee experience in the times to come.

HR systems and policies were devised for SRF’s upcoming operations at Thailand and South Africa in the Packaging Films Business. Added support is being continuously provided to the existing international locations of SRF.

Work continued on other initiatives of strategic importance, including IT enablement of HR processes for the non-management staff and identification of successors for the critical roles. The attrition figures for Officers in the last year stood at 15 per cent, which was in line with the industry average.

## Community Partnerships

SRF remains committed to conduct its business in a responsible manner. The company through its social wing, the SRF Foundation, undertook several new community development initiatives during the year to make a positive difference in the lives of people living in its community. Continuing with its unique public private partnership model, the Foundation partnered with other corporates, government bodies, NGOs, employee volunteers and the community at large to successfully implement its projects and create impact in the fields of education, health, natural resource management and affirmative action.

The Foundation continues to carry on the legacy of providing quality education to both privileged and underprivileged children. The Foundation has adopted 40 government schools in the Nuh Block of Mewat District of Haryana, close to National Capital Region of Delhi. The Foundation also manages three pioneering educational institutions namely the Lady Shri Ram College (LSR) for Women

in Delhi, The Shri Ram Schools (two in Gurgaon and one in Delhi) and SRF Vidyalaya in Chennai. Some of the key community development initiatives undertaken by SRF are;

## Education

In November 2011, SRF launched an 11-month free of cost residential learning programme called *Udaan* to help out-of-school girls aged 11 to 14 complete primary level schooling. In another initiative called *Project Shiksha* the Chemicals Business adopted 4 government primary schools in Bhiwadi, supporting 660 students. The 4 schools recently underwent a *BALA* (Building as Learning Aid) makeover, in which the schools' physical environment was adopted as a learning aid.

The IBM *Kidsmart* programme launched in 18 *Mewat Rural Education Programme* (MREP) schools serves the educational needs of 400 students aged 3 to 8. Additionally, 7 IBM *Kidsmart* Centres were set up in primary schools in Bhiwadi in December 2011.

SRF Foundation signed an MoU with Schneider Electric India for a partnership in electrical and mechanical trades to impart training to young men aged 18 to 30 from all the 19 villages, to improve their chances of getting better jobs.

## Natural Resources Management (NRM)

In its 6th year of implementation the NRM Project has so far benefitted 4212 families in 34 project villages. In 2011-2012, under the NRM project 25 earthen check dams (Paals) were constructed for groundwater harvestation, 205 Ha of waste land was levelled and put for agricultural use and 38,700 fruit and fodder trees were planted, with 70 to 80 per cent survival rate. The project benefitted 471 new families during the year.



## Health

Various health camps ranging from medical awareness, diabetes camp, eye check-up, blood donation, etc, were conducted in several production sites such as Dahej, Gummidipoondi, Manali, Viralimalai, Indore and other plant locations. HIV/AIDS Awareness events and HIV Testing were also held in all production sites.

## Affirmative Action

Being one of the signatories of CII's Code of Conduct on Affirmative Actions, SRF presented scholarships to SC/ST students in two of its production sites – Manali and Bhiwadi. Vocational training was also conducted to help the disadvantaged gain employment. Tailoring classes were held in SRF's plants at Gwalior and Gummidipoondi, helping women gain employment. To promote entrepreneurship, SRF gave photocopying service contract to members from the SC/ST community.

## Internal Control Systems and Adequacy

The Company believes that Internal Control is a necessary concomitant of the principle of Governance. It remains committed to ensuring an effective Internal Control environment that provides assurance to the Board of Directors and the management that there is a structured system for:

- business planning and achievement of goals
- evaluating & managing risks
- ensuring reliability of financial and operational reporting
- ensuring legal and regulatory compliance
- protecting company's assets
- prevention and detection of fraud and error
- Validation of IT Security

Interrelated control systems, covering all financial and operating functions, assure fulfillment of these objectives. Significant features of these control systems include:

- *the planning system* that ensures drawing up of challenging goals and formulation of detailed strategies and action plans for achieving these goals
- *the risk assessment system* that accounts for all likely threats to the achievement of the plans, and draws up contingency plans to mitigate them.
- *the review systems* track the progress of the plan and ensure that timely remedial measures are taken, to minimise deviations from the plan.

The Company uses Enterprise Resource Planning (ERP) supported by in-built controls that ensures reliable and timely financial reporting. Well-established & robust internal audit processes, both at the Corporate and the Business Levels, continuously monitor the adequacy and effectiveness of the Internal Controls and status of compliance with

operating systems, internal policies and regulatory requirements. All Internal Audit findings and financial and audit control systems are periodically reviewed by the Audit Committee of the Board of Directors which provides strategic guidance on Internal Controls.

The Company also has a robust & comprehensive framework of Control Self Assessment (CSA) which continuously verifies compliance with laid down policies & procedures and help plug control gaps.

## Risk Management

The objective of SRF's risk management framework is to identify emerging challenges that may adversely affect the Company, and manage risks in order to provide reasonable assurance for achieving the company's objectives. The Board of Directors is apprised of the developments in risk management in the Company on a periodic basis.

### Strategic Risks

Strategic plans for the Company's businesses take into account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. Annual plans that are drawn up consider the risks that are likely to impact the Company's objectives in that year, and the counter-measures put in place. All major new project proposals include a view on risks and counter-measures, at the time of evaluation. Appropriate structures have been put in place to proactively monitor and manage risks.

### Operational Risks

SRF has a combination of well documented Centrally issued policies & divisionally evolved procedures to manage operational risks. The Company has a well-defined delegation of power and relies on a TQM system of control points, comprehensive budgetary controls and review systems to monitor its operations. In addition, internal audits verify compliance to defined policies and procedures.

### Financial Risks

With a diverse business portfolio, SRF is exposed to numerous financial risks. These

primarily emanate from foreign currency exchange risk from exports of its products, imports of raw material and capital goods and servicing of foreign currency debt. The management of opportunities and risks at SRF is an integral part of the corporate governance system, not the task of one particular organisational unit. Key elements of the risk management system are the planning, budgeting, review and reporting and control processes.

SRF follows a conservative foreign exchange risk management policy to minimise or eliminate the risks associated with operating activities. The products used are mainly over-the-counter instruments at market quoted pricing, particularly forward exchange contracts, foreign currency options and interest-rate swaps, which are concluded with banks of repute.

The Company has laid down detailed policy guidelines to deal with all aspects of financial risks viz. liquidity risks, credit risks and market risks.

### Information Technology Risks

The company has setup adequate redundancy at the hardware and software levels in the mission critical information systems like the ERP to keep business going in the event of any disruption. As an additional precaution, regular backup of data is taken to prevent any data loss in these critical applications.

### Cautionary Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. SRF cannot be held responsible in any way for such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.





# corporate governance report

## Philosophy of the Company on Corporate Governance

For SRF Limited (SRF), good corporate governance means adoption of best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The adoption of such corporate practices — based on transparency and proper disclosures — ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

## Board of Directors

### Composition of the Board

As on 31 March 2012, SRF's Board consisted of 11 Directors, of which four are executives of the Company (including the Chairman, who is an Executive Chairman) and seven are independent. Table 1 gives the details of the Board during the year 2011-12.

**Table 1:** Composition of the Board of Directors of SRF

Name of Director	Category of Director	No. of other Directorships*	No. of Board-Level Committees where Chairperson or Member	
			Chairperson	Member
Mr Arun Bharat Ram	Executive Chairman, Promoter	6	-	4
Mr Ashish Bharat Ram	Executive, Promoter	5	1	1
Mr Kartikeya Bharat Ram	Executive, Promoter	3	-	1
Mr K Ravichandra	Executive	-	-	-
Mr S P Agarwala	Independent	1	1	2



Mr M V Subbiah	Independent	2	2	-
Mr Vinayak Chatterjee	Independent	2	1	2
Mr Subodh Bhargava	Independent	8	2	4
Mr Piyush G Mankad	Independent	10	2	8
Mr Tejpreet S Chopra**	Independent	-	-	-
Mr L Lakshman**	Independent	12	4	6
Mr Satish K Kaura	Independent	Resigned w.e.f 05.09.2011		

Mr Arun Bharat Ram is the father of Mr Ashish Bharat Ram and Mr Kartikeya Bharat Ram.

\* Directorship in Foreign companies, Indian private limited companies and companies under Section 25 of the Companies Act, 1956 are not included.

\*\* Mr Tejpreet S Chopra and Mr L Lakshman appointed as Additional Director w.e.f 21.09.2011 and 11.11.2011 respectively

### Independent Directors on the Board are Non-Executive Directors who:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company or its subsidiaries and associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the Company in the immediately preceding three financial years
- Are not partner or executive or were not partner or an executive during the preceding three years of any of the following:-

◊ Statutory audit firm or the internal audit firm that is associated with the Company

◊ Legal firm(s) and consulting firm(s) that have a material association with the Company

- Are not material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the Director
- Are not a substantial shareholder of the Company i.e. do not own two percent or more of the block of voting shares
- Are not less than 21 years of age.

As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

## Number of Board Meetings

During 2011-12, the Board of Directors met five times on 9 May 2011, 28 July 2011, 21 September 2011, 11 November 2011 and 13 February 2012. The gap between any two Board Meetings did not exceed four months. Table 2 gives the details.

**Table 2:** Board Meeting Attendance Record of the Directors in 2011-12

Name of the Director	Number of Board Meetings Held Under Tenure	Number of Meetings Attended	Attended Last AGM?
Mr Arun Bharat Ram	5	5	Yes
Mr Ashish Bharat Ram	5	5	Yes
Mr Kartikeya Bharat Ram	5	5	Yes
Mr S P Agarwala	5	4	Yes
Mr K Ravichandra	5	2	No
Mr Vinayak Chatterjee	5	3	Yes
Mr Satish K. Kaura#	2	2	Yes
Mr M V Subbiah	5	5	Yes
Mr Subodh Bhargava	5	5	Yes
Mr Piyush G Mankad	5	4	Yes
Mr Tejpreet S Chopra*	2	2	N.A.
Mr L Lakshman**	2	2	N.A.

# resigned w.e.f 05.09.2011      \* appointed w.e.f 21.09.2011      \*\* appointed w.e.f 11.11.2011

## Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors of SRF Limited and Table 4 gives details of Service Contracts

**Table 3:** Remuneration Paid or Payable

(Rs/ lakhs)

Name of Director	Salary	Sitting Fees+	Perquisites	Provident Fund and Superannuation@	Commission (Provided)	Total
Mr Arun Bharat Ram	150.00	-	74.40	40.50	225.00	489.90
Mr Ashish Bharat Ram	84.00	-	50.00	22.68	125.00	281.68
Mr Kartikeya Bharat Ram	84.00	-	23.57	22.68	125.00	255.25
Mr S P Agarwala	-	3.00	-	-	5.00	8.00
Mr K Ravichandra	4.08	-	2.92	-	-	7.00
Mr Vinayak Chatterjee	-	2.00	-	-	5.00	7.00
Mr Satish K Kaura*	-	0.40	-	-	1.88	2.28
Mr M V Subbiah	-	2.00	-	-	5.00	7.00
Mr Subodh Bhargava	-	2.00	-	-	5.00	7.00
Mr Piyush G Mankad	-	1.40	-	-	5.00	6.40
Mr Tejpreet S Chopra	-	0.50	-	-	2.63	3.13
Mr L Lakshman	-	0.40	-	-	1.93	2.33
Total	322.08	11.70	150.89	85.86	506.44	1076.97

+ Includes sitting fee for attending the meetings of the Board of Directors and Committee Meetings including non statutory Committees of Directors

@ Having regard to the fact that there is global valuation for Company as a whole for compensated absences and for contribution to gratuity fund, the amount applicable to an individual is not ascertainable and hence not included above.

\* Mr Satish K Kaura resigned w.e.f. 05.09.2011

Table 4: Details of Service Contracts

Name of Director	Tenure	Notice Period	Severance Fee
Mr Arun Bharat Ram	5 years w.e.f. 15.06.2008	6 months by either party	Nil
Mr Ashish Bharat Ram	5 years w.e.f. 23.05.2010	3 months by either party	Nil
Mr Kartikeya Bharat Ram	5 years w.e.f. 01.06.2011	3 months by either party	Nil
Mr K Ravichandra*	3 years w.e.f. 01.10.2009	3 months by either party	Nil

\* Mr K Ravichandra has been reappointed for 3 years w.e.f. 01.10.2012 subject to shareholder's approval in ensuing Annual General meeting.

## Shareholding of Non-Executive Directors

Table 5 gives details of the shares held by the non-executive Directors as on 31 March 2012.

Table 5: Equity Shares Held by Non-Executive Directors as on 31 March 2012

Name of Director	Category	Number of Equity Shares Held
Mr S P Agarwala	Independent	-
Mr M V Subbiah	Independent	3,000
Mr L Lakshman	Independent	-
Mr Vinayak Chatterjee	Independent	-
Mr Subodh Bhargava	Independent	-
Mr Piyush G Mankad	Independent	-
Mr Tejpreet S Chopra	Independent	-

The Company has not issued any convertible securities to any Director

## Information Supplied to the Board

The Board has complete access to all information with the Company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the audit committee and other committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources/ industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of your Company's unlisted subsidiary companies except the foreign subsidiaries and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

### Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct is available on the website of the Company, www.srf.com. All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

### Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimisation procedures.

These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

## Committees of the Board

### A) Audit Committee

As on 31 March 2012, the Audit Committee of SRF comprises 4 Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement.

During 2011-12, the Audit Committee of SRF met five times 9 May 2011, 28 July 2011, 21 September 2011, 11 November 2011 and 13 February 2012. Table 6 gives the attendance record of Directors who are members of the Audit Committee.

**Table 6:** Attendance Record of Audit Committee Meetings during 2011-12

Name of Director	Category	Number of Meetings Held Under Tenure	Number of Meetings Attended
Mr M V Subbiah	Independent	5	5
Mr Vinayak Chatterjee	Independent	5	3
Mr S P Agarwala*	Independent	4	4
Mr Subodh Bhargava	Independent	5	5
Mr Piyush G Mankad	Independent	5	3

\*Mr S P Agarwala ceased to be member of Audit Committee w.e.f 13.02.2012





All the members of the Audit Committee are financially literate while Mr M V Subbiah, Chairman of the Audit committee, a known industrialist, is an accounting and financial management expert. Mr Anoop K Joshi, Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of annual internal audit plan, review of financial reporting systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal and cost auditors, recommendation for appointment and remuneration of statutory auditors and cost auditors.

In addition, the Committee also reviews:

- a. Management's discussion and analysis of Company's operations,
- b. Periodical internal audit reports
- c. Letters of statutory auditors to management on internal control weakness, if any
- d. Statement of significant related party transactions
- e. Financial statements, in particular, investments made by the subsidiary companies,
- f. Risk framework.

## B) Remuneration Committee

As on 31 March 2012, SRF's Remuneration Committee comprised three Directors all of whom are independent.

During 2011-12, the Remuneration Committee met on 13 February 2012. Table 7 gives the attendance record of Directors who are members of the Remuneration Committee.

**Table 7:** Attendance Record of Remuneration Committee Meetings during 2011-12

Name of Director	Category	Number of Meetings Held	Number of Meetings Attended
Mr Vinayak Chatterjee* (Chairman)	Independent	1	1
Mr S P Agarwala	Independent	1	-
Mr Tejpreet S Chopra**	Independent	1	1

\*Mr Vinayak Chatterjee designated as Chairman of Remuneration Committee w.e.f 11.11.2011 as Mr Satish K Kaura (Chairman of Remuneration Committee) ceased to be Director by resignation w.e.f 05.09.2011.

\*\*Mr Tejpreet Singh Chopra inducted as member of Remuneration Committee w.e.f 11.11.2011.



The terms of reference of Remuneration Committee are to approve/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

### C) Shareholders'/Investors' Grievance Committee

As on 31 March 2012, SRF's Shareholders'/Investors' Grievance Committee comprised five Directors—three executive Directors and two non-executive Directors. The Chairman of the Committee is Mr S P Agarwala, an independent Director.

Mr Anoop K Joshi, Company Secretary, is the Compliance Officer. To expedite the process of transfer, Mr Anoop K. Joshi, Company Secretary has been authorised by the Board to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one case.

As on 31 March 2012, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 8 gives data on the shareholder/investor complaints received, and redressed, during the year 2011-12.

**Table 8:** Shareholder and Investor Complaints Received and Redressed During 2011-12

Total Complaints Received	Total Complaints Redressed	Pending as on 31 March 2012
307	307	Nil

## Management

### Management Discussion and Analysis

This is given as a separate chapter in this Annual Report.

### Disclosure Requirements

- Disclosures on materially significant related party transactions are given at note no. 34 in the Notes to the Accounts
- The Company has followed the Accounting Standards notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements
- The Company has complied with the regulations issued by SEBI and terms and conditions of Listing Agreement with the Stock Exchanges
- In compliance with the SEBI regulations on prevention of insider trading, the Company has laid down a comprehensive Code of Conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations

### CEO/CFO Certification

The Certificate in compliance with Clause 49(V) of the Listing Agreement was placed before the Board of Directors.

## Shareholders

### Reappointment/Appointment of Directors

Mr Tejpreet Singh Chopra, Mr L Lakshman and Mr Vellayan Subbiah will be appointed as Regular Directors at the ensuing Annual General Meeting.

Mr K Ravichandra will be re-appointed as Whole Time Director (Safety & Environment) for a period of 3 years w.e.f. 1<sup>st</sup> October 2012 at ensuing Annual General Meeting.

Brief resume of these Directors are given in the Notice of the 41<sup>st</sup> Annual General Meeting.

### Means of Communication with Shareholders

Quarterly and annual results of SRF are published in two major national dailies, generally Business Standard (in English) and Jansatta (in Hindi). In addition, these results are posted on the website of the Company, www.srf.com. The website also contains other information regarding SRF available in the public domain.

SRF communicates with its institutional shareholders through analysts briefing and individual discussions between the fund managers and the management team. The presentation, if any, made to analysts and funds managers is posted on the Company's website.

### Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 9.

**Table 9** : Last three AGMs of the Company

Year	Location	Date	Time	No. of Special Resolutions Passed
2008-09	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	28th July 2009	2.30 P.M.	1
2009-10	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	23rd July 2010	3.30 P.M.	Nil
2010-11	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	28th July 2011	3.30 P.M.	1

**Postal Ballot:** During the year, no resolution was passed through Postal Ballot.

## Compliance

### Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement.

### Adoption of Non-Mandatory Requirements

A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement. The Committee decides/recommends to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

## Additional Shareholder Information

### 41<sup>st</sup> Annual General Meeting

Date: July 25, 2012; Time: 11.30 A.M.

Venue: Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016

### Tentative Financial Calendar for Results, 2012-13

First Quarter 4<sup>th</sup> week of July 2012  
 Second Quarter 4<sup>th</sup> week of Oct 2012  
 Third Quarter 4<sup>th</sup> week of Jan 2013  
 Fourth Quarter and Annual 2<sup>nd</sup> week of May 2013

### Book Closure Date

The Share Transfer Register of SRF will remain closed from Wednesday, the 18 July, 2012 to Wednesday, the 25 July 2012 (both days inclusive) for the purposes of holding the Annual General Meeting.

### Interim Dividend Payment Date

Two interim dividends each of Rs 7 per share (70 per cent) on the paid up capital of the Company absorbing Rs 46.71 crore (approx.) and Rs 47.68 crore (approx.) were paid on 30 November 2011 and 7 March 2012 respectively.

### Listing on Stock Exchanges in India

SRF's shares are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. The Company has paid the listing fee to both BSE and NSE for the year 2012-13. The Stock Codes are:

Bombay Stock Exchange	503806
National Stock Exchange	SRF

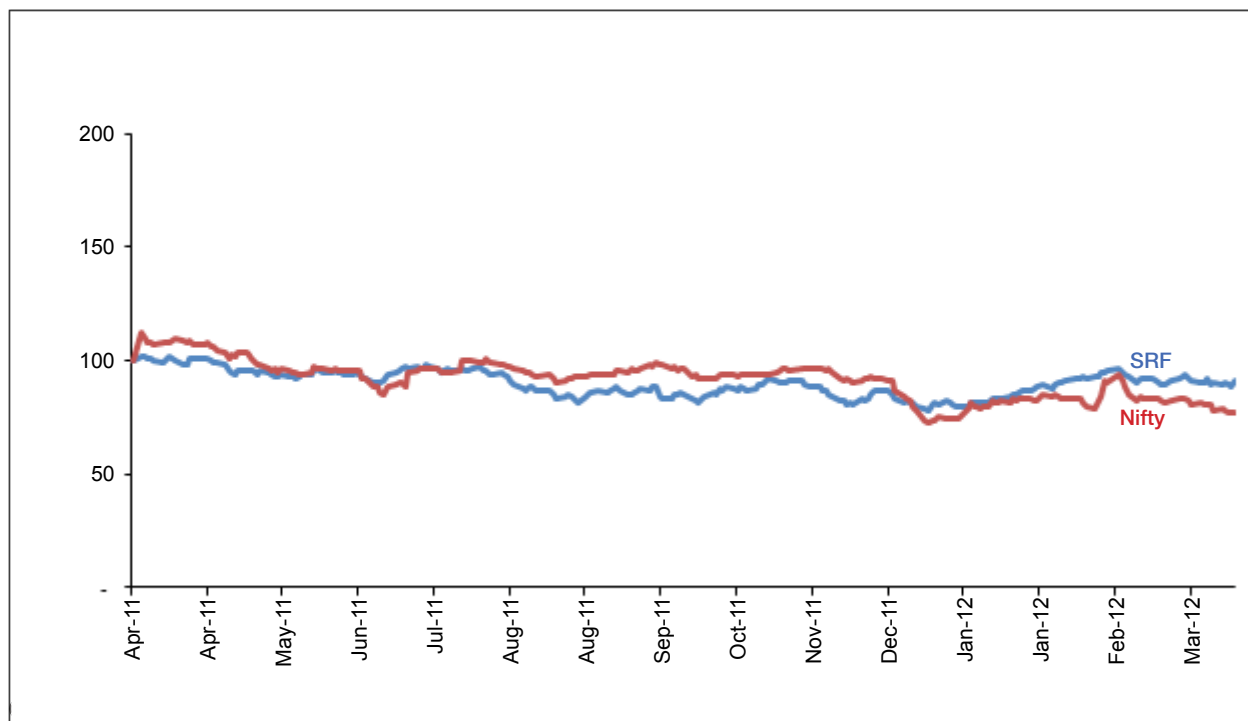
### Stock Market Data

Table 10 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2011-12.

**Table 10:** Monthly Highs and Lows and Volumes Traded at the BSE and NSE during 2011-12

2011-12	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos)	High (Rs)	Low (Rs)	Volume (Nos)
April	368.00	316.55	751960	367.60	317.15	862581
May	348.85	299.00	388900	340.85	300.00	1135003
June	316.35	270.05	313318	316.50	269.00	830781
July	330.50	290.00	506384	330.40	290.00	802916
August	321.75	284.25	306894	320.95	283.00	812434
September	324.90	295.10	316659	324.50	298.00	780396

October	309.00	290.15	150106	309.60	290.10	580517
November	314.75	275.00	391724	315.00	283.50	686584
December	303.00	230.85	280202	332.40	230.50	588781
January	277.45	230.25	245151	278.00	235.00	706056
February	304.45	251.35	624532	304.00	250.00	548909
March	274.70	245.50	160036	275.00	245.20	414986



Note: Both Nifty and SRF share prices are indexed to 100 as on 1 April 2011

## Registrar and Share Transfer Agents

M/s Karvy Computershare Private Limited, Hyderabad are the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares.

