

# CREATING VALUE THE SRF WAY

ANNUAL REPORT 2019 - 20



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# COMPANY INFORMATION

## **Auditors**

M/s B S R & Co. LLP,  
Chartered Accountants

## **President & CFO**

Rahul Jain

## **Vice President (Corporate Compliance) & Company Secretary**

Rajat Lakhnupal

## **Bankers**

- ICICI Bank
- State Bank of India
- Standard Chartered Bank
- Citibank NA
- DBS Bank India Limited
- HDFC Bank
- Kotak Mahindra Bank
- HSBC
- Axis Bank
- Yes Bank
- MUFG Bank Limited
- Sumitomo Mitsui Banking Corporation
- Mizuho Bank Limited
- IDFC Bank
- BNP Paribas

## **Registered Office**

(CIN: L18101DL1970PLC005197)  
Unit Nos. 236 & 237, 2<sup>nd</sup> Floor,  
DLF Galleria, Mayur Place,  
Noida Link Road, Mayur Vihar  
Phase I Extension,  
Delhi, India - 110 091  
Tel: +91-11- 49482870

## **Corporate Office**

Block - C, Sector - 45,  
Gurugram - 122 003,  
Haryana, India  
Email: info@srf.com  
www.srf.com



# MESSAGE FROM THE CHAIRMAN



On the business front, your company performed well and achieved several milestones in FY 2019-20

## Dear Shareholders,

As I sit down to pen my message for the Annual Report FY 2019-20 at a desk in my home, I am reminded of a quote by one of India's most revered poets, Rabindranath Tagore, "*You can't cross the sea merely by standing and staring at the water.*" Staying resilient and agile in difficult situations is the only way we can respond efficaciously and adapt to changing times swiftly.

With the COVID-19 pandemic paralyzing the world and causing disruption to the magnitude never experienced before, your company quickly shifted focus on safeguarding the safety and well-being of employees, ensuring business continuity while considering all the relevant guidelines, and supporting the community we live and operate in. Driven by a strong belief that an organization's strength is in its employees, your company announced that there will be no job losses due to the COVID-19 situation at SRF.

## Creating Value: The SRF Way

On the business front, your company performed well and achieved several milestones in FY 2019-20, despite the dynamic domestic and global macro-economic challenges. Viewed from a financial lens, your company achieved a 55% increase in profit after tax at ₹916 crore compared to ₹592 crore last year. Your company's revenue for the year stood at ₹7,209 crore as against ₹7,100 crore in the previous year, recording an overall growth of 2%. This growth was primarily on account of strong performance reported in the Chemicals Business and the Packaging Films Business. While we saw challenges in our Technical Textiles Business due to the auto sector slowdown and an overall sluggish pace of economic activity, we have, however, over the years built a

robust multi-business entity, which holds us in good stead. Strategic innovations across businesses, backed by strong R&D team have helped the company effectively face such external uncertainties.

Coming to our specific Businesses, I would like to talk about some of the milestones achieved by each of our business segments in FY 2019-20.

In the Fluorochemicals Business, we commissioned multiple facilities during the year that enhanced our HFC capacities further. We view this as a key expansion for the company that will drive growth from this segment in the coming years. I am also proud that R-467A, a drop-in substitute for F-22 that our R&D team developed in-house, received certification by the American Society of Heating, Refrigeration and Air-Conditioning Engineers, commonly referred to as ASHRAE. It is the first-ever refrigerant gas from India to receive this certification. An approval by ASHRAE is testimony to the fact that SRF is at the forefront of major fluorine-based gas transitions set by international regulations to reduce the global emissions of greenhouse gases. During the year, the Business also announced the setting up of an integrated Polytetrafluoroethylene (PTFE) plant along with an R 22 plant as feedstock. With this, your company is all set to enter the Fluoro polymer space, a new business segment and further enhance our value chain in the Fluorine segment. The overall performance of our Fluorochemicals Business was stable during the year despite prolonged and severe slowdown in the auto and white goods sector, leading to a low demand of refrigerants. However, the volumes of Chloromethanes contributed positively to the overall revenues of the Business.

Given the COVID-19 impact on various industries, we expect the demand for refrigerants from OEMs to remain low in the near-term. Having said that, I am confident of the growth momentum reviving and your company is well positioned to leverage on our existing facilities to deliver superior performance in the future.

The Specialty Chemicals Business has done very well during the year and increased the capacities of most of its flagship products. Moreover, the Business has made significant advances to improve the overall efficiencies in all new products, with a focus on running all the plants to maximum capacities and debottlenecking them as the need arises. A healthy demand from both the agrochemical and pharma segments has been encouraging and with the right investments that your company has made in this Business, we are ready to seize all opportunities that arise in the future. At the beginning of the year, we had projected an outlook of 40-50% revenue increase in the Specialty Chemicals Business. I am happy to share that our overall revenues for the Business are in excess of ₹1,650 crore, which is higher than what we had indicated.

In addition, the Business is working on sustainability with a more determined effort to reduce our carbon footprint as well as use less water in our processes. Overall, we continue to be optimistic that new product opportunities will emerge in both the agrochemical and pharma segments and exhibit a positive trajectory for the Business, and we expect to report a healthy performance in FY 2020-21 as well.

The Packaging Films Business has had a good year. Our continued strides towards maximizing contribution by keeping costs under control, improving the product mix and working towards sustainability initiatives is what sets us apart. Both the BOPET and BOPP films segments delivered steady returns to the overall performance. During the year, your company announced the setting up of a BOPP film line in Thailand, making it our third BOPP line, with facilities in South Africa, Indore and now Thailand.

Sustainability initiatives remain one of our top priorities, going forward. The Government of India is working aggressively on reducing the use of 'Single-Use Plastics'. This directive pertains to the use of single-use plastic products such as plastic plates, cutlery, straw, plastic beverage bottles, etc. Our products do not cater to any of these end use products and multi layered packaging is not a part of the definition of single use plastics. With the help of our in-house R&D, we will continue working out processes that enable us to use more recycled chips in our film production.

As stated earlier, the performance of the Technical Textiles Business (TTB) was subdued due to a sluggish domestic demand. However, the Business continued to focus on enhancing the operational excellence parameters at all its plant locations through cost saving and energy efficient methodologies.

During the year, we also announced the closure of the TTB plant at Rayong, Thailand as it was becoming economically unviable to continue running the plant. While these measures are difficult, they are also necessary to enhance competitiveness.

In Coated Fabrics, your company continues to maintain price and volume leadership in the domestic market. By adding textile capacity on a regular basis, we have not only increased our share but also made ourselves more competitive. The Laminated Fabrics segment has also seen an increase in the sales volume on a year-on-year basis in an over-supplied market. This is despite a lot of States banning the use of flex material as a signage solution.

You would remember that in May 2019, the company had announced the sale of its Engineering Plastics Business to DSM India. The closing conditions of the transition were completed in the second quarter of FY 2019-20 and the sale of the Business has now been achieved.

Before I close, I want to reiterate that your company cares deeply for its people and the communities in which

we operate. We have an important role to play during the COVID-19 crisis and commit ourselves to support the communities, especially the migrant workers who have lost their livelihood, as well as the authorities who are fighting tirelessly against the spread of coronavirus. SRF Foundation, the corporate social responsibility arm of SRF Limited is working to provide emergency response through the distribution of family essential kits, kits for frontline workers and hospital support material. Additionally, the team of SRF Foundation is working with their partners to support the education and learning needs of children across our intervention schools by bridging the digital divide through innovative methods.

In conclusion, I am confident of our growth potential and business opportunities that each of our segments exhibit. As the domestic and international operating environment improves gradually, I am optimistic of a healthy performance. This is possible due to our investments in world-class infrastructure, competent resources, superior R&D capabilities and a strong adherence to safety protocols, which is a cornerstone of our sustainability endeavors. I am also confident of creating sustained value for all our stakeholders as we progressively step into FY 2020-21.

On behalf of the Board of Directors of SRF Limited, I want to thank all employees of SRF and the management team for your hard work. I would also like to thank the investors and shareholders for your continued trust, confidence, and support.

Sincerely,



**Arun Bharat Ram**  
Chairman

# BOARD OF DIRECTORS



**Arun Bharat Ram**  
*Chairman*



**Ashish Bharat Ram**  
*Managing Director*



**Kartik Bharat Ram**  
*Dy. Managing Director*



**Pramod G. Gujarathi**  
*Director – Safety & Environment*



**Dr. Meenakshi Gopinath**  
*Director – CSR*



**Lakshman Lakshminarayan**  
*Independent Director*



**Vellayan Subbiah**  
*Independent Director*



**Tejpreet S Chopra**  
*Independent Director*



**Bharti Gupta Ramola**  
*Independent Director*



**Puneet Yadu Dalmia**  
*Independent Director*



**Yash Gupta**  
*Independent Director*



### Chemicals Business : Plants

- Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan
- D II/I GIDC, PCPIR, Phase II, Tal. Vagra, Village Dahej, Distt. Bharuch - 392 130, Gujarat



### Technical Textiles Business : Plants

- Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu
- Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu
- Viralmalai, Distt. Pudukottai - 621 316, Tamil Nadu
- Industrial Area, Malanpur, Distt. Bhind - 477 116, Madhya Pradesh