## Share Transfer System in Physical Mode

Share certificates sent for transfer are received at the Registered Office/Corporate Office of the Company or the office of Karvy Computershare Private Limited. All valid transfer requests are processed. To expedite the process of share transfer, Mr Anoop K Joshi, Company Secretary has been authorised to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one case. For the cases for shares above 1,000, the Shareholders'/ Investors' Grievance Committee meets to approve valid transfer requests. After transfer, the physical shares are sent to the shareholders.

The total number of shares transferred in physical form during the period from 1 April 2011 to 31 March 2012 was 15750.

## Depository System

Shareholders can trade in the Company's shares only in electronic form. The process for getting the shares de-materialised is as follows:

- Shareholder submits the shares certificate along with De-materialisation Request Form (DRF) to Depository Participant (DP)
- DP processes the DRF and generates a unique De-materialisation Request No
- DP forwards the DRF and share certificates to the Registrar and Share Transfer Agent (RTA)
- RTA after processing the DRF confirms or rejects the request to Depositories

- If confirmed by the RTA, depositories give the credit to shareholder in his /her account maintained with DP

This process takes approximately 10-15 days from the date of receipt of DRF.

As the trading in the shares of the Company can be done only in the electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialised.

## Dematerialisation of Shares as on 31 March 2012

There were 40,247 shareholders holding 55377430 shares in electronic form. This constitutes 96.44 per cent of the total paid-up share capital of the Company.

## Distribution of Shareholding as on 31 March 2012<sup>@</sup>

Table 11 gives the distribution of shares according to shareholding class, while Table 12 gives the distribution of shareholding by ownership.

**Table 11:** Pattern of Shareholding by Share Class as on 31 March 2012

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	57847	93.08	5895246	10.27
501 – 1000	2452	3.95	1862858	3.24
1001-2000	953	1.53	1420535	2.47
2001-3000	287	0.46	747440	1.30
3001-4000	149	0.24	538845	0.94
4001-5000	100	0.16	467781	0.82
5001-10000	178	0.29	1265542	2.20
10001 and above	180	0.29	45222253	78.76
<b>Total</b>	<b>62146</b>	<b>100%</b>	<b>57420500</b>	<b>100%</b>

**Table 12:** Pattern of Shareholding by Ownership as on 31 March 2012

Category	Shareholding	
	Number of Shares Held	Shareholding %
Promoters	28682494	49.95
Mutual Funds & UTI	5050916	8.80
Banks, Financial Institutions, Insurance Companies	2339135	4.07
Central Government/State Government	-	-
Foreign Institutional Investors	6014696	10.47
Private Corporate Bodies	2537209	4.42
Indian Public	11933653	20.78
NRIs / OCBs	353074	0.61
Others (including shares in transit)	509323	0.89
<b>Total</b>	<b>57420500</b>	<b>100.00</b>

<sup>@</sup>Including holdings by NSDL and CDSL

## Outstanding GDRs/ ADRs/ Warrants or Any Convertible Instruments, Their Conversion Dates and Likely Impact on Equity

As on 31 March, 2012, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments

### Plant Locations

<b>Technical Textiles Business</b>	<ul style="list-style-type: none"><li>• Manali Industrial Area, Manali, Chennai-600 068 ,Tamil Nadu</li><li>• Industrial Area, Malanpur, Distt. Bhind-477116 ,MP</li><li>• Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Dist. Thiruvallur- 601 201, Tamil Nadu</li><li>• Viralimalai, Distt. Pudukottai - 621 316, Tamil Nadu</li><li>• Plot No. 12, Rampura, Ramnagar Road, Kashipur , Dist. Udham Singh Nagar - 244713, Uttarakhand</li></ul>
<b>Chemicals &amp; Polymers Business</b>	<ul style="list-style-type: none"><li>• Village &amp; P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan</li><li>• Manali Industrial Area, Manali, Chennai – 600 068, Tamil Nadu</li><li>• Plot No. 14 C, Sector 9, IIE Pantnagar, Distt.Udham Singh Nagar - 263153, Uttarakhand</li><li>• DII / I GIDC. PCPIR,GIDC Phase II, Tal Vagra, Vill. Dahej, Dist Bharuch - 392130, Gujarat</li></ul>
<b>Packaging Films Business</b>	<ul style="list-style-type: none"><li>• Plot No. 12, Rampura, Ramnagar Road, Kashipur, Dist. Udham Singh Nagar - 244713, Uttarakhand</li><li>• Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pitam Pur, Dist. Dhar, Indore - 454775, MP</li></ul>

### Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent
C-8, Commercial Complex Safdarjung Development Area New Delhi 110 016 Tel. No: (+91-11) 26857141 Fax No: (+91-11) 26510428	Block – C, Sector –45 Gurgaon 122 003 Tel No.:( + 91-124) 4354400 Fax No.: (+ 91-124) 4354500 E-mail : ajoshi@srf.com	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad-500081 Tele No : (+91- 40) 4465 5000 Fax : (+91- 40) 2342 0814 E-mail- einward.ris@karvy.com

### Declaration Regarding Code of Conduct

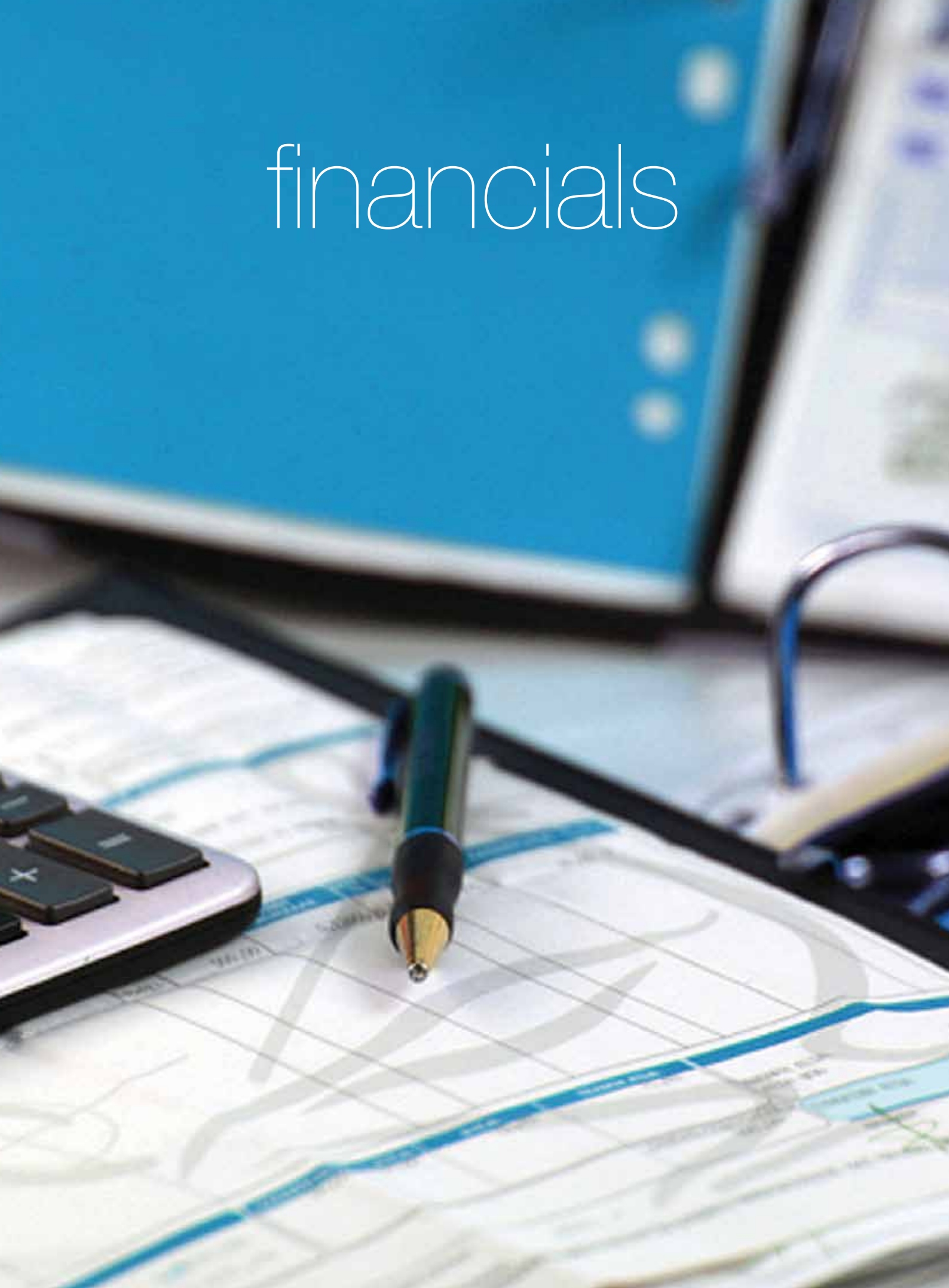
I, Ashish Bharat Ram, Managing Director of SRF Limited declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended 31 March 2012.

**Ashish Bharat Ram**  
Managing Director

Date: May 1, 2012  
Place: Gurgaon



financials



# Auditors' Report

## TO THE MEMBERS OF SRF LIMITED

1. We have audited the attached Balance Sheet of **SRF LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

**Manjula Banerji**  
Partner  
(Membership No. 086423)

Gurgaon, May 1, 2012



# Annexure to the Auditors' Report

## (Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business / activities / result, paragraphs 4 (x) and (xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted an unsecured loan amounting to USD 1.50 million (Rs 693.90 lakhs) to a wholly owned subsidiary during the year. At the year end, the outstanding balance of loan is USD 1.50 million (Rs 763.05 lakhs) and the maximum amount involved during the year is USD 1.50 million (Rs 796.50 lakhs).
  - (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima-facie, not prejudicial to the interests of the Company.
  - (c) The receipts of principal amounts and interest have been regular/ as per stipulations.
  - (d) There are no overdue amount in respect of loan granted as referred to in paragraph (iii)(a) above and interest thereon.  
According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us and having regard to the view taken by the Company that the transactions, which are subjected to the provisions of sub-section (6) of section 299 of the Companies Act, 1956 ("the Act"), are not required to be entered in the register maintained in pursuance of section 301 of the Act, there were no transactions during the year that were required to be entered in this register. Notwithstanding the Company's view regarding the provisions of sub-section (6) of section 299 of the Act in respect of certain transactions, exceeding the value of Rs 5 lakhs entered into during the year with parties listed under the provisions of sub-section (3) of section 301 of the Act, these have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public which have matured and are being reflected under "Unclaimed fixed deposits (including interest)". According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company and firms of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues that are outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The details of dues of Income-tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs lakhs)
Central Excise Laws	Excise Duty	High Court	1996–1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1983–2008	6045.86
		Upto Commissioner (Appeals)	1992–2008	278.57
Service Tax Laws	Service Tax	High Court	2006	2.50
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005–2010	67.26
		Upto Commissioner (Appeals)	2005–2011	233.87
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004–2006	45.43
		Upto Commissioner (Appeals)	1998–2005	29.23
Sales Tax Laws	Sales Tax	High Court	2007–2009	1131.70
		Sales Tax Appellate Tribunal	1987–2008	102.28
		Upto Commissioner (Appeals)	1988–2010	37.74
Others	Electricity Cess	High Court	2007–2008	6.00

\* amount as per demand orders including interest and penalty wherever quantified in the Order.

The following matters, which have been excluded from the above table, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of the statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994–2001	162.55
		High Court	1994–1999	131.35
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989–1995	223.61
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005	7.05
Sales Tax Laws	Sales Tax	Rajasthan Tax Board	2001–2002	22.43

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order, is not applicable.
- (xii) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order, is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by wholly owned subsidiaries from banks are not, prima-facie, prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long - term investment.
- (xvi) As the Company has not made any preferential allotment of shares during the year, paragraph 4 (xviii) of the Order is not applicable.
- (xvii) According to the information and explanations given to us, no security has been created for debentures issued during the year since they are unsecured.
- (xviii) Since, the Company has not raised any money by way of public issue during the year, paragraph 4 (xx) of the Order, is not applicable.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

**Manjula Banerji**  
Partner  
(Membership No. 086423)

**Gurgaon, May 1, 2012**

## Balance Sheet as at March 31, 2012

Particulars	Note No.	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	5843.56	6152.41
Reserves and surplus	3	178826.50	157848.12
		<u>184670.06</u>	<u>164000.53</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	57930.68	43472.04
Deferred tax liabilities (Net)	5	21709.30	20942.24
Long-term provisions	6	1040.38	1034.21
		<u>80680.36</u>	<u>65448.49</u>
<b>Current liabilities</b>			
Short-term borrowings	4	29442.97	13079.32
Trade payables	7	44488.87	48404.03
Other current liabilities	8	21808.07	32193.27
Short-term provisions	9	1340.54	907.21
		<u>97080.45</u>	<u>94583.83</u>
<b>Total equity and liabilities</b>		<u>362430.87</u>	<u>324032.85</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		184042.69	178413.23
Intangible assets		2035.47	2223.86
Capital work-in-progress		41426.46	11307.06
Non-current investments	11	9229.72	9194.80
Long-term loans and advances	12	9516.65	5909.06
Other non-current assets	13	304.37	135.69
		<u>246555.36</u>	<u>207183.70</u>
<b>Current assets</b>			
Current investments	11	12640.27	10995.07
Inventories	14	41219.61	43872.99
Trade receivables	15	40802.89	44178.49
Cash and cash equivalents	16	12920.67	6385.53
Short-term loans and advances	17	8217.74	11200.88
Other current assets	18	74.33	216.19
		<u>115875.51</u>	<u>116849.15</u>
<b>Total assets</b>		<u>362430.87</u>	<u>324032.85</u>

### Accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>Revenue from operations</b>			
Sale of products (gross)	19	377320.45	326735.91
Less : Excise duty		26047.70	28129.64
Sale of products (net)		351272.75	298606.27
Other operating revenues	20	1752.51	7721.40
		353025.26	306327.67
Other income	21	2802.38	4337.37
<b>Total revenue</b>		<b>355827.64</b>	<b>310665.04</b>
<b>Expenses</b>			
Cost of materials consumed	22	202116.28	163590.43
Purchases of traded goods	23	640.16	1463.91
(Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods	24	(652.39)	(4480.40)
Employee benefits expenses	25	16404.87	15062.42
Finance costs	26	10409.32	7769.21
Depreciation and amortization expenses	27	16168.07	15170.81
Other expenses	28	54154.99	44340.80
<b>Total expenses</b>		<b>299241.30</b>	<b>242917.18</b>
<b>Profit before tax</b>		<b>56586.34</b>	<b>67747.86</b>
Tax expense			
Current tax		16400.00	18400.00
Current tax relating to prior years		446.93	4.15
Deferred tax charge		1001.41	999.50
		17848.34	19403.65
<b>Profit after tax</b>		<b>38738.00</b>	<b>48344.21</b>
<b>Earnings per share</b>			
	35		
Basic (Rs)		65.55	79.90
Diluted (Rs)		65.55	79.90

### Accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company  
Secretary

### 1. Significant Accounting Policies

#### (i) Accounting Convention

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with the applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

#### (ii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### (iii) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation except for certain fixed assets which are revalued and are therefore, stated at their revalued book values. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

The basis for revaluation is current cost of depreciated assets at the time of revaluation. If the revaluation shows an increase in the value of a category of assets, the same is added to the historical value net of any decline in value of any asset of that category; any such decrease is expensed. The decline in value of any individual asset in a category is charged to revenue over the remaining useful life of that asset and corresponding adjustment made on the amount withdrawn from the revaluation reserve.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

#### (iv) Depreciation

- (a) Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation / revaluation of the related assets, whichever is higher, except in case of the following assets where depreciation is provided at the rates indicated against each assets: -
- |                           |   |        |
|---------------------------|---|--------|
| Vehicles                  | - | 21%    |
| Data Processing Equipment | - | 31.67% |
| Mobile Phones             | - | 95%    |
- (b) Depreciation is calculated on a pro rata basis except that, assets costing upto Rs 5,000 each are fully depreciated in the year of purchase.
- (c) On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.
- (d) In respect of revalued assets, a transfer is made from the revaluation reserve to the statement of profit and loss for the sum of the differences as below: -
- the difference between the amounts of depreciation on revalued value at rates based on useful life prescribed by valuers and on the historical cost at rates prescribed in Schedule XIV, if the former is higher.
  - where assets are discarded / disposed off, the difference between the written down value as per the revalued value and historical cost.
- (e) No write-off is made in respect of leasehold land as the lease is a perpetual lease.
- (f) Depreciation (amortization) on intangibles is provided on straight line method as follows:
- Trademark and technical knowhow over a period of ten years
  - Software over a period of three years
  - Goodwill over a period of ten years

**(v) Foreign Currency Transactions**

Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

All monetary items are re-stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the statement of profit and loss as exchange fluctuation.

The Company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transactions. Effective April 1, 2007, the Company designates such contracts in a cash flow hedge relationship by applying the principles set out in Accounting Standard (AS) – 30 - “Financial Instruments: Recognition and Measurement”.

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in statement of profit and loss.

Amount accumulated in Cash Flow Hedge Reserve are reclassified to the statement of profit and loss in the same periods during which the forecasted transaction affects the profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires, or is sold or terminated or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Cash Flow Hedge Reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the Cash Flow Hedge Reserve to the statement of profit and loss.

Contracts that are not designated as hedges of future cash flows are fair valued at each reporting date and the resultant gain or loss is recognised in the statement of profit and loss.

**(vi) Research & Development**

Expenditure on research and development of products is included under the natural heads of expenditure in the year in which it is incurred except which relate to development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes. Such costs are capitalized if they can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use or sell the asset.

Capital expenditure on research and development includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use and is treated in the same manner as expenditure on other fixed assets and depreciated as per Company policy.

**(vii) Inventories**

Stores and spares are valued at cost or under. Stock in trade is valued at cost or net realizable value, whichever is lower. The bases of determining the cost for various categories of inventory are as follows:

Stores, spares and raw materials	-	Weighted average rate
Stock in trade		
Process stocks and finished goods	-	Direct cost plus appropriate share of overheads and excise duty, wherever applicable
By products	-	At estimated realizable value

**(viii) Investments**

Long term investments are valued at cost unless there is a decline in value other than temporary. Current investments are stated at lower of cost or fair value.

**(ix) Employee Benefits**

Company's contributions paid / payable during the year to provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees' State Insurance Corporation are recognized in the statement of profit and loss.

Provision for gratuity, compensated absences, provident fund for certain category of employees administered through a recognized provident fund trust and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

#### (x) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of past events and it is more likely than not that an outflow of resources would be required to settle the obligation and a reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### (xi) Revenue Recognition

Sale of goods is recognised at the point of dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Certified Emission Reductions (CER's) is recognised as income on the delivery of the CER's to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

#### (xii) Reserves

- Revaluation reserve represents the difference between the revalued amount of the assets and the written down value of the assets on the date of revaluation net of withdrawals therefrom.
- Capital receipts are credited to capital reserve.
- Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

#### (xiii) Taxation

- The income tax liability is provided in accordance with the provisions of the Income tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## 2. Share Capital

### a) Details of share capital

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Authorised</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of Rs 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of Rs 100 each	1000.00	1000.00
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of Rs 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of Rs 100 each	20000.00	20000.00
	<u>33600.00</u>	<u>33600.00</u>
<b>Issued</b>		
6,14,77,255 (Previous Year - 6,45,60,335) Equity Shares of Rs 10 each	6147.73	6456.03
<b>Subscribed and paid up</b>		
5,74,20,500 (Previous Year - 6,05,03,580) Equity Shares of Rs 10 each fully paid up	5742.05	6050.36
Add: Forfeited shares - Amount originally paid up	101.51	101.51
Add: Share capital suspense*	-	0.54
	<u>5843.56</u>	<u>6152.41</u>

\* Share capital suspense represents Nil (Previous Year - 5,408) equity shares which were awaiting allotment to the erstwhile shareholders of Flowmore Polysters Limited (FPL) pending settlement of calls in arrears in respect of their shareholding in FPL, have been transferred to capital reserve during the year.



**b) Reconciliation of equity shares**

	Number of shares	Value (Rs lakhs)
As at April 1, 2010	60503580	6050.36
Add: Movement during the year	-	-
As at March 31, 2011	60503580	6050.36
Less: Shares bought back during the year	3083080	308.31
<b>As at March 31, 2012</b>	<b>57420500</b>	<b>5742.05</b>

The shares bought back in the current year were cancelled / extinguished during the year.

**c) Shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	(No. of shares)	% of total	(No. of shares)	% of total
KAMA Holdings Limited	28606962	49.82	28491962	47.09

**d)** The Company has bought back 1,04,64,505 equity shares (Previous Year – 73,97,509 equity shares) in aggregate in the last five financial years.

**e) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

During the year ended March 31, 2012, the amount of interim dividend recognized as distributions to equity shareholders was Rs 14 per share (Previous Year - Rs 14 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3. Reserves and Surplus**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Securities premium account	-	5527.11
Capital reserve	21919.19	21026.28
Revaluation reserve	5572.72	5610.60
Capital redemption reserve	1048.06	739.75
Debenture redemption reserve	7500.00	9075.00
Special economic zone reinvestment allowance reserve	550.00	-
Cash flow hedge reserve	(219.86)	263.51
General reserve	32053.07	22450.24
Surplus in statement of profit and loss	110403.32	93155.63
<b>Total reserves and surplus</b>	<b>178826.50</b>	<b>157848.12</b>

**a) Securities premium account**

As at the beginning of the year	5527.11	5527.11
Less: Utilisation towards premium paid on buyback of shares	5527.11	-
<b>As at the end of the year</b>	<b>-</b>	<b>5527.11</b>

**b) Capital reserve**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
As at the beginning of the year	21026.28	20955.12
Add: Amount received pursuant to Montreal Protocol Phaseout Programme of Refrigerant Gases	892.37	71.16
Add: Amount transferred from Share Capital Suspense	0.54	-
<b>As at the end of the year</b>	<b>21919.19</b>	<b>21026.28</b>

**c) Revaluation reserve**

As at the beginning of the year	5610.60	5649.89
Less: Transferred to statement of profit and loss on account of depreciation	37.82	39.29
Less: Transferred to statement of profit and loss on account of deletion of assets	0.06	-
<b>As at the end of the year</b>	<b>5572.72</b>	<b>5610.60</b>

**d) Capital redemption reserve**

As at the beginning of the year	739.75	739.75
Add: Transferred from general reserve on account of buyback	308.31	-
<b>As at the end of the year</b>	<b>1048.06</b>	<b>739.75</b>

**e) Debenture redemption reserve**

As at the beginning of the year	9075.00	6050.00
Add: Transferred from surplus in statement of profit and loss	7500.00	3025.00
Less: Transferred to general reserve	9075.00	-
<b>As at the end of the year</b>	<b>7500.00</b>	<b>9075.00</b>

**f) Special Economic Zone reinvestment allowance reserve**

As at the beginning of the year	-	-
Add: Transferred from surplus in statement of profit and loss	550.00	-
<b>As at the end of the year</b>	<b>550.00</b>	<b>-</b>

**g) Cash flow hedge reserve**

As at the beginning of the year	263.51	1562.46
Add: Gain / (loss) on mark to market of foreign currency derivatives	(483.37)	(1298.95)
<b>As at the end of the year *</b>	<b>(219.86)</b>	<b>263.51</b>

\* net of deferred tax asset of Rs 105.59 lakhs (Previous Year – deferred tax liability of Rs 128.76 lakhs)

**h) General reserve**

As at the beginning of the year	22450.24	17450.24
Add: Transferred from surplus in statement of profit and loss	4000.00	5000.00
Add: Transferred from debenture redemption reserve	9075.00	-
Less: Utilisation towards premium paid on buyback of shares	3163.86	-
Less: Transferred to capital redemption reserve	308.31	-
<b>As at the end of the year</b>	<b>32053.07</b>	<b>22450.24</b>

i) **Surplus in statement of profit and loss**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
As at the beginning of the year	93155.63	62713.76
Add: Profit after tax for the year	38738.00	48344.21
Less: Interim dividend	8122.62	8470.50
Less: Corporate dividend tax	1317.69	1406.84
Less: Transfer to general reserve	4000.00	5000.00
Less: Transfer to debenture redemption reserve	7500.00	3025.00
Less: Transfer to Special Economic Zone reinvestment allowance reserve	550.00	-
<b>As at the end of the year</b>	110403.32	93155.63

**4. Borrowings**

**Long term borrowings**

**Secured**

Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each (1)	-	15000.00
Term loans from banks {2(iii) & (3)}	54979.54	53137.37
	54979.54	68137.37
Less : Current maturities of long term borrowings (refer note 8) Term Loans from Banks	(12048.86)	(24665.33)
<b>Net secured long term borrowings</b>	42930.68	43472.04

**Unsecured**

1500 (Previous Year – Nil), 10.60%, Listed, Unsecured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	15000.00	-
<b>Total long term borrowings</b>	57930.68	43472.04

**Short term borrowings**

**Secured**

Cash credits from banks {2(i)}	903.58	351.24
Term loans from banks {2(ii)}	9464.05	2229.50
	10367.63	2580.74

**Unsecured**

Term loans from banks	19075.34	10498.58
Others*	-	-
	19075.34	10498.58

**Total short term borrowings**

	29442.97	13079.32
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**Total borrowings**

	87373.65	56551.36
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\* Includes Nil (Previous Year - Nil) for Commercial Paper issued by the Company. The maximum amount due during the year is Nil (Previous Year - Rs 2500.00 lakhs)

## Details of Security of the above Secured Loans

Loan	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)	Security
<p>1. Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each</p> <p><b>Terms and conditions</b></p> <p>a) Redeemable at face value in three annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4<sup>th</sup> year from the date of allotment</p> <p>b) Call option at the end of 3<sup>rd</sup> year with step up of 0.5% p.a. if call option is not exercised.</p>	-	15000.00	<p>Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition, these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.</p> <p>The charge has been vacated during the year on repayment of debentures.</p>
<p>2. (i) Cash credit / working capital demand loans</p> <p>(ii) Term loan from banks</p> <p>(iii) Term loan from banks</p>	<p>903.58</p> <p>9464.05</p> <p>-</p>	<p>351.24</p> <p>2229.50</p> <p>1397.20</p>	<p>Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.</p>
<p>3. (i) Term loan from banks</p>	27920.83	47797.57	<p>Term loans from banks are secured by:-</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand.</p> <p>Out of the loans as at 3(i), the term loans aggregating to Rs 26608.33 lakhs (Previous Year – Rs 46047.57 lakhs) are additionally secured by hypothecation of Company's moveable properties both present and future, situated at Pantnagar in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs 3600.77 lakhs (Previous Year – Rs 5370.57 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs 2288.27 lakhs (Previous Year – 3620.57 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>Term Loan of Rs 23320.83 lakhs (Previous Year – 41997.57 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructure) in the State of Madhya Pradesh.</p>

## Details of Security of the above Secured Loans

Loan	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)	Security
			<p>Term Loans of Rs 21032.56 lakhs (Previous Year – Rs 38377.00 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs 6242.12 lakhs (Previous Year – Rs 12009.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>b) Rs 4929.62 lakhs (Previous Year – Rs 10259.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs 4600.00 lakhs (Previous Year – Rs 5800.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).</p> <p>d) Rs 6888.27 lakhs (Previous Year – Rs 9420.57 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>e) Rs 8530.39 lakhs (Previous Year – Rs 15629.57 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.</p>
(ii) Term loan from banks	27058.71	3942.60	<p>Term loans from Banks aggregating to Rs 4167.21 lakhs (Previous Year – Rs 3942.60 lakhs) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loan of Nil (Previous Year – Rs 38.01 lakhs) is additionally secured by a charge on a fixed deposit of Rs 30 lakhs with a bank.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 22891.50 lakhs (Previous Year - Nil) are to be further secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 26633.67 lakhs (Previous Year - Rs 38.01 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi (Freehold and leasehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p>
Total	65347.17	70718.11	
Such hypothecation and equitable mortgage ranking pari-passu between term loans from banks / others and subject to prior charges created / to be created on certain specified moveable assets for working capital facilities mentioned in 2 above.			

## Terms of Repayment of Loans

Long Term Borrowings							
Loan category	Frequency of principal repayments	Interest rate		Amount of principal repayment per instalment (Rs lakhs)		Period of loan outstanding from	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	March 31, 2012	March 31, 2011
1500 (Previous Year – Nil), 10.60%, Listed, Unsecured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	Redeemable at face value in one instalment at the end of second year	10.60%	-	15000.00	-	Two years	-
Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	a) Redeemable at face value in three annual instalments in the ratio of 30%, 30% and 40% commencing from the end of 4th year from the date of allotment b) Call option at the end of 3rd year with step up of 0.5% p.a. if call option is not exercised.	-	13.00%	-	15000.00	-	Four years
Rupee term loans	Half yearly payments	8% to 13%	8.80% to 11.25%	1396.52	3522.30	Three to eight years	Two years to nine years
	Quarterly payments	12%	9.50%	670.00	332.50	Two years	Three years
	Three instalments in a year	12%	11%	833.33	833.33	One year	Two years
Foreign currency term loans	Half yearly instalments	Libor plus interest rate spread ranging from 0.50% to 2.10%	Libor plus interest rate spread ranging from 0.50% to 2.10%	1696.79	3446.90	One year to four years	One year to five years
	Quarterly instalments	Libor plus interest rate spread ranging from 1.60% to 2.00%	Libor plus interest rate spread of 2.00%	1653.28	403.70	One year to seven years	One year to three years
	One instalment a year	Libor plus interest rate spread of 2.00%	Libor plus interest rate spread of 2.00%	329.62	11702.50	One year	One year to two years

## Short Term Borrowings

Short term borrowings are payable in one installment within one year with interest rates LIBOR plus interest rate spread ranging from 1.00% to 3.25%

### 5. Deferred Tax Liabilities and Assets

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	21061.08	20048.47
Research and development expenditure and others	1490.10	1520.95
	<u>22551.18</u>	<u>21569.42</u>
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	94.33	95.86
Accrued expenses deductible on payment basis and others	747.55	531.32
	<u>841.88</u>	<u>627.18</u>
<b>Deferred tax liabilities (net)</b>	<u>21709.30</u>	<u>20942.24</u>

### 6. Long Term Provisions

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Employee benefits	1040.38	1034.21
<b>Total long term provisions</b>	<u>1040.38</u>	<u>1034.21</u>

### 7. Trade Payables

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Acceptances	28652.71	23382.74
Trade payables		
• Outstanding dues to Micro and Small enterprises	163.16	146.34
• Outstanding dues to parties other than Micro and Small enterprises	15673.00	24874.95
<b>Total trade payables</b>	<u>44488.87</u>	<u>48404.03</u>

### 8. a) Other Current Liabilities

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Current maturities of long term borrowings	12048.86	24665.33
Interest accrued but not due on borrowings	332.18	1068.37
Unclaimed dividend*	480.68	445.07
Unclaimed fixed deposits* (including interest)	3.30	11.99
Book overdraft	2.16	-

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Security deposits	526.14	506.29
Acceptances for fixed assets	31.27	-
Payables for fixed assets		
- Outstanding dues to Micro and Small enterprises	166.73	-
- Outstanding dues to parties other than Micro and Small enterprises	3106.35	782.00
Gratuity	255.91	462.11
Statutory remittances	1714.35	1335.63
Other taxes payable	2040.01	2034.46
Advances received from customers	685.70	717.73
Other payables	414.43	164.29
<b>Total other current liabilities</b>	21808.07	32193.27

\* Will be credited to investor education and protection fund if not claimed within seven years from the date of issue of dividend/interest warrant and the date the fixed deposits have matured.

#### b) Dues to micro, small and medium enterprises

Sundry Creditors include the following dues to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) to the extent such parties have been identified from the available information.

Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year

- Principal amount	325.64	<b>146.34</b>
- Interest due thereon	4.25	-

Amount of payments made to suppliers beyond the appointed day during the year

- Principal amount	-	<b>2.50</b>
- Interest actually paid under section 16 of MSMED	-	<b>0.99</b>

Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED

- -

Interest accrued and remaining unpaid at the end of the year

- Interest accrued during the year	4.25	-
- Interest remaining unpaid during the year	4.25	-

Interest remaining due and payable to suppliers disallowable as deductible expenditure under the Income-tax Act, 1961

4.25 -

## 9. Short Term Provisions

Employee benefits	387.30	283.23
Provision for tax (net of payments)	953.24	623.98
<b>Total short term provisions</b>	1340.54	907.21



## 10. Fixed Assets

(Rs lakhs)

Description	Gross Block			Depreciation/Amortization				Net Block		Revaluation Amount	
	As at April 1, 2011	Additions (note vi)	Disposals	As at March 31, 2012	Upto March 31, 2011	For the year (note vi)	On disposals	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012
<b>Tangible Assets</b>											
Land											
- Freehold	10673.16	-	-	10673.16	-	-	-	-	10673.16	10673.16	4882.68
- Leasehold	4955.77	2026.12	-	6981.89	-	-	-	-	6981.89	4955.77	362.63
Roads	851.51	271.68	-	1123.19	113.65	18.54	-	132.19	991.00	737.86	5.69
Buildings	36306.42	4539.60	40.18	40805.84	7548.05	1206.16	16.60	8737.61	32068.23	28758.37	255.04
Plant and machinery	226058.69	13738.22	540.39	239256.52	95634.42	13714.90	443.35	108905.97	130350.55	130424.27	66.68
Furniture & fixtures	1870.22	226.25	4.64	2091.83	995.46	116.86	2.39	1109.93	981.90	874.76	-
Office equipment	2629.05	341.91	153.02	2817.94	1854.22	206.28	137.03	1923.47	894.47	774.83	-
Vehicles	2072.47	389.80	452.25	2010.02	858.26	365.74	315.47	908.53	1101.49	1214.21	-
<b>Sub-total</b>	<b>285417.29</b>	<b>21533.58</b>	<b>1190.48</b>	<b>305760.39</b>	<b>107004.06</b>	<b>15628.48</b>	<b>914.84</b>	<b>121717.70</b>	<b>184042.69</b>	<b>178413.23</b>	<b>5572.72</b>
<b>Intangible Assets</b>											
Goodwill	368.94	-	-	368.94	73.78	36.92	-	110.70	258.24	295.16	-
Trade Marks	1139.70	-	-	1139.70	256.43	113.97	-	370.40	769.30	883.27	-
Technical Knowhow	908.75	-	-	908.75	102.57	187.60	-	290.17	618.58	806.18	-
Software	863.78	389.02	-	1252.80	624.53	238.92	-	863.45	389.35	239.25	-
<b>Sub-total</b>	<b>3281.17</b>	<b>389.02</b>	<b>-</b>	<b>3670.19</b>	<b>1057.31</b>	<b>577.41</b>	<b>-</b>	<b>1634.72</b>	<b>2035.47</b>	<b>2223.86</b>	
<b>Grand Total</b>	<b>288698.46</b>	<b>21922.60</b>	<b>1190.48</b>	<b>309430.58</b>	<b>108061.37</b>	<b>16205.89</b>	<b>914.84</b>	<b>123352.42</b>	<b>186078.16</b>		<b>5572.72</b>
Previous year	270722.37	18893.51	917.42	288698.46	93548.44	15210.10	697.17	108061.37		180637.09	5610.60
Capital-work-in-progress									41426.46	11307.06	
									227504.62	191944.15	

### Notes to fixed assets

- (i) The amount of borrowing cost capitalised to fixed assets / capital work in progress during the year is Rs 1234.62 lakhs (Previous Year - Rs 336.63 lakhs).
- (ii) The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.
- (iii) Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 29 below).
- (iv) Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidipoondi, the Company does not have clear title to 2.43 acres.
- (v) The execution of lease deed and formal possession of land is under progress in respect of 269921 sq. mtrs of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat.
- (vi) Capital expenditure incurred during the year includes Rs 617.68 lakhs (Previous Year - Rs 767.58 lakhs) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 32 below.
- (vii) Capital work in progress includes pre-operative expenses Rs 4019.44 lakhs (Previous Year - Rs 2021.73 lakhs).
- (viii) The revaluation of fixed assets was carried out in the year ended March 31, 2005.

## 11. Investments

Long term investments are valued at cost unless there is a decline in value, other than temporary. Current investments are valued at lower of cost or fair value.

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Non-current investments</b>		
<b>Long term investments</b>		
<b>Trade investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
<b>Investments in subsidiaries – unquoted</b>		
32,54,184 (Previous Year - 32,54,184) Equity shares of Rs 100 each fully paid up of SRF Transnational Holdings Limited (A wholly owned subsidiary)	1472.57	1472.57
Less : Amount written off	(1472.57)	(1472.57)
	-	-
8,000 (Previous Year - 8,000) Equity shares of Rs 100 each fully paid up of SRF Properties Limited (A wholly owned subsidiary)	589.56	589.56
20,002 (Previous Year – 20,002) Equity shares of USD(\$ 1 each fully paid up of SRF Fluor Private Limited (A wholly owned subsidiary)	9.08	9.08
Less : Provision for diminution in value	(9.08)	-
	-	9.08
9,10,000 (Previous Year - 4,70,000) Equity shares of Rs 10 each fully paid up of SRF Holiday Home Limited (A wholly owned subsidiary)	91.00	47.00
4,40,000 equity shares allotted during the year		
1,28,920 (Previous Year – 1,28,920) Equity shares of Euro 100 each fully paid up of SRF Global BV (A wholly owned subsidiary)	7959.51	7959.51
50,000 (Previous Year - 50,000) equity shares of Rs 10 each fully paid up of SRF Energy Limited (A wholly owned subsidiary)	5.00	5.00
50,000 (Previous Year - 50,000) equity shares of Rs 10 each fully paid up of SRF Fluorochemicals Limited (A wholly owned subsidiary)	5.00	5.00
<b>Other investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less : Provision for diminution in value	(11.69)	(11.69)
	-	-
<b>Investments in preference shares</b>		
<b>Unquoted</b>		
Nil (Previous Year - 25,00,000) preference shares of Rs 10 each fully paid up of SBL Industries Limited	-	250.00
25,00,000 preference shares sold during the year		
Less : Provision for diminution in value	-	(250.00)
	-	-
<b>Total non-current investments (long term investments)</b>	<b>9229.72</b>	<b>9194.80</b>

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Aggregate amount of long term unquoted investments (net of provision)	9229.72	9194.80
Aggregate provision for diminution in value of long term investments	1493.34	1734.26
<b>Current investments</b>		
<b>Investments in mutual funds</b>		
<b>Quoted</b>		
2,50,00,000 (Previous Year - 2,50,00,000) Units of Rs 10 each of SBI Mutual Fund - SBI Debt Fund Series - 370 Days - 12 Growth	2500.00	2500.00
1,00,00,000 (Previous year - Nil) Units of Rs 10 each of Kotak FMP - Series 79 Growth	1000.00	-
50,00,000 (Previous year - Nil) Units of Rs 10 each of Taurus Quarterly Interval Fund - Series 2 - Dividend Plan	500.00	-
50,00,000 (Previous year - Nil) Units of Rs 10 each of Kotak FMP - Series 84 - Growth	500.00	-
1,00,00,000 (Previous year - Nil) Units of Rs 10 each of UTI Fixed Term Income Fund Series X - VIII - Growth	1000.00	-
1,27,55,392 (Previous year - Nil) Units of Rs 12.23 each of Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment Option	1559.74	-
1,04,317 (Previous year - Nil) Units of Rs 1003.25 each of SBI Premier Liquid Fund - Institutional - Daily Dividend Reinvestment Option	1046.56	-
1,01,503 (Previous year - Nil) Units of Rs 1000.09 each of Taurus Liquid Fund - Super Institutional - Daily Dividend Reinvestment Option	1015.12	-
99,996 (Previous year - Nil) Units of Rs 1000.67 each of Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment Option	1000.64	-
<b>Unquoted</b>		
Nil (Previous Year - 3,54,71,831) Units of Rs 10.08 each of Kotak Floater Long Term Fund Daily Dividend Reinvestment Option	-	3575.49
Nil (Previous Year - 2,51,95,750) Units of Rs 10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan -B	-	2519.58
Nil (Previous Year - 2,40,00,000) Units of Rs 10 each of Kotak Quarterly Interval Plan Series 6- Dividend	-	2400.00
9,99,995 (Previous year - Nil) Units of Rs 100.02 each of ICICI Prudential Liquid Super Institutional Plan Daily Dividend Reinvestment Option	1000.22	-
1,48,903 (Previous year - Nil) Units of Rs 1019.45 each of UTI Liquid Cash Plan - Institutional - Daily Dividend Reinvestment Option	1517.99	-
<b>Total current investments</b>	12640.27	10995.07
Aggregate amount of current quoted investments	10122.06	2500.00
Aggregate amount of current unquoted investments	2518.21	8495.07
Market value of current quoted investments	10371.27	2500.00
Net asset value/repurchase price of units of mutual funds-unquoted	2518.21	8503.80

## 12. Long Term Loans and Advances

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Capital advances*	3418.99	2991.25
Security deposits**	2312.79	2172.10
Loans and advances to related parties	775.82	-
Loans to employees	474.73	134.26
Prepaid expenses	23.33	29.42
CENVAT/Service tax/VAT recoverable	2439.28	562.19
Other loans and advances		
Unsecured - considered good	71.71	19.84
- considered doubtful	12.15	12.36
Less : Provision for doubtful advances	(12.15)	(12.36)
<b>Total long term loans and advances</b>	<b>9516.65</b>	<b>5909.06</b>

\* Includes Rs 1111.85 lakhs (Previous Year – Nil) paid to a party towards construction of a jointly owned asset.

\*\* Security deposits includes Rs 1020.32 lakhs (Previous year - Rs 1046.40 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company.

### Loans and advances to related parties include:

Loan to SRF Global BV	763.05	-
Interest receivable from SRF Global BV	12.77	-
	<u>775.82</u>	<u>-</u>

## 13. Other Non-Current Assets

Unamortised upfront fees on loans	304.37	135.69
<b>Total other non-current assets</b>	<b>304.37</b>	<b>135.69</b>

## 14. Inventories

Raw materials	13919.38	13924.58
Raw materials in transit	6838.61	10948.66
Stock-in-process	6191.43	6388.16
Stock-in-process in transit	78.69	107.19
Finished goods	8205.08	8011.23
Finished goods in transit	1165.50	507.63
Stock of traded goods	25.90	-
Stores and spares	4767.84	3985.54
Stores and spares in transit	27.18	-
<b>Total inventories</b>	<b>41219.61</b>	<b>43872.99</b>

a) Raw materials, stock-in-process, finished goods and stock of traded goods are valued at lower of cost and net realizable value.

b) Stores and spares are valued at cost or under.

## 15. Trade Receivables

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured – considered good	14.16	119.71
Unsecured – considered doubtful	270.97	283.33
	<u>285.13</u>	<u>403.04</u>

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Less : Provision for doubtful receivables	270.97	283.33
	14.16	119.71
Other trade receivables		
Unsecured – considered good	40788.73	44058.78
<b>Total trade receivables</b>	<b>40802.89</b>	<b>44178.49</b>

## 16. Cash and Cash Equivalents

Cash in hand	38.67	24.02
Cheques, drafts on hand	12.76	29.59
Balance with banks on		
Current accounts	8837.42	4027.93
Exchange Earners Foreign Currency (EEFC) accounts	1301.85	83.56
Deposit accounts	2035.54	1500.00
In earmarked accounts		
Margin money	213.75	275.36
Unclaimed dividend accounts	480.68	445.07
<b>Total cash and cash equivalents</b>	<b>12920.67</b>	<b>6385.53</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 - Cash Flow Statements is	12226.24	5665.10

## 17. Short Term Loans and Advances

(Unsecured considered good, unless otherwise stated)

Loans to employees	248.89	171.92
Loans and advances to related parties	127.70	62.16
Deposits with customs and excise authorities	673.51	912.06
Security deposits	88.31	92.25
Claims recoverable	1004.56	1379.70
CENVAT/Service tax/VAT recoverable	4207.77	4737.43
Other loans and advances		
Unsecured - considered good	1867.00	3845.36
- considered doubtful	285.95	158.18
Less : Provision for doubtful advances	(285.95)	(158.18)
<b>Total short term loans and advances</b>	<b>8217.74</b>	<b>11200.88</b>

Loans and advances to related parties includes:

Name of the related party	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
SRF Overseas Limited	0.49	0.70
SRF Industries (Thailand) Limited (formerly SRF Technical Textiles (Thailand) Limited)	46.62	5.18
SRF Industex Belting (Pty) Limited	17.44	8.47
SRF Transnational Holdings Limited	6.46	2.83
SRF Energy Limited	-	0.02
SRF Flurochemicals Limited	-	0.02

Name of the related party	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
SRF Fluor Private Limited	6.56	6.01
SRF Global BV	1.66	0.19
SRF Flexipak (South Africa) (Pty) Limited	43.70	-
KAMA Holdings Limited	-	6.92
Shri Educare Limited	4.77	31.82
<b>Total loans and advances to related parties</b>	<b>127.70</b>	<b>62.16</b>

## 18. Other Current Assets

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Unamortised upfront fees on loans	74.33	216.19
<b>Total other current assets</b>	<b>74.33</b>	<b>216.19</b>

## 19. Sale of Products\*

	Year ended March 31, 2012		Year ended March 31, 2011	
	Quantity (MT)	Value (Rs Lakhs)	Quantity (MT)	Value (Rs lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/ Twine	11464.85	22206.15	10929.61	17391.35
Nylon Tyre Cord Fabric/ Polyester tyre cord fabric / Industrial Yarn Fabric	49874.91	144268.17	51930.21	132927.17
Laminated Fabric#	441.52	12653.29	183.79	5123.45
Nylon / PBT / PC Compounding Chips	8795.57	15867.33	8397.70	13527.63
Fluorochemicals & Allied Products **	11359.80	68724.16	11378.19	27744.77
HFC 134a	3736.90	16832.22	2511.57	10310.51
Gypsum (By Product)	37440.95	329.98	31940.13	267.94
Hydrochloric Acid (By Product)	72791.08	802.20	70020.56	1299.70
Chloromethanes	20399.17	7332.01	22241.83	8197.52
Fluorospecialities Chemicals	1451.38	14066.86	1204.55	9543.52
Packaging Films	60160.62	72125.27	57531.96	96975.12
Traded goods		774.92		1508.67
Waste/Others		1337.89		1918.56
<b>Sales of products (Gross)</b>		<b>377320.45</b>		<b>326735.91</b>
Less: Excise duty		26047.70		28129.64
<b>Sales of products (Net)</b>		<b>351272.75</b>		<b>298606.27</b>