### Packaging Films Business : Plants

- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar - 244 713, Uttarakhand
- Plot Nos. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pithampur, Distt. Dhar - 454 775, Indore - Madhya Pradesh
- Plot No. 675, Industrial Area, Sector 3, Village Bagdoon, Pithampur, Distt. Dhar - 454 775, Indore - Madhya Pradesh



### Other Businesses : Plants

- Coated Fabrics Business, Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu
- Laminated Fabrics Business, Unit No. 2, Plot 12, Rampura Road, Kashipur, Distt. Udham Singh Nagar - 244 713, Uttarakhand

## SRF Limited

(CIN: L18101DL1970PLC005197)

Regd. Office: The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2<sup>nd</sup> Floor, Mayur Place,  
Mayur Vihar Phase I Extn, Delhi – 110091

Tel. No: (+91-11) 49482870, (+91-124) 4354400, Fax: (+91-11) 49482900, (+91-124) 4354500

Email: cs@srf.com, Website: **www.srf.com**

## NOTICE

Notice is hereby given that the **49<sup>th</sup> Annual General Meeting** of SRF Limited will be held on **Monday, August 17, 2020** at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility to transact the following businesses:

### Ordinary Business

1. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company for the financial year ended March 31, 2020 along with the Reports of the Auditors' and Board of Directors' thereon.
2. To appoint a Director in place of Mr. Pramod Gopaldas Gujarathi (DIN 00418958), who retires by rotation and being eligible, offers himself for re-election.

### Special Business

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

Re-appointment of Mr. Pramod Gopaldas Gujarathi (DIN 00418958) as a Whole-Time Director, designated as "Director (Safety & Environment) and Occupier."

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval be and is hereby accorded for re-appointment of Mr. Pramod Gopaldas Gujarathi (DIN 00418958), as

the Whole-Time Director, designated as "Director (Safety & Environment) and Occupier" of the Company as well as to continue to hold such position after attaining the age of 70 years, on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:-

### Tenure

Three years with effect from April 1, 2020. He shall be liable to retire by rotation.

### Functions

Mr. Pramod Gopaldas Gujarathi (DIN 00418958) shall be responsible for compliances with the laws relating to safety, health and environment at the factories of the Company, present and future. He shall continue to act as person in charge for the business of SRF Limited under Legal Metrology Act, 2009. He shall also discharge such other responsibilities as may be entrusted to him by the Chairman, Managing Director, Deputy Managing Director and/or the Board, from time to time.

### Remuneration

Subject to the overall limit on remuneration payable to all the managerial personnel taken together, the remuneration payable to Mr. Pramod Gopaldas Gujarathi (DIN 00418958) shall comprise salary, perquisites and commission, as may be decided by the Board/Nomination and Remuneration Committee in accordance with the Nomination, Appointment and Remuneration Policy within an overall ceiling of 5% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013. Remuneration for a part of the year shall be computed on pro-rata basis.



### Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Pramod Gopaldas Gujarathi (DIN 00418958) shall be decided by the Nomination and Remuneration Committee subject to the provisions of the Companies Act, 2013 and such approvals, if any, as may be required.

### Termination

The appointment of Mr. Pramod Gopaldas Gujarathi (DIN 00418958) as Director (Safety & Environment) may be terminated by either party giving to the other one calendar months' notice in writing.

**"RESOLVED FURTHER THAT** the Nomination and Remuneration Committee be and is hereby authorised to recommend/decide from time to time the salary, perquisites and commission payable to Mr. Pramod Gopaldas Gujarathi (DIN 00418958) during his tenure with effect from 01.04.2020 within the approved ceiling of remuneration, in accordance with the Nomination and Remuneration Policy, as amended from time to time."

**"RESOLVED FURTHER THAT** in the event of any further revision in the levels of permissible managerial remuneration, the Board of Directors/ Nomination and Remuneration Committee be and is hereby authorised to alter, vary and increase the remuneration of Mr. Pramod Gopaldas Gujarathi (DIN 00418958), notwithstanding the overall remuneration set out above, as may then be prescribed / permissible without requiring any further resolution or consent of or reference to the general meeting."

**"RESOLVED FURTHER THAT** the powers and authorities delegated by the Board to Mr. Pramod Gopaldas Gujarathi (DIN 00418958), from time to time, including powers to sub-delegate shall remain valid upon his re-appointment."

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

Re-appointment of Mr. Ashish Bharat Ram (DIN: 00671567) as Managing Director

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for reappointment of Mr. Ashish Bharat Ram (DIN: 00671567) as Managing Director on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:

### Tenure

Five years with effect from 23.05.2020. He shall be liable to retire by rotation

### Functions

Subject to the direction, control and superintendence of the Board of Directors, Mr. Ashish Bharat Ram (DIN: 00671567) shall have the overall responsibility for looking after the day to day management of the Company.