\* Net of sales returns and damaged stocks, etc

\*\* Includes sales of Certified Emission Reductions of Rs 43972.72 lakhs (Previous Year – Rs 7281.08 lakhs)

# quantity in Lakhs SQM

## 20. Other Operating Revenues

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Claims	94.16	104.06
Export incentives	183.65	368.48
Provision / Liabilities no longer required written back	303.43	74.63

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Scrap sales	723.50	620.53
Gain on cancellation/net settlement of long term contracts relating to sales of Certified Emission Reductions (CERs)	-	6417.04
Other operating income	447.77	136.66
<b>Total other operating revenues</b>	1752.51	7721.40

## 21. Other Income

Dividend on current investments	1347.70	473.23
Profit on sale of investment in a subsidiary	-	285.15
Profit on sale of long term investment	10.00	-
Provision / Liabilities no longer required written back	131.44	0.90
Profit on sale of fixed assets	479.62	5.25
Exchange currency fluctuation	-	2857.95
Interest income		
• from customers*	8.05	1.07
• on loans and deposits*	36.34	10.12
• on income tax refunds	-	35.61
• on others*	157.09	43.54
Other non-operating income	632.14	624.55
<b>Total other income</b>	2802.38	4337.37

\* includes income-tax deducted at source Rs 12.54 lakhs (previous year Rs 4.10 lakhs)

## 22. a) Cost of Raw Materials Consumed

Opening stock of raw materials	24873.24	11467.76
Add : Purchase of raw materials	198001.03	176995.91
	222874.27	188463.67
Less : Closing stock of raw materials	20757.99	24873.24
<b>Cost of materials consumed</b>	202116.28	163590.43

## b) Raw Material Consumption

	Year ended March 31, 2012		Year ended March 31, 2011	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Caprolactam	41489.90	68931.64	43005.25	57711.19
Fluorospar	22799.96	5188.79	19566.75	3083.68
Chloromethanes	483.01	122.46	194.89	61.15
Sulphuric Acid	26380.74	1221.80	22878.16	914.52
Chlorine	41889.30	2033.54	44492.60	3358.19
Methanol	12320.82	2383.54	12997.67	1986.64

	Year ended March 31, 2012		Year ended March 31, 2011	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Caustic Soda	2388.36	304.80	2478.55	210.37
Trichloro Ethylene	5063.70	3910.38	3383.06	2581.92
Nylon yarn/Fabric		24167.68		20090.30
Polyester Chips	40575.10	31560.76	67565.19	42859.61
PTA	25362.74	15668.32	-	-
MEG	10083.93	5726.69	-	-
Fabric *	475.96	3396.90	218.06	1416.57
Others		37498.98		29316.29
<b>Total</b>		<b>202116.28</b>		<b>163590.43</b>

\* quantity in Lakhs SQM

### 23. Purchase of Traded Goods

Yarn	156.21	329.45	666.84	853.20
Chloromethanes	85.53	257.00	117.73	287.51
Polyester Films	-	-	66.35	152.43
Nylon Chips	-	-	98.75	135.25
Others		53.71		35.52
<b>Total</b>		<b>640.16</b>		<b>1463.91</b>

### 24. a) (Increase)\Decrease in Inventories of Finished Goods, Stock-in-Process and Traded Goods

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Opening stock		
Stock-in-process	6495.35	4178.51
Finished goods	8518.86	6115.73
Traded goods	-	-
	<b>15014.21</b>	<b>10294.24</b>
Stock produced during trial run		
Stock-in-process	-	231.47
Finished goods	-	8.10
Traded goods	-	-
	<b>-</b>	<b>239.57</b>
Closing stock		
Stock-in-process	6270.12	6495.35
Finished goods	9370.58	8518.86
Traded goods	25.90	-
	<b>15666.60</b>	<b>15014.21</b>
(Increase) \ Decrease in inventories of finished goods, stock-in-process and traded goods		
Stock-in-process	225.23	(2085.37)
Finished goods	(851.72)	(2395.03)
Traded goods	(25.90)	-
	<b>(652.39)</b>	<b>(4480.40)</b>



**b) Opening and Closing Stock of Finished Goods (manufactured)**

	As at March 31, 2012		As at March 31, 2011		As at March 31, 2011	
	Closing Quantity (MT)	Stock Value (Rs lakhs)	Closing Quantity (MT)	Stock Value (Rs lakhs)	Opening Quantity (MT)	Stock Value (Rs lakhs)
Synthetic filament yarn including industrial yarn/ tyre cord / twine	758.20	1367.32	767.62	1224.45	513.44	563.39
Nylon tyre cord fabric/ polyester Tyre cord fabric / Industrial yarn fabric*	1227.94	2797.81	877.09	1958.78	927.53	1874.19
Laminated fabric <sup>#</sup>	1.84	58.65	11.31	326.79	-	-
Nylon / PBT / PC Compounding Chips	195.80	310.75	356.77	542.45	422.35	531.10
Fluorocarbon refrigerant gases	435.72	514.89	483.85	463.63	365.36	325.49
HFC 134a	262.32	775.26	273.55	753.68	385.68	807.49
Hydrofluoric Acid (Anhydrous)	254.78	207.64	289.10	175.16	270.62	159.52
Gypsum (By Product)	76.50	0.67	3.15	0.03	80.00	1.24
Hydrochloric Acid (By Product)	376.02	2.01	143.90	1.35	171.82	2.86
Chloromethanes**	2102.55	459.42	1427.23	333.75	1041.90	178.75
Fluorospecialities Chemicals	274.62	1600.28	224.23	1295.71	99.36	855.68
Packaging Films	1236.38	1232.93	1580.34	1417.35	858.10	702.07
Others		42.95		25.73		113.95
<b>Total</b>		<b>9370.58</b>		<b>8518.86</b>		<b>6115.73</b>

\* includes yarn in process of conversion into fabric

\*\* includes chloromethanes in process of conversion into refrigerant gases

# quantity in lakhs SQM

**c) Inventory of Stock in Process**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	786.14	1061.84
Nylon Tyre Cord Fabric/ Polyester tyre cord fabric /Industrial Yarn Fabric	1995.89	2040.30
Nylon chips	999.88	1473.88
Coated / laminated fabrics	566.13	89.73
Refrigerant gases	6.59	5.23

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Fluorospecialities and allied products	558.45	221.51
Chloromethanes	18.16	43.00
Packaging films	1177.14	1197.21
Others	161.74	362.65
<b>Total</b>	6270.12	6495.35

## 25. Employee Benefits Expenses

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Salaries, wages, bonus, etc.	13152.23	11911.80
Contribution to provident and other funds	1305.19	1382.33
Workmen and staff welfare expenses	1947.45	1768.29
<b>Total employee benefits expenses</b>	16404.87	15062.42

## 26. Finance Costs

Interest expenses		
On debentures and loans for fixed period	4597.00	5101.57
Cash credit and others	2013.89	1354.95
Other borrowing costs	1090.59	1210.08
Net (gain)/loss on foreign currency transactions and translation (considered as finance cost)	2707.84	102.61
<b>Total finance costs</b>	10409.32	7769.21

## 27. Depreciation and Amortization Expenses

Depreciation on tangible assets (Refer note 10)	15628.48	14811.34
Amortization on intangible assets (Refer note 10)	577.41	398.76
Less : Transfer from revaluation reserve (Refer note 3(c))	(37.82)	(39.29)
<b>Net depreciation and amortization expense</b>	16168.07	15170.81

## 28. Other Expenses

Stores and spares consumed (excluding Rs 2655.74 lakhs (Previous Year - Rs 2533.17 lakhs) charged to repairs and maintenance)	2270.34	1643.81
Power and fuel	26699.44	21322.79
Rent	991.05	929.52
Repairs and maintenance		
- Buildings	261.73	268.50
- Plant and machinery	4277.50	3990.19
- Other maintenance	1226.31	1089.07

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Insurance	761.15	624.63
Rates and taxes	242.01	269.64
Freight	5928.41	5095.64
Professional and legal charges	2953.28	1392.46
Contract conversion charges	640.65	590.41
Travel	796.94	793.41
Directors' sitting fees	11.70	7.75
Selling commission	1121.97	1120.27
Increase / (decrease) in excise duty on closing stock	71.99	121.25
Provision for doubtful debts / advances	30.31	176.94
Bad debts / advances written off	1.28	32.00
Fixed assets/inventory written off	40.09	250.26
Provision for investments	9.08	154.10
Auditors' remuneration (net of service tax input credit)		
- Audit fees	45.00	45.00
- For limited review of unaudited financial results	24.00	24.00
- For corporate governance, consolidated financial statements and other certificates	9.50	5.20
- For tax audit	5.00	5.00
Exchange currency fluctuation	2272.04	-
Miscellaneous expenses	3464.22	4388.96
<b>Total other expenses</b>	54154.99	44340.80

## 29. Contingent Liabilities Not Provided For

### a) Claims against the Company not acknowledged as debts:

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Excise duty, customs duty and service tax* @	5924.08	5865.44
Sales tax** @	1225.28	925.42
Income tax	356.82	976.37
Stamp duty****	2881.55	2881.55
Others ***	474.33	94.43

\* Amount deposited Rs 315.92 lakhs (Previous year - Rs 315.92 lakhs)

\*\* Amount deposited Rs 7.16 lakhs (Previous Year - Rs 7.16 lakhs)

\*\*\* Amount deposited Rs 8.00 lakhs (Previous Year - Rs 8.00 lakhs)

\*\*\*\* In the matter of acquisition of the Tyrecord Division at Malanpur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs 30300 lakhs and levied a stamp duty of Rs 2372.50 lakhs and imposed a penalty of Rs 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs 2776.18 lakhs and not the entire undertaking valued at Rs 30300.00 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of Rs 1793.81 lakhs (Previous Year - Rs 1793.81 lakhs) and Rs 38.00 lakhs (Previous Year - Rs 38.00 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

- b) Liability on account of Bank Guarantees Rs 1260.26 lakhs (Previous Year – Rs 1137.53 lakhs)
- c) Guarantees given to banks for repayment of financial facilities availed by wholly owned subsidiaries:
- (i) USD 20.00 million (Previous Year – USD 20.00 million). Outstanding amount as at the year-end is USD 20.00 million (Previous Year – USD 20.00 million)
  - (ii) Nil (Previous Year – AED 10.35 million) and Nil (Previous Year – Euro 0.20 million). Outstanding amount as at the year-end is Nil (Previous Year – Nil)
  - (iii) USD 15.00 million (Previous Year – Nil). Outstanding amount as at the year-end is USD 13.00 million (Previous Year – Nil).
  - (iv) USD 16.00 million (Previous Year – Nil). Outstanding amount as at year end is EURO 11.25 million (Previous Year – Nil).
  - (v) EURO 3.50 million (Previous Year – Nil). Outstanding amount as at year end is EURO 3.50 million (Previous Year – Nil)
- d) Guarantees given to banks for repayment of financial facilities availed by others – Rs 250.00 lakhs (Previous Year – Nil). Outstanding amount as at the year-end is Nil (Previous Year – Nil).
- e) The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs 72.24 lakhs (Previous year - Rs 76.04 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.
30. The details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs lakhs)
Central Excise Laws	Excise Duty	High Court	1996-1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1983-2008	6045.86
		Upto Commissioner (Appeals)	1992-2008	278.57
Service Tax Laws	Service Tax	High Court	2006	2.50
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005-2010	67.26
		Upto Commissioner (Appeals)	2005-2011	233.87
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004-2006	45.43
		Upto Commissioner (Appeals)	1998-2005	29.23
Sales Tax Laws	Sales Tax	High Court	2007-2009	1131.70
		Sales Tax Appellate Tribunal	1987-2008	102.28
		Upto Commissioner (Appeals)	1988-2010	37.74
Others	Electricity Cess	High Court	2007-2008	6.00

\* amount as per demand orders including interest and penalty wherever quantified in the Order.

The following matters, which have been excluded from the above table, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994-2001	162.55
		High Court	1994-1999	131.35
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989-1995	223.61
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005	7.05
Sales Tax Laws	Sales Tax	Rajasthan Tax Board	2001-2002	22.43

### 31. Capital and other commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs 10233.03 lakhs (Previous Year - Rs 12965.89 lakhs).

Further, the Company is to make the following investments:

- Capital expenditure projects for Packaging Films Business in South Africa and Thailand – USD 89.50 million (equivalent to Rs 45528.65 lakhs) (Previous Year – Nil).
- SRF Holiday Home Limited – Rs 309.00 lakhs (Previous Year – Rs 353.00 lakhs)

The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

### 32. Research & Development Expenses

The details of research and development expenditure of Rs 2716.62 lakhs (Previous Year - Rs 2613.37 lakhs) included in notes 22 to 28 above are as under:-

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Capital expenditure	617.68	767.58
Revenue expenditure	2098.94	1845.79
<b>Total</b>	<b>2716.62</b>	<b>2613.37</b>

The details of revenue expenditure incurred on research and development is as below:

Cost of materials consumed	64.14	17.03
Salaries and wages	765.96	656.40
Contribution to provident and other funds	58.04	56.80
Workmen and staff welfare expenses	101.67	106.20
Stores and spares consumed	136.69	144.07
Power and fuel	84.00	74.05
Rent	6.33	27.37

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Repairs and maintenance		
- Buildings	31.67	22.23
- Plant and machinery	142.88	100.44
- Other maintenance	40.87	86.82
Insurance	9.31	12.72
Rates and taxes	2.83	3.25
Travel	36.22	53.17
Professional and legal charges	73.83	70.20
Depreciation and amortisation expenses	385.70	317.06
Miscellaneous	158.80	97.98
	2098.94	1845.79

### 33. Managerial Remuneration

#### (i) (a) Chairman / Managing Director / Deputy Managing Director / Whole time Director

Salary	322.08	274.08
Contribution to Provident and Superannuation Funds	85.86	72.90
Value of perquisites	150.88	137.52
Commission (Provided)	475.00	475.00
<b>Sub Total</b>	<b>1033.82</b>	<b>959.50</b>

#### (b) Non-Executive Directors

Commission (Provided)	31.44	30.00
Directors' sitting fees	11.70	7.75
<b>Sub Total</b>	<b>43.14</b>	<b>37.75</b>

<b>Total</b>	<b>1076.96</b>	<b>997.25</b>
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As there is a global contribution to gratuity fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to gratuity fund in respect of directors has not been considered in the above computation. Further, the liability on account of compensated absences in respect of directors has not been considered above, since the provision is based on an actuarial basis for the Company as a whole.

#### (ii) Computation of managerial remuneration in accordance with section 198 of the Companies Act, 1956

Profit before taxation	56586.34	67747.86
<b>Add:</b>		
Wealth tax	11.50	12.40
Managerial remuneration including commission	1076.96	997.25
Loss on sale / write off of assets as per accounts	41.37	282.26
Provision for doubtful debts / advances / investments	30.31	176.94
<b>Sub Total</b>	1160.14	1468.85
<b>Less:</b>		
Profit on sale of assets as per accounts	479.62	5.25
Dividend on current, non-trade investments	1347.70	473.23
Profit on sale of long term investment in subsidiary/others	10.00	285.15
Excess provision written back	434.87	75.53
<b>Sub Total</b>	2272.19	839.16
<b>Profit as per section 349 of the Companies Act, 1956</b>	<b>55474.29</b>	<b>68377.55</b>

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Maximum remuneration as commission and/or salary including perquisites @ 10% of net profit of Rs 55474.29 lakhs (Previous Year @ 10% of Rs 68377.55 lakhs) which can be paid to Managing Directors / Whole time Directors under section 309 of the Companies Act, 1956	5547.42	6837.75
<b>Remuneration paid to Managing Directors / Whole Time Directors</b>	1033.82	959.50
Maximum commission payable to Non-Executive Directors @ 1% of net profit of Rs 55474.29 lakhs (Previous Year Rs 68377.55 lakhs) under section 309 of the Companies Act, 1956	554.74	683.77
<b>Commission payable / paid to Non-Executive Directors</b>	31.44	30.00

### 34. Related Party Disclosures under AS-18 “Related Party Disclosures”

As per Accounting standard AS –18 “Related Party Disclosures” the Company's related parties and transactions with them are disclosed below:

#### A Name of Related Party and Nature of Related Party Relationship

By virtue of control (Subsidiaries) (a)	Joint Venture (b)	Key Management Personnel and their relatives (c)	Enterprises over which (c) have significant influence (d)
SRF Overseas Limited	Jingde	Mr Arun Bharat Ram <i>Chairman</i>	KAMA Holdings Limited*
SRF Transnational Holdings Limited	Yangtze-		Bhairav Farms Private
SRF Properties Limited	Ganga	Mr Ashish Bharat Ram <i>Managing Director</i>	Limited*
SRF Holiday Home Limited	Fluorine		Narmada Farms Private
SRF Energy Limited	Chemical Co.	Mr Kartikeya Bharat Ram <i>Deputy Managing Director</i>	Limited*
SRF Fluorochemicals Limited	Limited		SRF Polymers Investments
SRF Fluor Private Limited	(upto	Mr K Ravichandra <i>Whole Time Director</i>	Limited*
SRF Global BV	February 26,		KAMA Realty (Delhi) Limited*
SRF Tech Textile BV (upto August 31, 2011)	2011)	Mrs Manju Bharat Ram wife of Mr Arun Bharat Ram	Shri Educare Limited
SRF Industries (Thailand) Limited (formerly			Shri Educare Maldives Private
SRF Technical Textiles (Thailand) Limited)			Limited
SRF Industex Belting (Pty) Limited			SRF Foundation
SRF Nitol Bangladesh Limited			Karm Farms Private Limited*
SRF Flexipak (South Africa) (Pty) Limited			Srishti Westend Greens Farms Private Limited*

\* Pursuant to the Scheme of Arrangement between Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited (“the transferor companies”) and Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited, KAMA Realty (Delhi) Limited and KAMA Holdings Limited (“the transferee companies”) and their respective shareholders and creditors :-

- real estate divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited was transferred and vested in Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited and KAMA Realty (Delhi) Limited respectively; and
- investment divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited were transferred and vested in KAMA Holdings Limited with effect from March 31, 2011.

The transferor companies had conducted their business in respect of their respective real estate divisions and investment divisions in trust and on behalf of the respective transferee companies from the appointed date of the said Scheme - April 1, 2010

**B Transactions with Related Parties Referred to in Note 34A Above**

(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	Year ended		Year ended		Year ended		Year ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Purchase of goods from								
- SRF Overseas Limited	60.70	369.43						
- SRF Industries (Thailand) Limited	132.52	115.28						
Sale of goods to								
- SRF Overseas Limited	6790.59	5584.63						
- SRF Industries (Thailand) Limited	627.20	275.83						
- SRF Industex Belting (Pty) Limited	7132.96	3533.00						
Sale of fixed assets to								
- SRF Industries (Thailand) Limited	-	154.44						
Rendering of services to								
- SRF Overseas Limited	65.78	50.85						
- SRF Global BV	23.55	-						
- SRF Flexipak (South Africa) (Pty) Limited	5.82	-						
- SRF Industries (Thailand) Limited	125.02	141.83						
- SRF Industex Belting (Pty) Limited	94.79	72.27						
- SRF Tech Textile B.V.	11.14	16.85						
- SRF Foundation							-	8.61
Receipt of services from								
- KAMA (Realty) Delhi Limited							-	3.33
Management contracts including for deputation of employees to								
- SRF Transnational Holdings Limited	13.75	9.60						
- KAMA Holdings Limited							16.83	15.60
- KAMA Realty (Delhi) Limited							5.45	-
- SRF Polymers Investments Limited							-	2.96
- SRF Foundation							-	3.51
Rent paid to								
- SRF Polymers Investments Limited							-	668.09
- SRF Properties Limited	17.00	12.00						
- Bhairav Farms Private Limited							-	30.00
- Narmada Farms Private Limited							-	30.00
- Kama Realty (Delhi) Limited							641.70	24.00
- Karm Farms Private Limited							30.00	-
- Srishti Westend Greens Farms Private Limited							30.00	-
- Mrs Manju Bharat Ram					12.00	-		
Managerial remuneration paid to								
- Mr Arun Bharat Ram					489.90	467.64		
- Mr Ashish Bharat Ram					281.68	251.44		
- Mr Kartikeya Bharat Ram					255.24	233.42		
- Mr K Ravichandra					7.00	7.00		



(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	Year ended		Year ended		Year ended		Year ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Interest received / receivable on ICDs / loans from								
- SRF Overseas Limited	-	0.92						
- SRF Global BV	12.77	-						
Reimbursement of expenses from								
- SRF Overseas Limited	2.40	5.18						
- SRF Industries (Thailand) Limited	34.63	19.26						
- SRF Industex Belting (Pty) Limited	27.74	8.47						
- SRF Global BV	69.91	0.19						
- SRF Properties Limited	3.32	2.18						
- SRF Holiday Home Limited	-	0.02						
- SRF Energy Limited	-	0.03						
- SRF Flurochemicals Limited	-	0.03						
- SRF Fluor Private Limited	0.55	-						
- SRF Flexipak (South Africa) (Pty) Limited	37.88	-						
- SRF Tech Textile BV	0.64	-						
- KAMA Holdings Limited							46.50	-
- SRF Foundation							7.63	0.57
- Shri Educare Limited							20.73	14.86
Reimbursement of expenses paid								
- SRF Industries (Thailand) Limited	0.57	-						
- SRF Industex Belting (Pty) Limited	1.12	-						
- KAMA Holdings Limited							41.11	-
- SRF Foundation							-	1.08
Loans / deposits given to								
- SRF Global BV	693.90	-						
Loans / deposits received back from								
- SRF Overseas Limited	-	606.02						
Recovery of sums written off								
- SRF Foundation							400.00	10.00
Increase in security deposit to								
- KAMA Realty (Delhi) Limited							-	30.00
- Mrs Manju Bharat Ram					12.00	-		
Donations to								
- SRF Foundation							100.00	550.00
Receivables provided for								
- SRF Fluor Private Limited	6.56	-						
Investments made in								
- SRF Global BV	-	1424.91						
- SRF Holiday Home Limited	44.00	22.00						
- SRF Fluor Private Limited	-	9.08						
Investments provided for								
- SRF Fluor Private Limited	9.08	-						
- Jingde Yangtze- Ganga Fluorine Chemical Co. Limited					-	131.43		

(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	Year ended		Year ended		Year ended		Year ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Investments sold to</b>								
- SRF Tech Textile B.V. (Previous year - including profit on sale Rs 285.15 lakhs)	-	8800.00						
<b>Guarantees given</b>								
- SRF Industries (Thailand) Limited In Millions Baht	-	200.00						
- SRF Tech Textile B.V. In Million USD	-	20.00						
- SRF Global B.V. In Million USD	31.00	-						
- SRF Overseas Limited In Million AED	-	10.35						
- SRF Overseas Limited In Million Euro	-	0.20						
- SRF Flexipak (South Africa) (Pty) Limited In Million Euro	3.50	-						

(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	As at		As at		As at		As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Balances outstanding as at the year end:-</b>								
<b>Receivables</b>								
- SRF Overseas Limited	736.08	875.63						
- SRF Tech Textile B.V.	-	16.61						
- SRF Transnational Holdings Limited	6.46	2.83						
- SRF Industries (Thailand) Limited	81.51	67.46						
- SRF Industex Belting (Pty) Limited	1907.88	1122.77						
- SRF Flexipak (South Africa) (Pty) Limited	43.70	-						
- Shri Educare Limited							4.77	31.82
- KAMA Holdings Limited							-	6.92
- SRF Global BV	38.22	0.19						
- SRF Fluor Private Limited	6.56	6.01						
- SRF Energy Limited	-	0.02						
- SRF Flurochemicals Limited	-	0.02						
<b>Payables</b>								
- SRF Overseas Limited	-	27.49						

(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	As at		As at		As at		As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Commission payable</b>								
- Mr Arun Bharat Ram					225.00	225.00		
- Mr Ashish Bharat Ram					125.00	125.00		
- Mr Kartikeya Bharat Ram					125.00	125.00		
<b>Loans given outstanding</b>								
- SRF Global BV	763.05	-						
<b>Security deposits outstanding</b>								
- SRF Polymers Investments Limited							-	300.00
- Bhairav Farms Private Limited							-	310.00
- Narmada Farms Private Limited							-	310.00
- KAMA Realty (Delhi) Limited							330.00	30.00
- Karm Farms Private Limited							310.00	-
- Srishti Westend Greens Farms Private Limited							310.00	-
- Mrs Manju Bharat Ram					12.00	-		
<b>Equity investment outstanding</b>								
- SRF Transnational Holdings Limited	1472.57	1472.57						
Less: Amount written off	(1472.57)	(1472.57)						
- SRF Properties Limited	589.56	589.56						
- SRF Holiday Home Limited	91.00	47.00						
- SRF Energy Limited	5.00	5.00						
- SRF Flurochemicals Limited	5.00	5.00						
- SRF Global BV	7959.51	7959.51						
- SRF Fluor Private Limited	9.08	9.08						
Less: Provision for investment	(9.08)	-						
<b>Guarantees outstanding</b>								
- SRF Overseas Limited In Million AED	-	10.35						
In Million Euro	-	0.20						
- SRF Global B.V. In Millions USD	51.00	-						
- SRF Tech Textile B.V. In Million USD	-	20.00						
- SRF Flexipak (South Africa) (Pty) Limited In Million Euro	3.50	-						

### 35. Earnings Per Share

	Year ended March 31, 2012	Year ended March 31, 2011
Profit after tax (Rs lakhs)	38738.00	48344.21
Weighted average number of equity shares outstanding (Nos.)	59098455	60503580
Basic and diluted earnings per share in rupees (Rs.) (face value – Rs 10 per share)	65.55	79.90

### 36. Employee Benefits

The Company has classified various benefits provided to employees as under:

i) **Defined contribution plans**

- a) Superannuation fund
- b) Provident fund administered through Regional Provident Fund Commissioner
- c) Employees' State Insurance Corporation

The expenses incurred on account of the above benefits have been included in Note 25 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

ii) **Defined benefit plans**

- a) Gratuity
- b) Compensated absences – earned leaves
- c) Provident fund for certain category of employees administered through a recognized provident fund trust

In accordance with Accounting Standard (AS) – 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using Projected Unit Credit Method. The details of the same are as follows:-

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Discount rate (per annum)	8.50%	7.50%	8.50%	7.50%
Future salary increase	7.50%	6.50%	7.50%	6.50%
Expected rate of return on plan assets	8.00%	8.00%	-	-
In service mortality	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Retirement age	58 years	58 years	58 years	58 years
Withdrawal rates				
- up to 30 years	3.00	3.00	3.00	3.00
- up to 44 years	2.00	2.00	2.00	2.00
- above 44 years	1.00	1.00	1.00	1.00

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

#### Reconciliation of opening and closing balances of Defined Benefit Obligations

				(Rs lakhs)
Present value of obligation as at the beginning of the year	2449.43	1974.51	1021.92	798.22
Current service cost	214.61	185.27	132.36	118.07
Interest cost	208.20	148.09	86.86	59.86
Benefits paid	(332.79)	(273.89)	(140.92)	(104.05)
Actuarial loss / (gain)	260.36	415.45	68.07	149.82
<b>Present value of obligation as at the end of the year</b>	<b>2799.81</b>	<b>2449.43</b>	<b>1168.29</b>	<b>1021.92</b>

## Reconciliation of opening and closing balances of fair value of plan assets

(Rs lakhs)

	Gratuity (Funded)	
	Year ended March 31, 2012	Year ended March 31, 2011
Fair value of plan assets at the beginning of the year	1987.32	1888.48
Estimated return on plan assets	158.99	151.08
Employers' contribution	574.01	121.68
Benefits paid	(179.12)	(138.96)
Actuarial gain/(loss) on plan assets	2.70	(34.96)
<b>Plan assets at the end of the year</b>	<b>2543.90</b>	<b>1987.32</b>
<b>Composition of Plan Assets:</b>		
HDFC Group unit linked plan Fund	96.65%	97.78%
Others including bank balances	2.48%	1.01%
Government of India Securities	0.87%	1.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Reconciliation of fair value of assets and obligations

(Rs lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Present value of obligation as at the year end	2799.81	2449.43	1168.29	1021.92
Fair value of plan assets	2543.90	1987.32	-	-
Net assets /(liability) recognised in the balance sheet	(255.91)	(462.11)	(1168.29)	(1021.92)

## Expenses recognised in the statement of profit and loss

(Rs lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2011
Current service cost	214.61	185.27	132.36	118.07
Interest cost	208.20	148.09	86.86	59.87
Expected return on planned assets	(158.99)	(151.08)	-	-
Actuarial loss/(gain)	257.66	450.41	68.07	149.81
<b>Total expense</b>	<b>521.48</b>	<b>632.69</b>	<b>287.29</b>	<b>327.75</b>

## Gratuity

Net assets / (liabilities) recognised in the Balance Sheet

(Rs lakhs)

As on	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Present value of obligation	2799.81	2449.43	1974.51	1740.93	1442.05
Fair value of plan assets	2543.90	1987.32	1888.48	1458.60	1468.09
Net assets / (liability)	(255.91)	(462.11)	(86.03)	(282.33)	26.04

## Experience on actuarial Gain / (Loss) for Benefit Obligation and Plan Assets

(Rs lakhs)

Year ended	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
On plan Present value of obligation	(283.00)	(415.45)	(143.83)	(538.55)	*
On plan Assets	2.70	(34.96)	51.02	(39.30)	*

\* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

## Compensated absences – earned leaves

### Net liabilities recognised in the Balance Sheet

(Rs lakhs)

As on	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Present value of obligation	1168.29	1021.92	798.22	730.18	625.78
Plan assets	-	-	-	-	-
Net assets / (liability)	(1168.29)	(1021.92)	(798.22)	(730.18)	(625.78)

## Experience on actuarial Gain / (Loss) for Benefit Obligation

(Rs lakhs)

Year ended	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
On plan present value of obligation	(77.43)	(149.82)	(19.08)	(132.06)	*
On plan assets	-	-	-	-	-

\* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

The Company's best estimate of the contribution expected to be paid in the next year is Rs 218.51 lakhs (Previous Year – Rs 195.40 lakhs) for gratuity and Rs 208.30 lakhs (Previous Year - Rs 158.24 lakhs) for leave encashment.

## Long Term Retention Pay

The Company has a Long Term Retention Pay Plan extending over 3 years. The plan covers employees selected on the basis of their current band and their long term value to the Company. The incentive is payable in three years starting from financial year 2010-11 subject to achievement of certain performance ratings. Based on the management estimate, the Company has accrued Rs 259.39 lakhs (Previous Year – Rs 295.52 lakhs) towards this plan till March 31, 2012.

**Superannuation - Defined Contribution Plan** where contributions are made to a Trust which in turn contributes to ICICI Prudential Life Insurance Co. Limited

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employee's salary. From 1st November, 2006, the Company provided an option to the employees to receive the said benefit as cash compensation along with salary in lieu of the superannuation benefit. Thus, no contribution is required to be made for the category of employees who opted to receive the benefit in cash.

## Provident Fund - Defined Contribution Plan

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognized Provident fund trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the Company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government.

Assets / Liability	March 31, 2012
Closing projected benefit obligation	(4394.63)
Fair value of plan assets	4411.67
Net assets / (liability) recognised in balance sheet	-

## Actuarial assumptions – Provident Fund

	Year ended March 31, 2012
Discount rate (per annum)	8.50%
In service mortality	LIC (1994-96) duly modified
Retirement age	58 years

### 37. Segment Reporting

#### A. Business Segments

Based on the guiding principles laid down in Accounting Standard (AS) - 17 "Segment Reporting", the Company's business segments include:

- Technical Textiles Business: includes nylon tyre cord fabric, belting fabric, coated fabric, laminated fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals and Polymers Business: includes refrigerant gases, chloromethanes, pharmaceuticals, Certified Emissions Reductions & Allied products, Engineering Plastics business and its research and development.
- Packaging Film Business includes Polyester Films.

Segment revenue, Results and Capital Employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under: -

#### a) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

#### b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

#### Information about Business Segments

##### Segment Revenue, Results, Assets, Liabilities and Capital Employed

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>Segment Revenue</b>		
a) Technical Textiles Business (TTB)		
- External sales	166519.42	144529.76
- Inter-segment sales	920.42	590.27
<b>- Total</b>	<u>167439.84</u>	<u>145120.03</u>
b) Chemicals and Polymers Business (CPB)		
- External sales	120452.90	74666.65
- Inter-segment sales	71.61	0.42
<b>- Total</b>	<u>120524.51</u>	<u>74667.07</u>
c) Packaging Films Business (PFB)		
- External sales	66052.94	87131.26
- Inter-segment sales	13.61	-
<b>- Total</b>	<u>66066.55</u>	<u>87131.26</u>
<b>Total segment revenue</b>	<u>354030.90</u>	<u>306918.36</u>
Less: Inter-segment revenue	1005.64	590.69
<b>Net sales / Income from operations</b>	<u>353025.26</u>	<u>306327.67</u>

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>Add: Unallocable Income</b>	2802.38	4337.37
<b>Total Revenue</b>	355827.64	310665.04
<b>Segment Results</b>		
<b>(Profit / (Loss) before finance cost and tax from each segment)</b>		
a) Technical Textiles Business (TTB)	10616.32	15509.67
b) Chemicals and Polymers Business (CPB)	59413.37	28880.81
c) Packaging Films Business (PFB)	2450.25	34565.09
<b>Total segment results</b>	72479.94	78955.57
Less: i) Finance Cost	10409.32	7769.21
Less: ii) Other Unallocable expenses net of income	5484.28	3438.50
<b>Profit before tax</b>	56586.34	67747.86
Less: Provision for taxation	17848.34	19403.65
<b>Profit after tax</b>	38738.00	48344.21
<b>Capital Expenditure (other than capital advances)</b>		
a) Technical Textiles Business (TTB)	9255.14	6028.08
b) Chemicals and Polymers Business (CPB)	40566.10	9349.13
c) Packaging Films Business (PFB)	208.34	3221.77
d) Unallocated	2012.42	1131.52
<b>Total</b>	52042.00	19730.50
<b>Depreciation</b>		
a) Technical Textiles Business (TTB)	8468.12	8365.68
b) Chemicals and Polymers Business (CPB)	3893.50	3508.48
c) Packaging Films Business (PFB)	3226.29	2984.90
d) Unallocated	580.16	311.75
<b>Total</b>	16168.07	15170.81
<b>Other information</b>		
	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Segment Assets</b>		
a) Technical Textiles Business (TTB)	151175.13	151312.84
b) Chemicals and Polymers Business (CPB)	113216.87	71879.95
c) Packaging Films Business (PFB)	51496.04	63047.71
<b>Total</b>	315888.04	286240.50
Add: Unallocable assets	40970.11	32181.75
<b>Total assets</b>	356858.15	318422.25
<b>Segment Liabilities</b>		
a) Technical Textiles Business (TTB)	29666.12	30412.53
b) Chemicals and Polymers Business (CPB)	8536.91	7946.56
c) Packaging Films Business (PFB)	14322.89	14525.74
<b>Total</b>	52525.92	52884.83
Add: Unallocable liabilities	4103.08	4988.56
<b>Total liabilities</b>	56629.00	57873.39
<b>Segment capital employed (Segment assets less segment liabilities)</b>		
a) Technical Textiles Business (TTB)	121509.01	120900.31
b) Chemicals and Polymers Business (CPB)	104679.96	63933.39
c) Packaging Films Business (PFB)	37173.15	48521.97
<b>Total</b>	263362.12	233355.67
Add : Unallocable assets less liabilities	36867.03	27193.19
<b>Total capital employed</b>	300229.15	260548.86



## B. Geographical Segments

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>Revenue</b>		
- Within India	233409.10	230811.58
- Outside India	122418.54	79853.46
<b>Total Revenue</b>	355827.64	310665.04

## 38. Foreign Currency Exposure

SRF has entered into long term contracts for the transfer / sale of Certified Emission Reductions (CER's) with reputable global buyers. The cash flow from these sales forms the mainstay of SRF's multi-year capital expansion plan, and as such these cash flows need to be both stable and secure. To ensure stability of revenues in foreign currency from the transfer / sale of CER's, the Company has entered into forward contracts with banks to part sell Euros to be earned out of future CER sales.

The details of category-wise quantitative data about derivative instruments as at March 31, 2012 are as under:

Nature of Derivative	No. of deals As at		Purpose As at		Foreign Currency (In Millions) As at		Amount (Rs lakhs) As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
EUR / INR Option Strips	7	3	Hedging	Hedging	17.25	12.25	11724.83	7730.98
Interest Rate Swap	-	1	-	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	-	-	-	10000.00
Interest Rate Swap	3	-	Conversion of Floating LIBOR to Fixed Rate	-	-	-	22891.50	-
USD / INR Sell Forwards	-	1	-	Forward Sell Contracts	-	2.00	-	891.80
USD / INR Buy Forwards	-	1	-	USD/ INR Buy for Hedging of Imports	-	0.46	-	203.09
EUR / INR Sell Forwards	9	5	Forward Sell Contracts	Forward Sell Contracts	19.75	38.00	13424.08	23981.80
EUR / INR Buy Forwards	-	20	-	EUR/ INR Buy for Hedging of Imports	-	3.54	-	2234.25

Foreign Currency Exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign Currency (in millions)	Amount Rs lakhs	Foreign Currency (in millions)	Amount Rs lakhs
Term Loans – USD	70.98	36108.42	46.96	20940.16
PCFC - USD	21.50	10937.05	14.00	6242.60
Buyer's Credits - USD	34.60	17602.34	17.68	7882.68
Loan given including interest- USD	15.25	775.82	-	-

### 39. Operating Leases

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between two to ten years. As at March 31, 2012, the future minimum lease payments under non-cancellable operating leases as set out below:

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	818.33	671.58
- Later than one year and not later than five years	2568.69	2485.88
- Later than five years	959.03	1564.73
Lease rent recognized in the statement of profit and loss	991.05	929.52

### 40. Installed Capacity Per Annum

	UNIT	As at March 31, 2012	As at March 31, 2011
Synthetic Filament Yarn including Industrial Yarn / Tyre Cord / Twine	MT	68040	68040
Nylon Tyre Cord Fabric / Industrial Yarn Fabric / Polyester Tyre Cord Fabric	MT	71384	60334
Laminated Fabric	Lakhs SQM	480	480
Nylon / PBT / PC Compounding Chips	MT	14500	14500
Fluorocarbon Refrigerant Gases	MT	25000	25000
HFC 134a	MT	5000	5000
Hydrofluoric Acid (Anhydrous)	MT	12000	12000
Gypsum (By product)	MT	44550	44550
Hydrochloric Acid (By Product)	MT	77220	77220
Chloromethanes	MT	40000	35000
Fluorospecialities Chemicals	MT	1800	1800
Packaging Films	MT	59500	59500

### 41. Actual Production

	UNIT	Year ended March 31, 2012	Year ended March 31, 2011
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord®/Twine®®	MT	11455.43	11183.79
Nylon Tyre Cord Fabric/Industrial Yarn Fabric / Polyester Tyre Cord Fabric*	MT	50225.76	51879.77
Laminated Fabric	Lakhs SQM	432.05	195.10
Nylon / PBT / PC Compounding Chips®®	MT	8634.60	8332.12
Fluorocarbon Refrigerant Gases	MT	11311.67	11496.68
HFC 134a	MT	3725.67	2399.44
Hydrofluoric Acid (Anhydrous)®	MT	-	18.48
Gypsum (By Product)	MT	37514.30	31863.28
Hydrochloric Acid (By Product)	MT	73023.20	69992.64
Chloromethanes®	MT	21074.49	22627.16
Fluorospecialities Chemicals	MT	1501.77	1329.42
Packaging Films	MT	59816.66	58254.20

Installed capacity is as certified by management

® Excludes captive consumption

\* Includes 1068.98 MT (Previous Year – 696.86 MT) of nylon tyre cord fabric/industrial yarn fabric produced outside the Company by the Company's conversion contractors

®® Includes 106.55 MT (Previous Year – 325.80 MT) of nylon compounding chips produced outside the Company by the Company's conversion contractors.

#### 42. Value of Imports on CIF Basis

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Raw materials	64310.04	66910.76
Stores and spares	2148.27	1640.48
Capital goods	4035.84	5043.96

#### 43. Expenditure in Foreign Currency

Interest	1440.66	1156.12
Technical know-how and technician's fees	57.09	31.42
Travel and conveyance	157.56	139.78
Selling commission	548.71	366.60
Lease rental	126.15	95.21
Legal and professional	854.56	190.26
Sales promotion / Market research	15.97	0.45
Investments provided / written off	9.08	154.09
Others	235.32	318.76

#### 44. Value of Imported/Indigenous Raw Materials, Stores and Spares Consumed

	Year ended March 31, 2012		Year ended March 31, 2011	
	%	(Rs lakhs)	%	(Rs lakhs)
Raw materials				
Imported	39.34	79514.38	40.54	66327.10
Indigenous	60.66	122601.90	59.46	97263.33
	100.00	202116.28	100.00	163590.43
Stores and spares				
Imported	14.14	696.78	9.76	407.70
Indigenous	85.86	4229.30	90.24	3769.28
	100.00	4926.08	100.00	4176.98

#### 45. Earnings in Foreign Exchange

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Export of goods calculated on FOB Value	122036.95	79285.59
Interest	12.64	0.92
Profit on sale of investment in subsidiary/others	42.84	285.15
Service fee including recovery of actual expenses incurred	326.11	281.80

46. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary

## Cash Flow Statement for the year ended March 31, 2012

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>A Cash flow from operating activities:</b>		
Net profit before tax	56586.34	67747.86
Adjustments for		
Depreciation and amortisation	16205.89	15210.10
Withdrawal from revaluation reserve	(37.82)	(39.29)
Finance costs	10409.32	7769.21
Net unrealised exchange (gain) / loss	(568.66)	(1022.27)
Provision for investments	9.08	154.10
Provision for doubtful trade and other receivables, loans and advances	31.59	208.94
Assets written off	40.09	250.26
Loss/(profit) on sale of fixed assets	(479.62)	(5.25)
Interest income	(201.48)	(90.34)
Dividend on current non-trade investment	(1347.70)	(473.23)
(Profit) on sale of long term investment / subsidiary	(10.00)	(285.15)
<b>Operating profit before working capital changes</b>	80637.03	89424.94
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets		
Trade receivables	3344.01	(11305.06)
Inventories	2634.07	(19096.48)
Short-term loans and advances	2590.87	572.07
Long-term loans and advances	(2404.03)	396.13
Other current assets	141.86	18.64
Other non-current assets	(168.68)	41.92
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	(3915.16)	16096.35
Other current liabilities	92.74	(275.24)
Short-term provisions	104.07	67.50
Long-term provisions	6.17	358.72
<b>Cash generated from operations</b>	83062.95	76299.49
Net income tax paid	(16517.67)	(19271.78)
<b>Net cash from operating activities (A)</b>	66545.28	57027.71
<b>B Cash flow from investing activities:</b>		
Capital expenditure on fixed assets, including capital advances	(49537.47)	(20201.67)
Proceeds from sale of fixed assets	734.42	100.35
Bank balances not considered as cash and cash equivalents	26.00	3974.39
Current investments not considered as cash and cash equivalents		
Purchased	(104059.67)	(88276.16)
Proceeds from sales	102414.47	77325.01
Investments in subsidiary companies	(44.00)	(1455.99)

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Loans and advances given	(763.05)	-
Loans and advances received back from subsidiary companies	-	606.02
Interest received on loan to subsidiary company	-	221.21
Proceeds from sale of long term non-trade investment	10.00	-
Proceeds from sale of subsidiary	-	8800.00
Amount received pursuant to Montreal Phaseout Programme	892.37	71.16
Interest income	222.60	89.42
Dividend on current non-trade investments	1347.70	473.23
<b>Net cash used in investing activities (B)</b>	<b>(48756.63)</b>	<b>(18273.03)</b>
<b>C Cash flow from financing activities:</b>		
Buy back of equity shares	(8999.28)	-
Proceeds from long term borrowings	41633.67	14489.93
Repayment of long term borrowings	(41961.07)	(7559.37)
Net proceeds / (repayment) from short term borrowings	16363.65	(19291.32)
Dividends on equity share capital paid	(8087.01)	(12526.55)
Corporate dividend tax paid	(1317.69)	(2126.62)
Repayment of fixed deposits	(8.69)	(0.12)
Finance costs paid	(8881.48)	(7887.87)
<b>Net cash used in / from financing activities (C)</b>	<b>(11257.90)</b>	<b>(34901.92)</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents D=(A+B+C)</b>	<b>6530.75</b>	<b>3852.76</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>	<b>5665.10</b>	<b>1840.15</b>
Exchange fluctuation loss / (gain) on foreign currency bank balances (F)	(30.39)	27.81
<b>Cash and cash equivalents at the close of the year G =(D+E+F)</b>	<b>12226.24</b>	<b>5665.10</b>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet	12920.67	6385.53
Less: Bank balances not considered as cash and cash equivalents	(694.43)	(720.43)
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	12226.24	5665.10
<b>Cash and cash equivalents at the end of the year comprises:</b>		
(a) Cash on hand	38.67	24.02
(b) Cheques, drafts on hand	12.76	29.59
(c) Balances with banks		
(i) In current accounts	8837.42	4027.93
(ii) In Exchange Earners' Foreign Currency (EEFC) accounts	1301.85	83.56
(iii) In deposit accounts	2035.54	1500.00
<b>Cash and cash equivalents as per AS - 3 - Cash Flow Statements</b>	<b>12226.24</b>	<b>5665.10</b>

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary

# Auditors' Report

## To The Board of Directors of SRF Limited

1. We have audited the attached Consolidated Balance Sheet of SRF LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., SRF Overseas Limited, SRF Industries (Thailand) Limited, SRF Industex Belting (Pty) Limited, SRF Flexipak (South Africa) (Pty) Limited, SRF Nitol (Bangladesh) Limited, SRF Transnational Holdings Limited, SRF Properties Limited, SRF Fluor Private Limited, SRF Holiday Home Limited, SRF Global BV, SRF Energy Limited and SRF Fluorochemicals Limited whose financial statements reflect total assets of Rs. 44051.65 lakhs, as at March 31, 2012, total revenues of Rs. 47556.61 lakhs and net cash outflows amounting to Rs. 1553.27 lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21 - "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - ii. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## For DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 015125N)