### Remuneration

Subject to the overall limit on remuneration payable to all the managerial personnel taken together, the remuneration payable to Mr. Ashish Bharat Ram (DIN: 00671567) shall comprise salary, perquisites and commission, as may be decided by the Board/ Nomination and Remuneration Committee in accordance with the Nomination, Appointment and Remuneration Policy within an overall ceiling of 5% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013.

### Remuneration for a part of the Year

Remuneration for a part of the year shall be computed on pro-rata basis.

### Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Ashish Bharat Ram (DIN: 00671567) shall be decided by the Nomination and Remuneration Committee subject to the provisions of Companies Act, 2013 and such other approvals, if any, as may be required.

### Termination

The appointment of Mr. Ashish Bharat Ram (DIN: 00671567) as Managing Director may be terminated by either party giving to the other three calendar months notice in writing. In the event of termination of this appointment of Mr Ashish Bharat Ram (DIN: 00671567) by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Companies Act, 2013 or any statutory amendment or reenactment thereof."

"**RESOLVED FURTHER THAT** in the event of any further revision in the levels of permissible managerial remuneration, the Board of Directors/ Nomination and Remuneration Committee be and is hereby authorised to alter, vary and increase the remuneration of Mr Ashish Bharat Ram (DIN: 00671567), notwithstanding the overall remuneration set out above, as may then be prescribed/permissible without requiring any further resolution or consent of or reference to the general meeting."

"**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee be and is hereby authorised to recommend/ decide from time to time the salary, perquisites and commission payable to Mr Ashish Bharat Ram (DIN: 00671567) during his tenure with effect from 23 May 2020 within the approved ceiling of remuneration in accordance with the Nomination and Remuneration Policy, as amended from time to time."

"**RESOLVED FURTHER THAT** the powers and authorities delegated by the Board to Mr Ashish Bharat Ram (DIN: 00671567), from time to time, including powers to sub-delegate shall remain valid upon his re-appointment."

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

Ratification of Remuneration of Cost Auditors for financial year 2020-21

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable

provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021 as provided below, be and is hereby approved and ratified:

Name of Cost Auditor	Business	Remuneration payable
H Tara & Co. (Membership No. 17321)	Technical Textiles Business and Other Businesses	₹ 3.00 lakhs plus applicable taxes and reimbursement of actual out of pocket expenses
Sanjay Gupta & Associates (Membership No. 18672)	Chemicals Business and Packaging Films Business	₹ 5.25 lakhs plus applicable taxes of actual out of pocket expenses

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

Offer or invitation to subscribe to Redeemable Non-Convertible Debentures of the Company on private placement

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71, 179 and any other applicable provisions of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board duly authorized by it in this regard in accordance with the applicable provisions of the said Act) be and is hereby authorised to issue, offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures, in or more series/tranches, aggregating upto ₹ 500 crores (Rupees five hundred crores), on private placement basis, and on such terms and conditions as the Board of Directors may, from time to time, determine

and consider proper and most beneficial to the Company including as to the timing of issue of such Debentures, the consideration for the issue, the utilisation of the issue proceeds and all other matters connected with or incidental thereto;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps including the power to sub-delegate the powers

as may be necessary, proper or expedient to give effect to this resolution.”

**BY Order of the Board of Directors**

**Rajat Lakhnopal**

VP (Corporate Compliance)  
& Company Secretary  
Membership No. A12725

Date : July 08, 2020

Place : Gurugram

## NOTES

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details of material facts relating to the Special businesses to be transacted at this AGM, is annexed hereto.
2. In view of the continuing COVID-19 pandemic, Ministry of Corporate Affairs, vide Circular No. 14/2020 dated 8<sup>th</sup> April 2020, Circular No.17/2020 dated 13<sup>th</sup> April 2020 read with Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, has permitted to hold AGM through Video Conferencing (VC) or Other Audio Visual means (OAVM).
3. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") read with the aforesaid MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 49<sup>th</sup> AGM of the Company is being conducted through VC/OAVM. Deemed Venue for meeting will be Registered Office: The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2<sup>nd</sup> Floor, Mayur Place, Mayur Vihar Phase I Extn, Delhi – 110091.
4. Company has appointed M/s. Kfin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Registrar and Share Transfer Agent ("Registrar"), to provide VC/OAVM facility for the AGM and the attendant enablers for conducting of the AGM.
5. Since, the meeting is being conducted through VC/OAVM, facility of appointing proxies to attend and vote at the meeting on behalf of the members of the Company is not available and hence the proxy form is not annexed to this notice. However, Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.  
  