### Manjula Banerji

Partner  
(Membership No. 086423)

Gurgaon, May 01, 2012

## Consolidated Balance Sheet as at March 31, 2012

Particulars	Note No.	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	5843.56	6152.41
Reserves and surplus	3	179309.52	163645.23
		<u>185153.08</u>	<u>169797.64</u>
<b>Minority interest</b>		0.61	-
<b>Non-current liabilities</b>			
Long-term borrowings	4	71709.22	56948.82
Deferred tax liabilities	5	22691.84	21610.23
Long-term provisions	6	1055.59	1056.93
		<u>95456.65</u>	<u>79615.98</u>
<b>Current liabilities</b>			
Short-term borrowings	4	37358.06	14162.45
Trade payables	7	53160.12	56279.60
Other current liabilities	8	25617.62	35456.96
Short-term provisions	9	1473.09	1072.15
		<u>117608.89</u>	<u>106971.16</u>
<b>Total equity and liabilities</b>		<u>398219.23</u>	<u>356384.78</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		204831.11	200421.96
Intangible assets		2670.57	2858.96
Capital work-in-progress		41747.60	11307.06
Goodwill on consolidation		296.40	296.40
Non-current investments	11	630.13	580.13
Deferred tax assets	12	1414.74	1539.56
Long-term loans and advances	13	12448.00	6264.85
Other non-current assets	14	323.17	135.69
		<u>264361.72</u>	<u>223404.61</u>
<b>Current assets</b>			
Current investments	11	13421.23	11035.07
Inventories	15	48765.79	50405.72
Trade receivables	16	48373.18	49183.13
Cash and cash equivalents	17	14007.84	9024.73
Short-term loans and advances	18	9138.91	13115.33
Other current assets	19	150.56	216.19
		<u>133857.51</u>	<u>132980.17</u>
<b>Total assets</b>		<u>398219.23</u>	<u>356384.78</u>

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary

## Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No.	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>Revenue from operations</b>			
Sale of products (gross)		424132.85	367273.07
Less : Excise duty		26047.70	28129.64
Sale of products (net)		398085.15	339143.43
Other operating revenues	20	2353.12	8210.76
		400438.27	347354.19
Other Income	21	2777.39	4587.05
<b>Total revenue</b>		403215.66	351941.24
<b>Expenses</b>			
Cost of materials consumed	22	230637.46	186991.41
Purchases of traded goods	23	640.16	1463.91
(Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods	24	(71.29)	(5399.89)
Employee benefits expenses	25	22113.19	20447.02
Finance costs	26	11716.51	8972.16
Depreciation and amortisation expenses	27	18368.32	17009.85
Other expenses	28	63638.58	53761.29
<b>Total expenses</b>		347042.93	283245.75
<b>Profit before tax</b>		56172.73	68695.49
Tax expense			
Current tax		16422.60	18582.96
Current tax relating to prior years		447.45	96.13
Deferred tax charge		1420.89	1592.63
		18290.94	20271.72
<b>Profit after tax</b>		37881.79	48423.77
<b>Earnings per share</b>	33		
Basic (Rs)		64.10	80.03
Diluted (Rs)		64.10	80.03

**Accompanying notes forming part of the consolidated financial statements**

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary



## Notes Forming Part of The Consolidated Financial Statements for the year ended March 31, 2012

### 1. Significant Accounting Policies

- (i) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006.

a) Principles of consolidation:

The consolidated financial statements relate to SRF Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra-group transactions resulting in unrealized profit or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- The excess of cost to the company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognized in the financial statements as goodwill.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

b) The subsidiaries considered in the preparation of these consolidated financial statements are:

Name of Subsidiary	Country of incorporation	Proportion of ownership as at March 31, 2012	Proportion of ownership as at March 31, 2011
<b>Indian Subsidiaries</b>			
SRF Transnational Holdings Limited	India	100%	100%
SRF Properties Limited	India	100%	100%
SRF Holiday Home Limited	India	100%	100%
SRF Energy Limited	India	100%	100%
SRF Fluorochemicals Limited	India	100%	100%
<b>Foreign Subsidiaries</b>			
SRF Fluor Private Limited	Mauritius	100%	100%
SRF Global BV	Netherlands	100%	100%
SRF Overseas Limited ('SRFO') (100% subsidiary of SRF Global BV)	British Virgin Islands	100%	100%
SRF Industries (Thailand) Limited (Formerly known as SRF Technical Textiles (Thailand) Limited) (100% subsidiary of SRF Global BV)	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (100% subsidiary of SRF Global BV)	Republic of South Africa	100%	100%
SRF Tech Textile BV (100% subsidiary of SRF Global BV)	Netherlands	-	100%
SRF Flexipak (South Africa) (Pty) Limited (100% subsidiary of SRF Global BV)	Republic of South Africa	100%	-
SRF Nitol Bangladesh Limited (80% subsidiary of SRF Global BV)	Bangladesh	80%	-

The Company owns 22.60% (Previous year – 22.60%) in Malanpur Captive Power Limited and the same has not been considered for the purposes of consolidation, since the Company does not exercise significant influence over Malanpur Captive Power Limited.

**(ii) Use of Estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**(iii) Fixed Assets**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation except for certain fixed assets which are revalued and are therefore, stated at their revalued book values. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

The basis for revaluation is current cost of depreciated assets at the time of revaluation. If the revaluation shows an increase in the value of a category of assets, the same is added to the historical value net of any decline in value of any asset of that category; any such decrease is expensed. The decline in value of any individual asset in a category is charged to revenue over the remaining useful life of that asset and corresponding adjustment made on the amount withdrawn from the revaluation reserve.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**(iv) Depreciation**

- a. Depreciation on all fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation/revaluation of the related assets, whichever is higher, except in case of the following assets where depreciation is provided at the rates indicated against each assets: -

Vehicles	-	21%
Data Processing Equipments	-	31.67%
Mobile Phones	-	95%
- b. Depreciation is calculated on a pro rata basis except that, assets costing upto Rs 5,000 each are fully depreciated in the year of purchase.
- c. On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.
- d. In respect of revalued assets, a transfer is made from the revaluation reserve to the statement of profit and loss for the sum of the differences as below: -
  - the difference between the amounts of depreciation on revalued value at rates based on useful life prescribed by valuers and on the historical cost at rates prescribed in Schedule XIV, if the former is higher.
  - where assets are discarded / disposed off, the difference between the write down value as per the revalued value and historical cost.
- e. No write-off is made in respect of leasehold land as the lease is a perpetual lease.
- f. Depreciation (amortisation) on intangibles is provided on straight line method as follows:
  - Trademark and technical knowhow over a period of ten years
  - Software over a period of three years
  - Goodwill, other than goodwill on consolidation, over a period of ten years

**(v) Foreign Currency Transactions**

Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

All monetary items are re-stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the statement of profit and loss as exchange fluctuation.

The Company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transactions. Effective April 1, 2007, the

Company designates such contracts in a cash flow hedge relationship by applying the principles set out in Accounting Standard (AS) – 30 - “Financial Instruments: Recognition and Measurement”.

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in statement of profit and loss.

Amount accumulated in Cash Flow Hedge Reserve are reclassified to statement of profit and loss in the same periods during which the forecasted transaction affects the profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires, or is sold or terminated or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Cash Flow Hedge Reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the Cash Flow Hedge Reserve to the statement of profit and loss.

Contracts that are not designated as hedges of future cash flows are fair valued at each reporting date and the resultant gain or loss is recognised in the statement of profit and loss.

**(vi) Research & Development**

Expenditure on research and development of products is included under the natural heads of expenditure in the year in which it is incurred except which relate to development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes. Such costs are capitalised if they can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use or sell the asset.

Capital expenditure on research and development includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use and is treated in the same manner as expenditure on other fixed assets and depreciated as per Company policy.

**(vii) Inventories**

Stores and spares are valued at cost or under. Stock in trade is valued at cost or net realizable value, whichever is lower. The bases of determining the cost for various categories of inventory are as follows:

Stores, spares and raw materials	-	Weighted average rate
Stock in trade		
Process stocks and finished goods	-	Direct cost plus appropriate share of overheads and excise duty, wherever applicable
By products	-	At estimated realisable value

**(viii) Investments**

Long term investments are valued at cost unless there is a decline in value other than temporary. Current investments are stated at lower of cost or fair value.

**(ix) Employee Benefits**

Company's contributions paid / payable during the year to provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees' State Insurance Corporation are recognised in the statement of profit and loss.

Provision for gratuity, compensated absences, provident fund for certain category of employees administered through a recognized provident fund trust and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

**(x) Provisions and Contingent Liabilities**

The Company recognises a provision when there is a present obligation as a result of past events and it is more likely than not that an outflow of resources would be required to settle the obligation and a reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(xi) Revenue Recognition**

Sale of goods is recognised at the point of dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Certified Emission Reductions (CER's) is recognised as income on the delivery of the CER's to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

**(xii) Reserves**

- Revaluation reserve represents the difference between the revalued amount of the assets and the written down value of the assets on the date of revaluation net of withdrawals there from.
- Capital receipts are credited to Capital reserve.
- Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

**(xiii) Taxation**

- The income tax liability is provided in accordance with the provisions of the Income Tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**2. Share Capital****a) Details of share capital**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Authorised</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of Rs 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of Rs 100 each	1000.00	1000.00
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of Rs 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of Rs 100 each	20000.00	20000.00
	33600.00	33600.00
<b>Issued</b>		
6,14,77,255 (Previous Year - 6,45,60,335) Equity Shares of Rs 10 each	6147.73	6456.03
<b>Subscribed and paid up</b>		
5,74,20,500 (Previous Year - 6,05,03,580) Equity Shares of Rs 10 each fully paid up	5742.05	6050.36
Add: Forfeited shares - Amount originally paid up	101.51	101.51
Add: Share capital suspense*	-	0.54
	5843.56	6152.41

\* Share capital suspense represents Nil (Previous Year - 5,408) equity shares which were awaiting allotment to the erstwhile shareholders of Flowmore Polysters Limited (FPL) pending settlement of calls in arrears in respect of their shareholding in FPL, which has been transferred to capital reserve during the year.

**b) Reconciliation of equity shares**

	Number of shares	Value (Rs lakhs)
As at April 1, 2010	60503580	6050.36
Add: Movement during the year	-	-
As at March 31, 2011	60503580	6050.36
Less: Shares bought back during the year	3083080	308.31
<b>As at March 31, 2012</b>	57420500	5742.05

The shares bought back in the current year were cancelled/extinguished during the year.

c) **Shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	(No. of shares)	% of total	(No. of shares)	% of total
KAMA Holdings Limited	28606962	49.82	28491962	47.09

d) The Company has bought back 1,04,64,505 equity shares (Previous Year – 73,97,509 equity shares) in aggregate in the last five financial years.

e) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

During the year ended March 31, 2012, the amount of interim dividend recognized as distributions to equity shareholders was Rs 14 per share (Previous Year - Rs 14 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3. Reserves and Surplus

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Securities premium account	-	5527.11
Capital reserve	22979.64	22086.73
Revaluation reserve	10173.41	15848.19
Capital redemption reserve	1048.08	739.77
Debenture redemption reserve	7500.00	9075.00
Special economic zone reinvestment allowance reserve	550.00	-
Cash flow hedge reserve	(220.54)	261.63
Foreign currency translation reserve	1313.06	135.24
General reserve	32108.07	22495.24
Surplus in statement of profit and loss	103857.80	87476.32
<b>Total Reserves and Surplus</b>	<b>179309.52</b>	<b>163645.23</b>

a) **Securities premium account**

As at the beginning of the year	5527.11	5527.11
Less: Utilisation towards premium paid on buyback of shares	5527.11	-
<b>As at the end of the year</b>	<b>-</b>	<b>5527.11</b>

b) **Capital reserve**

As at the beginning of the year	22086.73	22015.57
Add: Amount received pursuant to Montreal Protocol Phaseout Programme of Refrigerant Gases	892.37	71.16
Add: Amount transferred from Share Capital Suspense	0.54	-
<b>As at the end of the year</b>	<b>22979.64</b>	<b>22086.73</b>

**c) Revaluation reserve**

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
As at the beginning of the year	15848.19	11062.22
Add: Revaluations during the year	-	6240.25
Less: Transferred to statement of profit and loss on account of depreciation	5674.72	1454.28
Less: Transferred to statement of profit and loss on account of deletion of assets	0.06	-
<b>As at the end of the year</b>	<b>10173.41</b>	<b>15848.19</b>

**d) Capital redemption reserve**

As at the beginning of the year	739.77	739.77
Add: Transferred from general reserve on account of buyback	308.31	-
<b>As at the end of the year</b>	<b>1048.08</b>	<b>739.77</b>

**e) Debenture redemption reserve**

As at the beginning of the year	9075.00	6050.00
Add: Transferred from surplus in statement of profit and loss	7500.00	3025.00
Less: Transferred to general reserve	9075.00	-
<b>As at the end of the year</b>	<b>7500.00</b>	<b>9075.00</b>

**f) Special economic zone reinvestment allowance reserve**

As at the beginning of the year	-	-
Add: Transferred from surplus in statement of profit and loss	550.00	-
<b>As at the end of the year</b>	<b>550.00</b>	<b>-</b>

**g) Cash flow hedge reserve**

As at the beginning of the year	261.63	1569.79
Add: Gain / (loss) on mark to market of foreign currency derivatives	(482.17)	(1308.16)
<b>As at the end of the year *</b>	<b>(220.54)</b>	<b>261.63</b>

\* Net of deferred tax asset of Rs 105.59 lakhs (Previous Year – deferred tax liability of Rs 128.76 lakhs)

**h) Foreign currency translation reserve**

As at the beginning of the year	135.24	(181.07)
Add: Effect of foreign exchange translations during the year	1177.82	316.31
<b>As at the end of the year</b>	<b>1313.06</b>	<b>135.24</b>

**i) General reserve**

As at the beginning of the year	22495.24	17485.24
Add: Transferred from surplus in statement of profit and loss	4010.00	5010.00
Add: Transferred from debenture redemption reserve	9075.00	-
Less: Utilisation towards premium paid on buyback of shares	3163.86	-
Less: Transferred to capital redemption reserve	308.31	-
<b>As at the end of the year</b>	<b>32108.07</b>	<b>22495.24</b>

j) Surplus in statement of profit and loss

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
As at the beginning of the year	87476.32	56964.89
Add: Profit after tax for the year	37881.79	48423.77
Less: Interim dividend	8122.62	8470.50
Less: Corporate dividend tax	1317.69	1406.84
Less: Transfer to general reserve	4010.00	5010.00
Less: Transfer to debenture redemption reserve	7500.00	3025.00
Less: Transfer to special economic zone reinvestment allowance reserve	550.00	-
<b>As at the end of the year</b>	<b>103857.80</b>	<b>87476.32</b>

4. Borrowings

Long term borrowings

Secured

Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each (1)	-	15000.00
Term loans		
- from banks {2(iii) & (3)}	60098.88	59232.92
- from others (4)	210.94	-
	<b>60309.82</b>	<b>74232.92</b>
Less : Current maturities of long term borrowings (Refer Note 8)		
Term loans from Banks	(13774.60)	(26202.10)
<b>Net secured long term borrowings</b>	<b>46535.22</b>	<b>48030.82</b>

Unsecured

1500 (Previous Year – Nil), 10.60%, Listed, Unsecured Redeemable non-convertible debentures of Rs 10 lakhs each	15000.00	-
Term loan from banks	10174.00	8918.00
	<b>25174.00</b>	<b>8918.00</b>
<b>Net long term borrowings</b>	<b>71709.22</b>	<b>56948.82</b>

Short term borrowings

Secured

Cash credits from banks {2(i), 2(iv) & 2(v)}	1459.52	694.79
Term loans from banks {2(ii) & 2(vi)}	10021.88	2229.50
	<b>11481.40</b>	<b>2924.29</b>

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Unsecured</b>		
Term loans		
- from banks	25688.44	10498.58
- from others*	188.22	739.58
	25876.66	11238.16
<b>Total short term borrowings</b>	37358.06	14162.45
<b>Total borrowings</b>	109067.28	71111.27

\* Includes Nil (Previous Year - Nil) for Commercial Paper issued by the Company. The maximum amount due during the year is Nil (Previous Year - Rs 2500.00 lakhs)

## Details of Security of the above Secured Loans

Loan	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)	Security
1. Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each <b>Terms and conditions</b> a. Redeemable at face value in three annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4th year from the date of allotment b. Call option at the end of 3rd year with step up of 0.5% p.a. if call option is not exercised.	-	15000.00	Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition, these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.  The charge has been vacated during the year on repayment of debentures.
2. (i) Cash credit / working capital demand loans	903.58	351.24	Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.  Bank loans and overdrafts in SRF Overseas Limited are secured by the assignment of insurance policies on inventories on pari-passu basis and working capital facilities are granted to the Company against a floating charge on the trade receivables of the Company on a pari-passu basis.  Bank loans, overdrafts and trust receipt payable in SRF Industries (Thailand) Limited (formerly known as SRF Technical Textiles (Thailand) Limited) are secured by mortgage of buildings and machineries and the pledge of the Company's leasehold rights.
(ii) Term loan from banks	9464.05	2229.50	
(iii) Term loan from banks	-	1397.20	
(iv) Cash credit / working capital demand loans	453.81	282.83	
(v) Cash credit / working capital demand loans	102.13	60.72	
(vi) Trust receipt payable	557.83	-	



## Details of Security of the above Secured Loans

Loan	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)	Security
3. (i) Term loan from banks	27920.83	47797.57	<p>Term loans from banks are secured by:-</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand.</p> <p>Out of the loans as at 3(i), the term loans aggregating to Rs 26608.33 lakhs (Previous Year – Rs 46047.57 lakhs) are additionally secured by hypothecation of Company's moveable properties both present and future, situated at Pantnagar in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immovable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs 3600.77 lakhs (Previous Year – Rs 5370.57 lakhs) are additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs 2288.27 lakhs (Previous Year – Rs 3620.57 lakhs) is additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>Term Loan of Rs 23320.83 lakhs (Previous Year – Rs 41997.57 lakhs) is additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Malanpur (save and except superstructure) in the State of Madhya Pradesh.</p> <p>Term Loans of Rs 21032.56 lakhs (Previous Year – Rs 38377.00 lakhs) are additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs 6242.12 lakhs (Previous Year – Rs 12009.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>b) Rs 4929.62 lakhs (Previous Year – Rs 10259.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs 4600.00 lakhs (Previous Year – Rs 5800.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).</p>

## Details of Security of the above Secured Loans

Loan	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)	Security
(ii) Term loan from banks	27058.71	3942.60	<p>d) Rs 6888.27 lakhs (Previous Year – Rs 9420.57 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>e) Rs 8530.39 lakhs (Previous Year – Rs 15629.57 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.</p> <p>Term loans from Banks aggregating to Rs 4167.21 lakhs (Previous Year – Rs 3942.60 lakhs) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loan of Nil (Previous Year – Rs 38.01 lakhs) is additionally secured by a charge on a fixed deposit of Rs 30.00 lakhs with a bank.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 22891.50 lakhs (Previous Year - Nil) are to be further secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 26633.67 lakhs (Previous Year – Rs 38.01 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi (Freehold and leasehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p>
(iii) Term loan from banks	5119.34	6095.55	<p>Bank loan in SRF Industries (Thailand) Limited (formerly known as SRF Technical Textiles (Thailand) Limited) of USD 10.06 million (Previous Year – USD 13.67 million) from Bank of Ayudhya, Thailand is secured by mortgage and pledge on the plant and machinery of SRF Industries (Thailand) Limited (formerly known as SRF Technical Textiles (Thailand) Limited) and assignment of leasehold rights.</p>
4. Term loan from others	210.94	-	<p>Loan in SRF Flexipak (South Africa) (Pty) Limited of Rands 3.18 million from Three Diamond Trading 549 (Pty) Limited is secured by a bond to be registered over the land. The loan is interest free and will be offset against the sub division of a portion of the property totaling 1.5884 hectares.</p>
Total	71791.22	77157.21	

In respect of SRF Limited, the hypothecation and equitable mortgage ranking pari-passu between term loans from banks / others and subject to prior charges created / to be created on certain specified moveable assets for working capital facilities mentioned in 2 above.

## Terms of Repayment of Loans

### Long Term Borrowings

Loan category	Frequency of principal repayments	Interest rate		Amount of principal repayment per instalment (Rs lakhs)		Period of loan outstanding from	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	March 31, 2012	March 31, 2011
1500 (Previous Year – Nil), 10.60%, Listed, Unsecured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	Redeemable at face value in one instalment at the end of second year	10.60%	-	15000.00	-	Two years	-
Nil (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	a) Redeemable at face value in three annual instalments in the ratio of 30%, 30% and 40% commencing from the end of 4th year from the date of allotment b) Call option at the end of 3rd year with step up of 0.5% p.a. if call option is not exercised.	-	13.00%	-	15000.00	-	Four years
Rupee term loans	Half yearly payments	8% to 13%	8.80% to 11.25%	1396.52	3522.30	Three to eight years	Two years to nine years
	Quarterly payments	12%	9.50%	670.00	332.50	Two years	Three years
	Three instalments a year	12%	11%	833.33	833.33	One year	Two years
Foreign currency term loans	Half yearly instalments	Libor plus interest rate spread ranging from 0.50% to 2.10%	Libor plus interest rate spread ranging from 0.50% to 2.10%	1696.79	3446.90	One year to four years	One year to five years
	Quarterly instalments	Libor plus interest rate spread ranging from 1.60% to 2.00%	Libor plus interest rate spread of 2.00%	1653.28	403.70	One year to seven years	One year to three years
	One instalment a year	Libor plus interest rate spread of 2.00%	Libor plus interest rate spread of 2.00%	329.62	11702.50	One year	One year to two years

The term loan amounting to Rs 5119.34 lakhs (Previous Year – Rs 6095.55 lakhs) represent loans in Thailand from a commercial bank, which carries interest at a rate tied with the minimum loan rate (MLR) per annum, and the repayment are to be made within 7 years with a one year grace period.