Body Corporates who intends to authorize representatives to participate and vote on their behalf in the meeting to be held through VC/OAVM are requested to send, in advance, a duly certified copy of the relevant board resolution/ letter of authority/power of attorney to the Company at [cs@srf.com](mailto:cs@srf.com) through its registered E-mail Address.
6. The attendance of members (members' login) attending the AGM through VC/ OAVM shall be reckoned for the purpose of Quorum under Section 103 of the Companies Act, 2013 and hence no attendance slip is attached to the notice.
7. Pursuant to the applicable provisions of the Companies Act 2013, unpaid/unclaimed dividends up to the financial year 2012-13, was transferred to the Investor Education & Protection Fund (IEPF). Besides the dividend so transferred, Company has also transferred the relative share scrips in respect of dividends which remained unpaid for a continuous period of seven years to the demat account of IEPF Authority, in accordance with the applicable provisions of Companies Act, 2013 and Rules made thereunder. It may be noted that once the unclaimed / unpaid dividend and/or shares are so transferred; the same can only be reclaimed by a shareholder from the IEPF Authority in accordance with the applicable provisions of the Companies Act 2013 and relevant Rules made thereunder by following the prescribed procedure in this regard. The IEPF Rules and the application Form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs, are available on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in). Details of the unpaid/unclaimed dividend and shares transferred to IEPF from time to time also have been uploaded on the "Investors Section" of the website of the Company viz. [www.srf.com](http://www.srf.com).  
  
Members, who have not encashed their dividend pertaining to financial year 2013-14 onwards, are advised to write at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) to M/s. Kfin Technologies Private Limited, Registrar of the Company immediately for claiming the same.
8. Members may utilize the facility extended by the Registrar for redressal of their queries including change of address, if any, by

- visiting at <https://karisma.kfintech.com/> and clicking on 'Investor Relations' section for query registration through free identity registration process. Members may also write at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) clearly mentioning their DP ID/ Client ID.
9. Members desiring any information/ clarification on the financial statements or any of the resolutions as detailed in the Notice are requested to write to the Company on or before 12 August 2020 through an E-mail to [cs@srf.com](mailto:cs@srf.com), specifying his/ her name along with Demat account details. The same shall be replied by the Company suitably.
  10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which directors are interested under Section 189 of the Companies Act, 2013, ESPS Certificate by Auditor dated 4<sup>th</sup> June, 2020 that SRF Limited Long term Share based Incentives Plan, 2018 has been implemented in accordance with said regulations and in accordance with the resolutions of the company passed through Postal Ballot on March 26, 2018 and all other documents mentioned in the Notice will be available for inspection in electronic mode during the Annual General Meeting. Members can inspect the same by sending an E-mail to [cs@srf.com](mailto:cs@srf.com).
  11. Notice of the AGM and Annual Report 2019-20 are being sent via electronic mode to the members whose E-mail addresses are registered with the Company/ Registrar or the Depository Participant(s). In accordance with the MCA Circular No. 17/2020 dated 13<sup>th</sup> April 2020, the Notice calling the AGM has been uploaded on the Company's website: <https://www.srf.com>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and is also available on the website of e-voting agency M/s KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) at <https://evoting.karvy.com/>.
  12. The Annual Report along with the Notice of AGM is being sent to the members, whose name appear in the register of members/depositories as at closing hours of business on 17<sup>th</sup> July, 2020.
    - a. Those member who have registered/not registered their E-mail address and mobile number including postal address and bank details may please contact and validate/ update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar in case the shares held in physical form.
    - b. Members who have not registered their E-mail address and in consequence, the Annual Report and Notice of AGM could not be served, may temporarily get their E-mail address and mobile number provided with the Company's Registrar, by clicking the link: [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) for sending the same. Members are requested to follow the process as guided to capture the E-mail address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any query, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
    - c. Members are also requested to visit the website of the Company <https://www.srf.com> or the website of the Company's Registrar <https://karisma.kfintech.com/> for downloading the Annual Report and Notice of the AGM.
    - d. Alternatively members may send an E-mail request at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the signed request letter providing the E-mail address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
  13. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to

submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company's Registrar.

14. In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialized form effective from 1<sup>st</sup> April 2019. In view of the above, members are advised to dematerialize their shares held by them in physical form. Members can also write to the Company's Registrar in this regard.
15. To prevent fraudulent transactions, members are advised to exercise due diligence and notify to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Company's Registrar of any change in address or demise of any member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
16. In case of joint holders attending the meeting, the members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

**Instructions for the Members for attending the AGM through Video Conferencing:**

- a) Members will be provided with a facility to attend the AGM through VC platform provided by M/s KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Members may access the same at <https://emeetings.kfintech.com> and click on the "video conference" and access the shareholders/members login by using the remote e-Voting credentials. The link for AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in this notice.
- b) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- c) Members are requested to participate in the AGM on a first-come-first served basis, as participation through VC is restricted upto 1000 members only. However, members holding 2% or more shareholding (Large Shareholders), Promoters, Institutional investors, Directors, Key Managerial Personnel (KMP), Chairpersons of the Audit, Nomination & Remuneration and Stakeholder's Relationship Committee, Auditors, etc. are allowed to attend the AGM without restriction on account of first-come-first served principle.
- d) Members who would like to express their views or ask questions during the meeting may log into <https://emeetings.kfintech.com/> and click on "Post your Questions", queries/views/questions in the window provided by mentioning the name, demat account number/folio number, E-mail id, mobile number. Please note that, the queries/views/questions of those members will be answered who continue to hold the shares as on cut-off date. Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the aforesaid facility during the meeting.
- e) In addition to above, speaker registration may also be allowed during the remote e-voting period. Members who wish to register as speakers are requested to visit <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during this period. The speaker registration shall commence on 14<sup>th</sup> August 2020 at 9.00 AM (IST) and closes on 16<sup>th</sup> August 2020 at 5.00 PM (IST). Members are requested to remember the same and wait for their turn to be called by the Chairman/ Company Secretary of the meeting during the Q&A Session. Due to limitations of transmission

and coordination during the AGM, the Company may have to dispense with or curtail the Speaker Session, hence members are encouraged to send their queries/views/questions in advance as provided in note no. 9. The members may also send their queries alongwith their name and Client Id/DP Id or folio no. as the case may be to the email : [cs@srf.com](mailto:cs@srf.com) during the said period and the replies to these queries may be given by the Chairman/Managing Director during the course of AGM or subsequently via email.

- f) Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of the AGM on first come first served basis subject to the limitations as mentioned in note (c) above.

**17. Cut-off Date for E-voting:**

- a) The remote e-voting /voting rights of the members/beneficial owners shall be reckoned on the equity shares held by them as at close of business hours on the Cut-off Date i.e. 10<sup>th</sup> August 2020 only.
- b) A person who is not a member as on the Cut-off Date should treat this Notice for information purposes only.

**18. Voting through electronic means / Remote e-voting:**

The Company is pleased to provide the facility of voting by electronic means viz. 'remote e-voting' M/s KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Company's Registrar, for the eligible members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the Notice of the AGM.

The remote e-voting period begins on Friday, 14<sup>th</sup> August 2020 at 9:00 AM (IST) and ends on Sunday, 16<sup>th</sup> August 2020 at 5:00 PM (IST). During this period members of the Company, as on the Cut-Off Date i.e. 10<sup>th</sup> August 2020, may cast their votes electronically. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.

The remote e-voting module shall be disabled by Company's Registrar for voting at 5:00 PM (IST) on Sunday, 16<sup>th</sup> August 2020.

19. **Voting at the AGM:** Members who could not vote through remote e-voting may avail the e-voting facility as shall be provided during the AGM.

**Instructions for members for e-Voting ('Insta Poll') during the AGM session:**

- a) The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated once the Insta Poll is announced at the AGM.
- b) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- c) Only those members, who will be present in the AGM through VC facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting in the AGM.
- d) However, members who have voted through Remote e-Voting will also be eligible to attend the AGM.

**20. The details of the process and manner for remote e-voting are explained herein below:**

- i. Open your web browser during the voting period by typing the URL: <https://evoting.karvy.com>
- ii. Enter the login credentials (i.e. User ID and password mentioned in the E-mail forwarding the Notice of AGM or mentioned on the attendance sheet accompanying the Notice of AGM in case E-mail id is not registered and physical copy of the Annual Report is being received by you. The said login credentials shall be valid only in case you continue to hold the shares on the cut-off date). Your Folio No./DP ID Client ID will be your User ID. However, if you hold shares in demat form and you are already registered with Kfintech for remote e-voting, you shall use your existing User ID and password for casting your vote.

iii. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. 10<sup>th</sup> August 2020 may obtain the User id and password in the manner as mentioned below:

a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> Event number + Folio No. or DP ID Client ID to 9212993399

**Example for NSDL:**

MYEPWD <SPACE> IN12345612345678

**Example for CDSL:**

MYEPWD <SPACE> 1402345612345678

**Example for Physical:**

MYEPWD <SPACE> XXXX1234567

b) If e-mail id or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c) Members may call Kfintech toll free number 1800-3454-001.

d) Members may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com). However, Kfintech shall endeavor to send User ID and Password to those new Members whose mail ids are available.