## Short Term Borrowings

Short term borrowings are payable in one installment within one year with interest rates LIBOR plus interest rate spread ranging from 1.00% to 3.25%

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>5. Deferred Tax Liabilities</b>		
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	21090.32	20089.28
Research and development expenditure and others	1601.52	1520.95
<b>Total Deferred tax liabilities</b>	<u>22691.84</u>	<u>21610.23</u>
<b>6. Long Term Provisions</b>		
Employee benefits	1055.59	1056.93
<b>Total long term provisions</b>	<u>1055.59</u>	<u>1056.93</u>
<b>7. Trade Payables</b>		
Acceptances	28934.51	23589.97
Trade payables		
- Outstanding dues to Micro and Small enterprises	163.16	146.34
- Outstanding dues to parties other than Micro and Small enterprises	24062.45	32543.29
<b>Total Trade Payables</b>	<u>53160.12</u>	<u>56279.60</u>
<b>8. Other Current Liabilities</b>		
Current maturities of long term borrowings	13774.60	26202.10
Interest accrued but not due on borrowings	374.25	1141.22
Unclaimed dividend*	480.68	445.07
Unclaimed fixed deposits* (including interest)	3.30	11.99
Book Overdraft	119.11	-
Security deposits	536.93	539.11
Acceptances for fixed assets	31.27	-
Payables for fixed assets		
- Outstanding dues to Micro and Small enterprises	166.73	-
- Outstanding dues to parties other than Micro and Small enterprises	3213.43	782.22
Gratuity	819.00	939.96
Statutory remittances	1811.45	1447.91
Other taxes payable	2040.01	2034.46
Advances received from customers	690.86	717.73
Other payables	1556.00	1195.19
<b>Total other current liabilities</b>	<u>25617.62</u>	<u>35456.96</u>
* Will be credited to investor education and protection fund if not claimed within seven years from the date of issue of dividend / interest warrant and the date the fixed deposits have matured.		
<b>9. Short Term Provisions</b>		
Employee Benefits	519.71	426.79
Provision for tax (net of payments)	953.38	645.36
<b>Total short term provisions</b>	<u>1473.09</u>	<u>1072.15</u>

## 10. Fixed Assets

(Rs lakhs)

Description	Gross Block			Depreciation/Amortization					Net Block		Revaluation Amount		
	As at April 1, 2011	Additions	Translation Adjustments /Net Revaluation	Disposals	As at March 31, 2012	Upto March 31, 2011	For the year	Translation Adjustment	On disposals	Upto March 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012
<b>Tangible assets</b>													
Land													
- Freehold	10673.16	3956.46	-	-	14629.62	-	-	-	-	-	14629.62	10673.16	4882.68
- Leasehold	4955.77	2026.12	-	-	6981.89	-	-	-	-	-	6981.89	4955.77	362.62
Roads	1418.01	271.68	69.66	-	1759.35	723.57	31.82	54.45	-	809.84	949.51	694.44	32.90
Buildings	47067.18	4546.00	1368.89	40.18	52941.89	12906.17	1728.96	770.87	16.60	15389.40	37552.49	34161.01	1084.31
Plant and machinery	303202.97	13806.34	9623.01	679.59	325952.73	156246.97	20977.33	7565.17	460.02	184329.45	141623.28	146956.00	3810.90
Furniture & fixtures	2094.59	231.57	27.29	4.64	2348.81	1202.52	119.10	25.17	2.39	1344.40	1004.41	892.07	-
Office equipments	3229.53	363.63	74.53	155.38	3512.31	2386.88	231.92	66.92	138.83	2546.89	965.42	842.65	-
Vehicles	2266.87	389.80	21.41	479.11	2198.97	1020.01	376.50	18.97	341.00	1074.48	1124.49	1246.86	-
<b>Sub-total</b>	<b>374908.08</b>	<b>25591.60</b>	<b>11184.79</b>	<b>1358.90</b>	<b>410325.57</b>	<b>174486.12</b>	<b>23465.63</b>	<b>8501.55</b>	<b>958.84</b>	<b>205494.46</b>	<b>204831.11</b>	<b>200421.96</b>	<b>10173.41</b>
<b>Intangible Assets</b>													
Goodwill	1004.04	-	-	-	1004.04	73.78	36.92	-	-	110.70	893.34	930.26	-
Trade Marks	1139.70	-	-	-	1139.70	256.43	113.97	-	-	370.40	769.30	883.27	-
Technical Knowhow	908.75	-	-	-	908.75	102.57	187.60	-	-	290.17	618.58	806.18	-
Software	863.78	389.02	-	-	1252.80	624.53	238.92	-	-	863.45	389.35	239.25	-
<b>Sub-total</b>	<b>3916.27</b>	<b>389.02</b>	<b>-</b>	<b>-</b>	<b>4305.29</b>	<b>1057.31</b>	<b>577.41</b>	<b>-</b>	<b>-</b>	<b>1634.72</b>	<b>2670.57</b>	<b>2858.96</b>	<b>-</b>
<b>Grand Total</b>	<b>378824.35</b>	<b>25980.62</b>	<b>11184.79</b>	<b>1358.90</b>	<b>414630.86</b>	<b>175543.43</b>	<b>24043.04</b>	<b>8501.55</b>	<b>958.84</b>	<b>207129.18</b>	<b>207501.68</b>	<b>203280.92</b>	<b>10173.41</b>
Previous year	347947.66	21089.10	10759.95	972.36	378824.35	153889.63	18464.13	3914.78	725.11	175543.43	41747.60	11307.06	15848.19
Capital-work-in-progress											<b>249249.28</b>	<b>214587.98</b>	

## Notes to fixed assets

- (i) The amount of borrowing cost capitalized to fixed assets / capital work in progress during the year is Rs 1291.82 lakhs (Previous Year - Rs 364.35 lakhs).
- (ii) The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.
- (iii) Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 29 below).
- (iv) Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidipoondi, the Company does not have clear title to 2.43 acres.
- (v) The execution of lease deed and formal possession of land is under progress in respect of 269921 sq. mtrs of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat.
- (vi) Capital work in progress includes pre-operative expenses Rs 4019.44 lakhs (Previous Year - Rs 2021.73 lakhs).
- (vii) The revaluation of fixed assets of the SRF Limited was carried out in the year ended March 31, 2005 and of SRF Industries (Thailand) Limited (formerly SRF Technical Textiles (Thailand) Limited) has been done in financial year ended March 31, 2011.

## 11. Investments

Long term investments are valued at cost unless there is a decline in value, other than temporary. Current investments are valued at lower of cost or fair value.

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Non-current investments</b>		
<b>Long term investments</b>		
<b>Trade investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
<b>Other investments</b>		
<b>Investments in equity instruments</b>		
<b>Quoted</b>		
2,901 (Previous Year - 2,901) Shares of Rs 10 each fully paid up of Mawana Sugars Limited	0.48	0.48
<b>Unquoted</b>		
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less : Provision for diminution in value	(11.69)	(11.69)
	-	-
1,19,000 (Previous Year 1,19,000) Equity shares of Rs 10 each fully paid up of SB Packaging Limited	49.98	49.98
Less: Provision for diminution in value	(49.98)	(49.98)
	-	-
<b>Investments in preference shares</b>		
<b>Unquoted</b>		
Nil (Previous Year - 25,00,000) preference shares of Rs 10 each fully paid up of SBL Industries Limited	-	250.00
25,00,000 preference shares sold during the year	-	-
Less : Provision for diminution in value	-	(250.00)
	-	-

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Partly paid investments</b>		
<b>Investments in private equity fund</b>		
<b>Unquoted</b>		
250,000 (Previous year - Nil) units of Rs. 100 each (partly paid up to the extent of Rs. 20 each) of Asian Healthcare Fund Investment Trust	50.00	-
250,000 units allotted during the year - partly paid Rs. 20 each		
<b>Total non-current investments (Long term investments)</b>	<b>630.13</b>	<b>580.13</b>
Aggregate amount of long term quoted investments	0.48	0.48
Aggregate amount of long term unquoted investments (net of provision)	629.65	579.65
Aggregate provision for diminution in value of long term investments	61.67	311.67
Market value of long term quoted investments	0.39	0.64
<b>Current investments</b>		
<b>Investments in mutual funds</b>		
<b>Quoted</b>		
2,50,00,000 (Previous Year - 2,50,00,000) Units of Rs 10 each of SBI Mutual Fund - SBI Debt Fund Series - 370 Days - 12 Growth	2500.00	2500.00
1,00,00,000 (Previous year - Nil) Units of Rs 10 each of Kotak FMP - Series 79 Growth	1000.00	-
50,00,000 (Previous year - Nil) Units of Rs 10 each of Taurus Quarterly Interval Fund - Series 2 - Dividend Plan	500.00	-
50,00,000 (Previous year - Nil) Units of Rs 10 each of Kotak FMP - Series 84 - Growth	500.00	-
1,00,00,000 (Previous year - Nil) Units of Rs 10 each of UTI Fixed Term Income Fund Series X - VIII - Growth	1000.00	-
1,27,55,392 (Previous year - Nil) Units of Rs 12.23 each of Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment Option	1559.74	-
1,04,317 (Previous year - Nil) Units of Rs 1003.25 each of SBI Premier Liquid Fund - Institutional - Daily Dividend Reinvestment Option	1046.56	-
1,01,503 (Previous year - Nil) Units of Rs 1000.09 each of Taurus Liquid Fund - Super Institutional - Daily Dividend Reinvestment Option	1015.12	-
99,996 (Previous year - Nil) Units of Rs 1000.67 each of Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment Option	1000.64	-
73,098 (Previous Year - Nil) Units of Rs 1000 each of DSP Blackrock Liquidity Fund - Institutional Plan - Weekly Dividend	731.37	-
<b>Unquoted</b>		
Nil (Previous Year - 3,54,71,831) Units of Rs 10.08 each of Kotak Floater Long Term Fund Daily Dividend Reinvestment Option	-	3575.49
Nil (Previous Year - 2,51,95,750) Units of Rs 10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan -B	-	2519.58
Nil (Previous Year - 2,40,00,000) Units of Rs 10 each of Kotak Quarterly Interval Plan Series 6- Dividend	-	2400.00
9,99,995 (Previous year - Nil) Units of Rs 100.02 each of ICICI Prudential Liquid Super Institutional Plan Daily Dividend Reinvestment Option	1000.22	-
1,48,903 (Previous year - Nil) Units of Rs 1019.45 each of UTI Liquid Cash Plan - Institutional - Daily Dividend Reinvestment Option	1517.99	-

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Nil (Previous Year – 2,00,000) of Rs 10 each of Birla Sun Life Fixed Term Plan Series CL Dividend	-	20.00
25,279 Units (Previous year - Nil) of Rs. 100.07 each of Birla Sun Life Saving Fund Retail - Daily Dividend Re-investment	25.30	-
Nil (Previous Year - 2,00,000) units of Rs 10 each of Sundaram Fixed Term Plan AV 366 days Dividend	-	20.00
2,428 Units (Previous Year – Nil) of Rs 1000.77 each of SBI Ultra Short Term Fund – Retail Plan – Daily Dividend	24.29	-
<b>Total current investments</b>	<u>13421.23</u>	<u>11035.07</u>
Aggregate amount of current quoted investments	10853.43	2500.00
Aggregate amount of current unquoted investments	2567.80	8535.07
Market value of current quoted investments	11102.64	2500.00
Net asset value/repurchase price of units of mutual funds-unquoted	2567.80	8544.37

## 12. Deferred Tax Assets

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	94.33	95.86
Accrued expenses deductible on payment basis and others	1026.77	696.95
Brought forward business losses *	293.64	746.75
<b>Total Deferred tax assets</b>	<u>1414.74</u>	<u>1539.56</u>

\* The deferred tax assets have been recognised keeping in view the concept of prudence and on the basis of virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realised.

## 13. Long Term Loans and Advances

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Capital advances*	6834.76	3033.25
Security deposits**	2586.57	2394.65
Loans and advances to related parties	-	-
Loans to employees	489.88	142.20
Prepaid expenses	23.33	112.72
CENVAT/Service tax/VAT recoverable	2439.28	562.19
Other loans and advances		
Unsecured - considered good	74.18	19.84
- considered doubtful	12.15	12.36
Less : Provision for doubtful advances	(12.15)	(12.36)
<b>Total long term loans and advances</b>	<u>12448.00</u>	<u>6264.85</u>

\* Includes Rs 1111.85 lakhs (Previous year – Nil) paid to a party towards construction of a jointly owned assets.

\*\* Security deposits includes Rs 1021.76 lakhs (Previous year - Rs 1047.48 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company.



#### 14. Other Non-current Assets

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Unamortised upfront fees on loans	323.17	135.69
<b>Total other non-current assets</b>	<b>323.17</b>	<b>135.69</b>

#### 15. Inventories

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Raw materials	16525.96	16053.43
Raw materials in transit	8123.76	11355.53
Stock-in-process	8327.45	8616.00
Stock-in-process in transit	78.69	107.19
Finished goods	8761.07	9056.50
Finished goods in transit	1165.50	507.63
Stock of traded goods	25.90	-
Stores and spares	5730.28	4709.44
Stores and spares in transit	27.18	-
<b>Total inventories</b>	<b>48765.79</b>	<b>50405.72</b>

- a) Raw materials, stock-in-process, finished goods and stock of traded goods are valued at lower of cost and net realizable value.  
b) Stores and spares are valued at cost or under.

#### 16. Trade Receivables

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured – considered good	14.16	119.71
- Unsecured – considered doubtful	270.97	308.98
	285.13	428.69
Less : Provision for doubtful receivables	270.97	308.98
	14.16	119.71
Other trade receivables		
- Unsecured – considered good	48359.02	49063.42
<b>Total trade receivables</b>	<b>48373.18</b>	<b>49183.13</b>

## 17. Cash and Cash Equivalents

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Cash in hand	41.64	26.68
Cheques, drafts on hand	12.76	29.64
Balance with banks on		
Current accounts	9603.98	6546.35
Exchange Earners Foreign Currency (EEFC) accounts	1301.85	83.56
Deposit accounts	2035.54	1500.00
In earmarked accounts		
Margin money	531.39	393.43
Unclaimed dividend accounts	480.68	445.07
<b>Total cash and cash equivalents</b>	14007.84	9024.73
Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 - Cash Flow Statements is	12995.77	8186.23

## 18. Short Term Loans and Advances

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Loans to employees	327.35	207.84
Loans and advances to related parties	4.77	38.74
Deposits with customs and excise authorities	673.51	924.64
Security deposits	97.20	100.12
Advance Tax	32.75	16.75
Claims recoverable	1005.40	1380.86
CENVAT/Service tax/VAT recoverable	4719.28	4903.50
Other loans and advances		
- Unsecured - considered good	2278.65	5542.88
- considered doubtful	299.57	158.18
Less : Provision for doubtful advances	(299.57)	(158.18)
<b>Total short term loans and advances</b>	9138.91	13115.33

### Loans and advances to related parties include:

Name of related parties	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
KAMA Holdings Limited	-	6.92
Shri Educare Limited	4.77	31.82
<b>Total loans and advances to related parties</b>	4.77	38.74

## 19. Other Current Assets

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Unamortised upfront fees on loans	150.56	216.19
<b>Total other current assets</b>	<b>150.56</b>	<b>216.19</b>

## 20. Other Operating Revenues

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Claims	94.16	104.06
Export incentives	183.65	368.48
Provision / Liabilities no longer required written back	337.92	74.63
Scrap sales	1289.62	1109.88
Gain on cancellation/net settlement of long term contracts relating to sales of Certified Emission Reductions (CERs)	-	6417.04
Other operating income	447.77	136.67
<b>Total other operating revenues</b>	<b>2353.12</b>	<b>8210.76</b>

## 21. Other Income

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Dividend on current investments	1350.96	473.99
Profit on sale of long term investment	10.00	-
Profit on sale of current investment	-	1.89
Provision / Liabilities no longer required written back	131.44	0.90
Profit on sale of fixed assets	481.36	5.25
Exchange currency fluctuation	-	3420.01
Interest income		
· from customers*	8.05	1.20
· on loans and deposits*	25.00	173.45
· on income tax returns	-	35.61
· on others*	185.43	57.02
Other non-operating income	585.15	417.73
<b>Total other income</b>	<b>2777.39</b>	<b>4587.05</b>

\* includes income-tax deducted at source Rs 23.80 lakhs (previous year Rs 20.65 lakhs)

## 22. Cost of Raw Materials Consumed

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Opening stock of raw materials	27408.96	14061.37
Add : Purchase of raw materials	227878.22	200339.00
	255287.18	214400.37
Less : Closing stock of raw materials	24649.72	27408.96
<b>Cost of materials consumed</b>	<b>230637.46</b>	<b>186991.41</b>

### 23. Purchase of Traded Goods

	Year ended March 31, 2012		Year ended March 31, 2011	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Yarn	156.21	329.45	666.84	853.20
Chloromethanes	85.53	257.00	117.73	287.51
Polyester Films	-	-	66.35	152.43
Nylon Chips	-	-	98.75	135.25
Others		53.71		35.52
<b>Total</b>		<u>640.16</u>		<u>1463.91</u>

### 24. (Increase)\Decrease in Inventories of Finished Goods, Stock-in-process and Traded Goods

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Opening Stock		
Stock-in-process	8723.19	5622.90
Finished goods	9564.13	7024.96
Traded goods	-	-
	<u>18287.32</u>	<u>12647.86</u>
Stock produced during trial run		
Stock-in-process	-	231.47
Finished goods	-	8.10
Traded goods	-	-
	<u>-</u>	<u>239.57</u>
Closing Stock		
Stock-in-process	8406.14	8723.19
Finished goods	9926.57	9564.13
Traded goods	25.90	-
	<u>18358.61</u>	<u>18287.32</u>
(Increase) \ Decrease in inventories of finished goods, stock-in-process and traded goods		
Stock-in-process	317.05	(2868.82)
Finished goods	(362.44)	(2531.07)
Traded goods	(25.90)	-
	<u>(71.29)</u>	<u>(5399.89)</u>

### 25. Employee Benefit Expenses

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Salaries, wages, bonus, etc.	18226.02	16632.22
Contribution to provident and other funds	1728.44	1812.75
Workmen and staff welfare expenses	2158.73	2002.05
<b>Total employee benefit expenses</b>	<u>22113.19</u>	<u>20447.02</u>

## 26. Finance Costs

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Interest expenses		
· On debentures and loans for fixed period	5426.52	5833.90
· Cash Credit and others	2089.06	1435.73
Other borrowing costs	1493.09	1599.92
Net (gain)/loss on foreign currency transactions and translation (considered as finance cost)	2707.84	102.61
<b>Total finance costs</b>	<b>11716.51</b>	<b>8972.16</b>

## 27. Depreciation and Amortisation Expenses

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Depreciation on tangible assets (Refer note 10)	23465.63	18065.37
Amortisation on intangible assets (Refer note 10)	577.41	398.76
Less : Transfer from revaluation reserve (Refer note 3(c))	(5674.72)	(1454.28)
<b>Net depreciation and amortization expense</b>	<b>18368.32</b>	<b>17009.85</b>

## 28. Other Expenses

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Stores and Spares consumed (excluding Rs 3373.26 lakhs (Previous Year - Rs 2533.17 lakhs) charged to repairs and maintenance)	3350.48	2812.73
Power and fuel	31418.49	26038.05
Rent	1867.97	1773.46
Repairs and maintenance		
- Buildings	275.22	280.97
- Plant and machinery	4483.44	4263.88
- Other maintenance	1439.48	1341.49
Insurance	931.37	776.08
Rates and taxes	302.47	334.44
Freight	7078.25	6023.87
Professional and legal charges	3102.62	1557.79
Contract conversion charges	640.65	590.41
Travel	924.22	918.08
Directors' sitting fees	19.96	15.07
Selling commission	1189.10	1194.33
Loss on sale of fixed assets	-	6.96
Increase / (decrease) in excise duty on closing stock	71.99	121.25
Provision for doubtful debts / advances	23.75	176.94
Bad debts / advances written off	1.28	32.00

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Fixed assets / inventory written off	40.09	250.26
Provision for investments	-	204.08
Auditors' Remuneration (net of service tax input credit)		
- Audit Fees	82.20	76.92
- For limited review of unaudited financial results	24.00	24.00
- For corporate governance, consolidated financial statements and other certificates	9.50	6.48
- For tax audit	5.00	5.00
Exchange currency fluctuation	2248.46	-
Miscellaneous expenses	4108.59	4936.75
<b>Total other expenses</b>	<b>63638.58</b>	<b>53761.29</b>

## 29. Contingent Liabilities not Provided For

a. Claims against the Company not acknowledged as debts:

	As at March 31, 2012 (Rs lakhs)	As at March 31, 2011 (Rs lakhs)
Excise duty, customs duty and service tax* @	5924.08	5865.44
Sales Tax ** @	1225.28	925.42
Income Tax	356.82	976.37
Stamp Duty****	2881.55	2881.55
Others ***	474.33	94.43

\* Amount deposited Rs 315.92 lakhs (Previous year - Rs 315.92 lakhs)

\*\* Amount deposited Rs 7.16 lakhs (Previous Year - Rs 7.16 lakhs)

\*\*\* Amount deposited Rs 8.00 lakhs (Previous Year - Rs 8.00 lakhs)

\*\*\*\* In the matter of acquisition of the Tyrecord Division at Malanpur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs 30300.00 lakhs and levied a stamp duty of Rs 2372.50 lakhs and imposed a penalty of Rs 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs 2776.18 lakhs and not the entire undertaking valued at Rs 30300.00 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of Rs 1793.81 lakhs (Previous Year - Rs 1793.81 lakhs) and Rs 38.00 lakhs (Previous Year - Rs 38.00 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

b. Liability on account of Bank Guarantees Rs 1671.23 lakhs (Previous Year - Rs 1504.90 lakhs)

c. Guarantees given to banks for repayment of financial facilities availed by others - Rs 250.00 lakhs (Previous Year - Nil). Outstanding amount as at the year-end is Nil (Previous Year - Nil).

d. Liabilities on account of bills discounted, including factoring - Rs 188.16 lakhs (Previous Year - Nil).

The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs 72.24 lakhs (Previous year - Rs 76.04 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.

### 30. Capital and Other Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs 32246.49 lakhs (Previous Year - Rs 13273.89 lakhs).

Further, the Company has entered into a contribution agreement to make further investment in 2,00,000 units (previous year - Nil units) of Rs. 100 each aggregating to Rs. 200 Lakhs (previous year - Nil) in Asian Healthcare Fund Investment Trust.

The Company has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

### 31. Managerial Remuneration

(i) (a) Chairman / Managing Director / Deputy Managing Director / Whole time Director

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Salary	322.32	274.32
Contribution to Provident and Superannuation Funds	85.86	72.90
Value of Perquisites	150.88	137.52
Commission (Provided)	475.00	475.00
<b>Sub-Total</b>	<b>1034.06</b>	<b>959.74</b>
<b>(b) Non-Executive Directors</b>		
Commission (Provided)	31.44	30.00
Professional Consultancy	9.96	13.43
Directors' Sitting Fees	19.96	15.07
<b>Sub-Total</b>	<b>61.36</b>	<b>58.50</b>
<b>Total</b>	<b>1095.42</b>	<b>1018.24</b>

As there is a global contribution to gratuity fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to gratuity fund in respect of directors has not been considered in the above computation. Further, the liability on account of compensated absences in respect of directors has not been considered above, since the provision is based on an actuarial basis for the Company as a whole.

### 32. Related Party Disclosures under AS-18 "Related Party Disclosures"

As per Accounting standard AS -18 "Related Party Disclosures" the Company's related parties and transactions with them are disclosed below:

#### A. Name of related party and nature of related party relationship

Key Management Personnel and their relatives (a)	Enterprises over which (a) have significant influence (b)
Mr Arun Bharat Ram, <i>Chairman</i>	KAMA Holdings Limited*
Mr Ashish Bharat Ram, <i>Managing Director</i>	Bhairav Farms Private Limited*
Mr Kartikeya Bharat Ram, <i>Deputy Managing Director</i>	Narmada Farms Private Limited*
Mr K Ravichandra, <i>Whole Time Director</i>	SRF Polymers Investments Limited*
Mrs Manju Bharat Ram, wife of Mr Arun Bharat Ram	KAMA Realty (Delhi) Limited*
Mr T L Raman, <i>Whole Time Director</i>	Shri Educare Limited
	Shri Educare Maldives Private Limited
	SRF Foundation
	Karm Farms Private Limited*
	Srishti Westend Greens Farms Private Limited*

\* Pursuant to the Scheme of Arrangement between Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited ("the transferor companies") and Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited, KAMA Realty (Delhi) Limited and KAMA Holdings Limited ("the transferee companies") and their respective shareholders and creditors :-

- real estate divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited was transferred and vested in Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited and KAMA Realty (Delhi) Limited respectively ; and
- investment divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited were transferred and vested in KAMA Holdings Limited with effect from March 31, 2011.