If the member is already registered with Company's Registrar for remote e-voting, he can use his existing User ID and password for casting the vote without any need for obtaining any new User ID and password.

iv. After entering these details appropriately, click on "LOGIN".

v. You will now reach at the password changing Menu, wherein you are required to mandatorily change your password. The

new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, E-mail ID, etc. on first login. You will also be required to enter a secret question and answer of your choice to enable you to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the Event Number for **SRF LIMITED**.

viii. On the voting page you will see the Resolution Description and the Options "FOR/AGAINST/ABSTAIN" for voting. Enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date, as mentioned above. You may also choose the option "ABSTAIN" in case you do not want to cast vote.

ix. You may then cast your vote by selecting an appropriate option and click on "Submit".

x. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xi. Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.



21. In case of any grievances connected to the remote e-voting or e-voting or VC/ OAVM during the AGM, please contact Mr. B Venkata Kishore, Deputy Manager at M/s KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, Contact no. 040-67162222 or call Kfintech toll free No. 1800-3454-001 for any further clarifications.
22. You can also update your mobile number and E-mail address in the user profile details of the folio which may be used for sending future communication(s).
23. Any person who acquires shares of the Company and becomes member of the Company post-dispatch of Notice of AGM along with the Annual Report before the Cut-Off Date may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com) or visit the FAQ's section available at Kfintech website <https://evoting.karvy.com>.
24. The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the Cut-off Date.
25. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the cut-off date, only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
26. Mr. Arvind Kohli , Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the entire e-voting process in a fair and transparent manner.
27. The results declared along with the report of the Scrutinizer shall be placed on the Company's website <https://www.srf.com> and on the website of M/s. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) <https://evoting.karvy.com> immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the concerned Stock Exchanges i.e. BSE and NSE.
28. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
29. In terms of SEBI Listing Regulations, application for: (i) Deletion of name of the deceased member(s) where the shares are held in the name of two or more member(s) (ii) Transmission of shares to the legal heir(s)/ representative(s), where deceased member was the sole holder of shares (iii) 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 member has to be accompanied with a self-attested copy of their PAN along with the other required documents to the Company's Registrar irrespective of the value of the transaction. Members are requested to bear in mind the aforesaid requirements while communicating with the Company or Registrar for any of the purposes stated above. Section 72 of the Act, provides for Nomination by the members of the Company and the members are requested to avail this facility.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 & DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS**

**Item No. 3**

Mr. Pramod Gopaldas Gujrathi (DIN 00418958)

Shareholders had appointed Mr. Pramod Gopaldas Gujrathi (DIN 00418958) as Director (Safety & Environment) and Occupier of factories of the Company, w.e.f. April 01, 2017 for a term of three years. He is also the person in charge for the business of SRF Limited under Legal Metrology Act, 2009.

The Board of Directors had at its meeting held on 03.02.2020 re-appointed Mr. Pramod Gopaldas Gujarathi (DIN 00418958) for a period of 3 years with effect April 01,2020. Members' approval is sought to the appointment. The Company has received a notice under Section 160 from a member signifying his

intention to propose the candidature of Mr. Gujarathi at the forthcoming Annual General Meeting, copy of which is available on the website of the Company [www.srf.com](http://www.srf.com)

The terms of appointment and remuneration including minimum remuneration proposed for Mr. Pramod Gopaldas Gujarathi (DIN 00418958) are fully set out in the resolution.

The information required by the Listing Regulations and Secretarial Standards on General Meetings is given below:

Mr. Gujarathi (68 years) is B. Tech. (Chemical Engineering) from IIT, Bombay having Post Graduate Diploma in Management Studies with a vast and rich experience of 41 years in the field of production, engineering, safety, environment, QA and R&D, etc. He had served as Director & Site Manager with Bayer Group for around eighteen years.

Keeping in view Mr. Gujarathi's rich and varied experience in the industry, health and safety matters, it would be in the interest of the Company to re-appoint him as a Whole-time director designated as Director (Safety and Environment) and Occupier.

Mr. Gujarathi has no shareholding in the Company. He is Independent Director in Chemiesynth Ltd (Vapi) since May 2018 and is a Chairman of Nomination and Remuneration Committee and member of Audit Committee in Chemiesynth Ltd (Vapi).

Approval of the members is sought to the appointment of Mr. Pramod Gopaldas Gujarathi (DIN 00418958) as Director (Safety & Environment) and Occupier of in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Except Mr. Gujarathi, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 3 of the Notice for approval of the members.