The transferor companies had conducted their business in respect of their respective real estate divisions and investment divisions in trust and on behalf of the respective transferee companies from the appointed date of the said Scheme - April 1, 2010

## B Transactions with related parties referred to in Note 32A above

(Rs lakhs)

Nature of Transactions	(a) Year ended		(b) Year ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Rendering of services to				
- SRF Foundation			-	8.61
Receipt of services from				
- KAMA (Realty) Delhi Limited			-	3.33
Management contracts including for deputation of employees to				
- KAMA Holdings Limited			16.83	15.60
- KAMA Realty (Delhi) Limited			5.45	-
- SRF Polymers Investments Limited			-	2.96
- SRF Foundation			-	3.51
Rent paid to				
- SRF Polymers Investments Limited			-	668.09
- Bhairav Farms Private Limited			-	30.00
- Narmada Farms Private Limited			-	30.00
- Kama Realty (Delhi) Limited			641.70	24.00
- Karm Farms Private Limited			30.00	-
- Srishti Westend Greens Farms Private Limited			30.00	-
- Mrs Manju Bharat Ram	12.00	-		
Managerial Remuneration paid to				
- Mr Arun Bharat Ram	489.90	467.64		
- Mr Ashish Bharat Ram	281.68	251.44		
- Mr Kartikeya Bharat Ram	255.24	233.42		
- Mr K Ravichandra	7.00	7.00		
- Mr T L Raman	0.24	0.24		
Reimbursement of expenses from				
- KAMA Holdings Limited			46.50	-
- SRF Foundation			7.63	0.57
- Shri Educare Limited			20.73	14.86
Reimbursement of expenses paid				
- KAMA Holdings Limited			41.11	-
- SRF Foundation			-	1.08
Loans/deposits received back from				
- KAMA Holdings Limited			-	25.00
Recovery of sums written off				
- SRF Foundation			400.00	10.00
Increase in security deposit to				
- KAMA Realty (Delhi) Limited			-	30.00
- Mrs. Manju Bharat Ram	12.00	-		
Donations to				
- SRF Foundation			100.00	550.00



(Rs lakhs)

Nature of Transactions	(a) As at		(b) As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Balances outstanding as at the year end:-				
- Shri Educare Limited			4.77	31.82
- KAMA Holdings Limited			-	6.92
Commission Payable				
- Mr Arun Bharat Ram	225.00	225.00		
- Mr Ashish Bharat Ram	125.00	125.00		
- Mr Kartikeya Bharat Ram	125.00	125.00		
Security Deposits outstanding				
- SRF Polymers Investments Limited			-	300.00
- Bhairav Farms Private Limited			-	310.00
- Narmada Farms Private Limited			-	310.00
- KAMA Realty (Delhi) Limited			330.00	30.00
- Karm Farms Private Limited			310.00	-
- Srishti Westend Greens Farms Private Limited			310.00	-
- Mrs Manju Bharat Ram	12.00	-		

### 33. Earnings Per Share

	Year ended March 31, 2012	Year ended March 31, 2011
Profit after tax (Rs lakhs)	37881.79	48423.77
Weighted average number of equity shares outstanding (Nos.)	59098455	60503580
Basic and diluted earnings per share in rupees (Rs.) (face value – Rs 10 per share)	64.10	80.03

### 34. Segment Reporting

#### A. Business segments

Based on the guiding principles laid down in Accounting Standard (AS) - 17 "Segment Reporting", the Company's business segments include:

- Technical Textiles business: includes nylon tyre cord fabric, belting fabric, coated fabric, laminated fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals and Polymers business: includes refrigerant gases, chloromethanes, pharmaceuticals, Certified Emissions Reductions & Allied products, Engineering Plastics business and its research and development.
- Packaging Film Business includes Polyester Films.

Segment revenue, Results and Capital Employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under: -

#### a) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

#### b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

## Information about Business Segments

### Segment Revenue, Results, Assets, Liabilities and Capital Employed

Particulars	Year ended March 31, 2012 (Rs Lakhs)	Year ended March 31, 2011 (Rs Lakhs)
<b>Segment Revenue</b>		
a) Technical Textiles Business (TTB)		
- External sales	213932.43	185556.28
- Inter-segment sales	920.42	590.27
- <b>Total</b>	<u>214852.85</u>	<u>186146.55</u>
b) Chemicals and Polymers Business (CPB)		
- External sales	120452.90	74666.65
- Inter-segment sales	71.61	0.42
- <b>Total</b>	<u>120524.51</u>	<u>74667.07</u>
c) Packaging Films Business (PFB)		
- External sales	66052.94	87131.26
- Inter-segment sales	13.61	-
- <b>Total</b>	<u>66066.55</u>	<u>87131.26</u>
<b>Total segment revenue</b>	401443.91	347944.88
Less: Inter segment revenue	1005.64	590.69
<b>Net sales / income from operations</b>	<u>400438.27</u>	<u>347354.19</u>
Add: Unallocable income	2777.39	4587.05
<b>Total Revenue</b>	<u>403215.66</u>	<u>351941.24</u>
<b>Segment Results</b>		
(Profit / (Loss) before finance costs and tax from each segment)		
a) Technical Textiles Business (TTB)	11450.14	17996.67
b) Chemicals and Polymers Business (CPB)	59413.37	28880.81
c) Packaging Films Business (PFB)	2521.66	34565.09
<b>Total Segment results</b>	<u>73385.17</u>	<u>81442.57</u>
Less: i) Finance costs	11716.51	8972.16
Less: ii) Other unallocable expenses net of income	5495.93	3774.92
<b>Total Profit before tax</b>	<u>56172.73</u>	<u>68695.49</u>
Less: Provision for taxation	18290.94	20271.72
<b>Profit after tax</b>	<u>37881.79</u>	<u>48423.77</u>
<b>Capital Expenditure (other than capital advances)</b>		
a) Technical Textiles Business (TTB)	9440.56	7805.78
b) Chemicals and Polymers Business (CPB)	40566.10	9349.13
c) Packaging Films Business (PFB)	4402.08	3221.77
d) Unallocated	2012.42	1131.52
<b>Total</b>	<u>56421.16</u>	<u>21508.20</u>
<b>Depreciation</b>		
a) Technical Textiles Business (TTB)	10667.81	10204.16
b) Chemicals and Polymers Business (CPB)	3893.50	3508.48
c) Packaging Films Business (PFB)	3226.29	2984.90
d) Unallocated	580.72	312.31
<b>Total</b>	<u>18368.32</u>	<u>17009.85</u>

Particulars	As at March 31, 2012 (Rs Lakhs)	As at March 31, 2011 (Rs Lakhs)
<b>Other information</b>		
<b>Segment Assets</b>		
a) Technical Textiles Business (TTB)	183755.16	177840.05
b) Chemicals and Polymers Business (CPB)	113216.87	71879.95
c) Packaging Films Business (PFB)	59444.21	63047.71
<b>Total</b>	<b>356416.24</b>	<b>312767.71</b>
Add: Unallocable assets	30214.84	26229.32
<b>Total Assets</b>	<b>386631.08</b>	<b>338997.03</b>
<b>Segment Liabilities</b>		
a) Technical Textiles Business (TTB)	43897.94	40145.85
b) Chemicals and Polymers Business (CPB)	8536.91	7946.56
c) Packaging Films Business (PFB)	14499.88	14525.74
<b>Total</b>	<b>66934.73</b>	<b>62618.15</b>
Add: Unallocable liabilities	14371.69	5045.39
<b>Total Liabilities</b>	<b>81306.42</b>	<b>67663.54</b>
<b>Segment Capital Employed (Segment assets less segment liabilities)</b>		
a) Technical Textiles Business (TTB)	139857.22	137694.20
b) Chemicals and Polymers Business (CPB)	104679.96	63933.39
c) Packaging Films Business (PFB)	44944.33	48521.97
<b>Total</b>	<b>289481.51</b>	<b>250149.56</b>
Add : Unallocable assets less liabilities	15843.15	21183.93
<b>Total capital employed</b>	<b>305324.66</b>	<b>271333.49</b>

## B. Geographical Segments

Particulars	Year ended March 31, 2012 (Rs Lakhs)	Year ended March 31, 2011 (Rs Lakhs)
<b>Revenue</b>		
India	248128.09	248879.08
Outside India	155087.57	103062.16
<b>Total</b>	<b>403215.66</b>	<b>351941.24</b>
<b>Carrying amount of segment assets</b>		
India	346102.88	309913.19
Outside India	40528.20	29083.84
<b>Total</b>	<b>386631.08</b>	<b>338997.03</b>
<b>Addition to fixed assets and intangible assets</b>		
India	52042.04	19730.48
Outside India	4379.12	1777.72
<b>Total</b>	<b>56421.16</b>	<b>21508.20</b>

### 35. Foreign Currency Exposure

SRF has entered into long term contracts for the transfer/sale of Certified Emission Reductions (CER's) with reputable global buyers. The cash flow from these sales forms the mainstay of SRF's multi-year capital expansion plan, and as such these cash flows need to be both stable and secure. To ensure stability of revenues in foreign currency from the transfer / sale of CER's, the Company has entered into forward contracts with banks to part sell Euros to be earned out of future CER sales.

The details of category-wise quantitative data about derivative instruments as at March 31, 2012 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (in millions) As at		Amount (Rs lakhs) As at	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
EUR / INR Option Strips	7	3	Hedging	Hedging	17.25	12.25	11724.83	7730.98
Interest Rate Swap	-	1	-	Conversion of Fixed INR denominated Interest liability to floating INR denominated liability	-	-	-	10000.00
Interest Rate Swap	3	-	Conversion of floating LIBOR to Fixed Rate	-	-	-	22891.50	-
USD / INR Sell Forwards	-	1	-	Forward Sell Contracts	-	2.00	-	891.80
USD / INR Buy Forwards	-	1	-	USD/ INR Buy for hedging of Imports	-	0.46	-	203.09
EUR / INR Sell Forwards	9	5	Forward Sell Contracts	Forward Sell Contracts	19.75	38.00	13424.08	23981.80
EUR / INR Buy Forwards	-	20	-	EUR/ INR Buy for hedging of Imports	-	3.54	-	2234.25
Euro/USD Sell Forwards	5	4	EUR/USD Sell for hedging of receivables	EUR/USD Sell for hedging of receivables	0.110	0.089	74.77	56.17
USD/Baht Buy forwards	-	1	-	USD/Baht Buy for hedging	-	0.15	-	2.21
USD/ZAR Option Strips	1	-	Hedging Exposure for borrowing in foreign currency.	-	6.00	-	3052.20	-

**Foreign Currency Exposures that are not hedged by derivative instruments or otherwise are as follows:**

Particulars	As at March 31, 2012		As at March 31, 2011	
	Foreign Currency (in millions)	Amount (Rs lakhs)	Foreign Currency (in millions)	Amount (Rs lakhs)
Term Loans – USD	70.98	36108.42	46.96	20940.16
PCFC - USD	21.50	10937.05	14.00	6242.60
Buyer's Credits - USD	34.60	17602.34	18.08	8061.74
Buyer's Credits - Euro	-	-	0.14	86.56
Buyer's Credits - Yen	-	-	10.35	55.61

**36. Operating Leases**

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers/directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between two to ten years. As at March 31, 2012, the future minimum lease payments under non-cancellable operating leases as set out below:

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	1596.96	1467.21
- Later than one year and not later than five years	6212.06	5668.39
- Later than five years	3304.15	4259.78
Lease rent recognized in the statement of profit and loss	1867.97	1773.46

**37. The Details of Subsidiary Companies considered in the Preparation of Consolidated Financial Statements are as under:**

**a) Indian subsidiaries**

S. No.	Particulars	SRF Holiday Home Limited (Rs lakhs)	SRF Transnational Holdings Limited (Rs lakhs)	SRF Properties Limited (Rs lakhs)
a)	Financial year of the subsidiary	March 31, 2012	March 31, 2012	March 31, 2012
b)	Extent of holding	100%	100%	100%
c)	Capital	91.00	3254.18	8.00
d)	Reserves and surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(4.96)	(2205.80)	99.74
e)	Total assets (Fixed assets + Current assets)	86.09	273.35	58.53
f)	Total liabilities (Debts + Current liabilities)	0.05	6.81	0.38
g)	Details of investment (except in case of investment in subsidiaries)	-	781.84	49.59
h)	Turnover (Including other income)	-	124.97	21.60
i)	Profit before taxation	(0.15)	87.98	20.72
j)	Add / (Less): Provision for taxation	-	1.39	(4.62)

S. No.	Particulars	SRF Holiday Home Limited	SRF Transnational Holdings Limited	SRF Properties Limited
		(Rs lakhs)	(Rs lakhs)	(Rs lakhs)
k)	Profit After Taxation	(0.15)	89.37	16.10
l)	Proposed Dividend	-	-	-

S. No.	Particulars	SRF Energy Limited	SRF Fluorochemicals Limited
		(Rs lakhs)	(Rs lakhs)
a)	Financial year of the subsidiary	March 31, 2012	March 31, 2012
b)	Extent of holding	100%	100%
c)	Capital	5.00	5.00
d)	Reserves and surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(0.59)	(0.58)
e)	Total assets (Fixed assets + Current assets)	4.46	4.47
f)	Total liabilities (Debts + Current liabilities)	0.05	0.05
g)	Details of Investment (except in case of investment in subsidiaries)	-	-
h)	Turnover (Including other income)	-	-
i)	Profit before taxation	(0.09)	(0.09)
j)	Less: Provision for taxation	-	-
k)	Profit after taxation	(0.09)	(0.09)
l)	Proposed dividend	-	-

## b) Foreign Subsidiaries

S. No.	Particulars	SRF Global BV#		SRF Flexipak (South Africa) (Pty) Limited # (subsidiary of SRF Global BV)	
		USD	Rs lakhs	Rand	Rs lakhs
a)	Financial year of the subsidiary	March 31, 2012		March 31, 2012	
b)	Extent of holding	100%		100%	
c)	Capital	18315664	9317.18	100	0.01
d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	894605	455.09	1009914	67.06
e)	Total assets (Fixed assets + Current assets)	23799213	12106.66	48547519	3223.56
f)	Total liabilities (Debts + Current liabilities)	34686349	17644.95	47537505	3156.49
g)	Details of investment (except in case of investment in subsidiaries)	*	*	-	-
h)	Turnover (Including other income)	372375	189.43	1390471	92.33
i)	Profit before taxation	(823945)	(419.14)	1009914	67.06
j)	Less: Provision for taxation	-	-	-	-
k)	Profit after taxation	(823945)	(419.14)	1009914	67.06
l)	Proposed dividend	-	-	-	-

\* Investment in subsidiary USD 30097405 (Equivalent to Rs 15310.56 lakhs)

S. No.	Particulars	SRF Overseas Limited# (subsidiary of SRF Global BV)		SRF Industries (Thailand) Limited # (formerly known as SRF Technical Textiles (Thailand) Limited) (subsidiary of SRF Global BV)	
		AED	Rs lakhs	Baht	Rs lakhs
a)	Financial year of the subsidiary	March 31, 2012		March 31, 2012	
b)	Extent of holding	100%		100%	
c)	Capital	84049966	11657.73	100000300	1652.50
d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(36279579)	(5031.98)	627863313	10375.44
e)	Total assets (Fixed assets + Current assets)	77306033	10722.34	1958518767	32364.52
f)	Total liabilities (Debts + Current liabilities)	29535646	4096.59	1230655154	20336.58
g)	Details of investment (except in case of investment in subsidiaries)	-	-	-	-
h)	Turnover (Including other income)	150365229	20855.66	2135439355	35288.14
i)	Profit before taxation	(3891555)	(539.76)	(25089436)	(414.60)
j)	Less: Provision for taxation	-	-	-	-
k)	Profit after taxation	(3891555)	(539.76)	(25089436)	(414.60)
l)	Proposed dividend	-	-	-	-

S. No.	Particulars	SRF Industex Belting (Pty) Limited# (subsidiary of SRF Global BV)		SRF Fluor Private Limited#	
		Rand	Rs lakhs	USD	Rs lakhs
a)	Financial year of the subsidiary	March 31, 2012		March 31, 2012	
b)	Extent of holding	100%		100%	
c)	Capital	13320202	884.46	20002	10.18
d)	Reserves and surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(1934782)	(128.47)	(41422)	(21.07)
e)	Total assets (Fixed assets + Current assets)	76319428	5067.61	2636	1.35
f)	Total liabilities (Debts + Current liabilities)	64934008	4311.62	24056	12.24
g)	Details of investment (except in case of investment in subsidiaries)	-	-	-	-
h)	Turnover (Including other income)	145106593	9635.08	-	-
i)	Profit before taxation	(4361490)	(289.60)	(12367)	(6.29)
j)	Add/(Less): Provision for taxation	94002	6.24	-	-
k)	Profit after taxation	(4267488)	(283.36)	(12367)	(6.29)
l)	Proposed dividend	-	-	-	-

S.No.	Particulars	SRF Nitol Bangladesh Limited (subsidiary of SRF Global BV)#	
		Taka	Rs lakhs
a)	Financial year of the subsidiary	March 31, 2012	
b)	Extent of holding	80%	
c)	Capital	500000	3.11
d)	Reserves and surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	-	-
e)	Total assets (Fixed assets + Current assets)	919670	5.72
f)	Total liabilities (Debts + Current liabilities)	419670	2.61
g)	Details of investment (except in case of investment in subsidiaries)	-	-
h)	Turnover (Including other income)	-	-
i)	Profit before taxation	-	-
j)	Less: Provision for taxation	-	-
k)	Profit after taxation	-	-
l)	Proposed dividend	-	-

# The financial statements of these foreign subsidiaries have been converted into Indian Rupees on the basis of following exchange rates:

- (i) 1 AED = Rs 13.87
- (ii) 1 USD = Rs 50.87
- (iii) 1 Baht = Rs 1.6525
- (iv) 1 Rand = Rs 6.64
- (v) 1 Taka = Rs 0.6222

38. The Revised Schedule VI has become effective from April 01, 2011 for the preparation of consolidated financial statements. This has significantly impacted the disclosure and presentation made in the consolidated financial statements. Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.
39. Figures pertaining to subsidiaries have been reclassified wherever considered necessary to bring them in line with the Holding Company's financial statements.

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary

Place : Gurgaon  
Date : May 1, 2012



## Consolidated Cash Flow Statement for The Year Ended March 31, 2012

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>A Cash flow from operating activities:</b>		
Net profit before tax	56172.73	68695.49
Adjustments for		
Depreciation and amortisation	24043.04	18464.13
Withdrawal from Revaluation Reserve	(5674.72)	(1454.28)
Finance costs	11716.51	8972.16
Net unrealised exchange (gain)/loss	(568.66)	(1231.24)
Provision for Investments	-	204.08
Provision for doubtful trade and other receivables, loans and advances	25.03	208.94
Assets written off	40.09	250.26
Loss/(Profit) on sale of fixed assets	(481.36)	1.71
Dividend on current non-trade investment	(1350.96)	(473.99)
Interest income	(218.48)	(267.28)
Loss/(Profit) on sale of long term investments	(10.00)	-
Loss/(Profit) on sale of current investments	-	(1.89)
<b>Operating profit before working capital changes</b>	83693.22	93368.09
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets		
Trade receivables	784.92	(13296.63)
Inventories	1620.62	(19804.74)
Short-term loans and advances	3621.92	(109.20)
Long-term loans and advances	(2381.64)	(516.86)
Other current assets	65.63	18.64
Other non-current assets	(187.48)	41.92
Adjustments for increase / (decrease) in operating liabilities		
Trade payables	(3119.48)	18968.24
Other current liabilities	(1132.55)	1247.84
Short-term provisions	92.92	129.50
Long-term provisions	(1.34)	314.66
<b>Cash generated from operations</b>	83056.74	80361.46
Net income tax (paid) / refund	(16578.03)	(19433.54)
<b>Net cash from operating activities (A)</b>	66478.71	60927.92
<b>B Cash flow from investing activities:</b>		
Capital expenditure on fixed assets, including capital advances	(57126.34)	(21895.00)
Proceeds from sale of fixed assets	860.58	120.40
Bank balances not considered as cash and cash equivalents	(173.57)	3971.92
Current investments not considered as cash and cash equivalents		
- Purchased	(105197.66)	(88316.50)
- Proceeds from sales	102811.50	77342.88
Purchase of long term investments	(50.00)	-
Proceeds from sale of long term non-trade investments	10.00	-
Amount received pursuant of Montreal Phaseout Programme	892.37	71.16
Interest income	252.37	267.28
Dividend on current non-trade investments	1350.96	473.99
<b>Net cash used in investing activities (B)</b>	(56369.79)	(27963.87)

	Year ended March 31, 2012 (Rs lakhs)	Year ended March 31, 2011 (Rs lakhs)
<b>C Cash flow from financing activities:</b>		
Buy back of equity shares	(8999.28)	-
Proceeds from issue of shares to minority interest	0.61	-
Proceeds from long term borrowings	43100.61	24218.19
Repayment of long term borrowings	(42937.28)	(19653.12)
Net Proceeds / (repayment) from short term borrowings	23195.61	(9863.17)
Dividends on equity share capital paid	(8087.01)	(12526.55)
Corporate dividend tax paid	(1317.69)	(2126.62)
Repayment of fixed deposits	(8.69)	(0.12)
Finance costs paid	(10276.65)	(9028.41)
<b>Net cash used in / from financing activities (C)</b>	<u>(5329.77)</u>	<u>(28979.80)</u>
<b>Net increase in cash and cash equivalents D=(A+B+C)</b>	4779.15	3984.25
<b>Cash and cash equivalents at the beginning of the year (E)</b>	8186.23	4229.79
Less : Exchange fluctuation loss / (gain) on foreign currency bank balances (F)	(30.39)	27.81
<b>Cash and cash equivalents at the close of the year G =(D+E-F)</b>	<u>12995.77</u>	<u>8186.23</u>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet	14007.84	9024.73
Less: Bank balances not considered as cash and cash equivalents	(1012.07)	(838.50)
Net cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	<u>12995.77</u>	<u>8186.23</u>
<b>Cash and cash equivalents at the end of the year comprises:</b>		
(a) Cash on hand	41.64	26.68
(b) Cheques, drafts on hand	12.76	29.64
(c) Balances with banks		
(i) In current accounts	9603.98	6546.35
(ii) In Exchange Earners' Foreign Currency (EEFC) accounts	1301.85	83.56
(iii) In deposit accounts	2035.54	1500.00
<b>Cash and cash equivalents as per AS - 3 - Cash Flow Statements</b>	<u>12995.77</u>	<u>8186.23</u>

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartikeya Bharat Ram**  
Deputy Managing Director

Place: Gurgaon  
Date: May 1, 2012

**Subodh Bhargava**  
Director

**Rajendra Prasad**  
President & CFO

**Anoop K Joshi**  
Vice President & Company Secretary





**Registered Office**

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**Corporate Office**

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