#### **Item No 4**

Mr. Ashish Bharat Ram (DIN: 00671567)

Shareholders had appointed Mr. Ashish Bharat Ram (DIN: 00671567) as Managing Director of the Company for a period of 5 years with effect from 23.05.2015 in the AGM held on 6<sup>th</sup> August, 2015.

At its meeting held on 03.02.2020, the Board of Directors subject to Members' approval had re-appointed Mr Ashish Bharat Ram (DIN: 00671567) as Managing Director of the Company for a further period of 5 years with effect from 23 May 2020. Members' approval is sought for his re-appointment. The Company has received a notice under Section 160 from a member signifying his intention to propose the candidature of Mr. Ashish Bharat Ram at the forthcoming Annual General Meeting, copy of which is available on the website of the Company [www.srf.com](http://www.srf.com)

The terms of his re-appointment and remuneration including minimum remuneration are set out in the resolution.

The information required by the Listing Regulations with the Stock Exchanges is given below:

Mr Ashish Bharat Ram (51) has done his schooling from Doon School and graduation in Economics from the Hindu College, Delhi University with an emphasis on mathematics. He holds a Masters' degree in Business Administration on Corporate Strategy with an emphasis on finance and strategy from The Johnson Graduate School of Management, Cornell University, Ithaca, NY, USA and has a 25 years' working experience in senior positions including in the Company's international subsidiaries.

Mr Ashish Bharat Ram (DIN: 00671567) has no shareholding in the Company. Mr Ashish Bharat Ram is a member of Stakeholders Relationship Committee and Committee of Directors - Financial Resources and Chairman of Risk Management Committee of the Company.

Directorships in other Public companies	Committee Membership
Transport Corporation of India Limited	<ul style="list-style-type: none"> <li>• Compensation/Nomination and Remuneration Committee (Chairman)</li> <li>• Corporate and Social Responsibility Committee (Chairman)</li> <li>• Corporate and Restructuring Committee</li> </ul>
Kama Holdings Limited	<ul style="list-style-type: none"> <li>• Stakeholders Relationship Committee (Chairman)</li> <li>• Committee of Directors-financial Resources</li> <li>• Nomination and Remuneration Committee</li> <li>• Risk Management Committee (Chairman)</li> </ul>
Shri Educare Limited	Nil
SRF Holiday Home Limited	Nil

Mr. Ashish Bharat Ram is interested in the resolution. Mr. Arun Bharat Ram and Mr. Kartik Bharat Ram, who are relatives of Mr. Ashish Bharat Ram, may be deemed to be interested in the resolution. No other Director or KMP of the Company is concerned or interested in the resolution.

In view the above, the Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

#### Item No. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors to conduct audit of the cost records of the Company for the financial year ending March 31, 2021 at the remuneration as provided in the resolution.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

Both the cost auditors had rendered satisfactory service during their last tenure, therefore the Board of Directors recommends Ordinary Resolution set out at Item No. 5 of the Notice for approval of the members.

#### Item No. 6

As per the provisions of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and allotment of Securities) Rules, 2014, private placement of redeemable, non-convertible debentures requires approval of shareholders by way of special resolution. However, the Company may pass a special resolution once in a year for all the offers or invitation for such debentures during the year.

In order to provide for resources for financing of capital expenditure requirements, re-financing of existing debt, general corporate purposes and such other purposes of the Company as are allowed by the applicable laws, the Company may be required to offer or invite subscription for secured/ unsecured redeemable non-convertible debentures, in one or more series/tranches on private placement. Further, SEBI circular dated 26.11.2018 require that 25% of the incremental borrowings by a large corporate (as defined in that circular) during a financial year shall be met by way of issuance of debt securities in accordance with applicable SEBI regulations.

Pricing of debentures is determined and impacted by general economic conditions and monetary policy, Company specific rating and outlook of the investor on the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

In view of the above, the Board of Directors recommends the Special Resolution set out at Item No. 6 of the Notice for approval of the members authorising the Board to issue redeemable, non-convertible Debentures by private placement for an aggregate amount not exceeding ₹ 500 crores, in one or more tranches, during the period of one year from the date of this Annual General Meeting.

### **IMPORTANT COMMUNICATION TO MEMBERS**

The 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 register the same with the Company's Registrar & Transfer agent M/s KFin Technologies Pvt. Ltd.



## Board's Report

Dear Members,

Your Directors are pleased to present the 49<sup>th</sup> Annual Report for the year ended March 31, 2020.

### Financial Results

Particulars	₹ in Crores	
	2019-20	2018-19
Revenue from operations	6,330.84	6,205.59
Other income	53.29	42.13
Total Income	6,384.13	6,247.72
Profit Before Interest, Depreciation & Tax (PBIDT)	1,315.80	1,167.94
Less: Interest & Finance Charge	182.11	173.78
Gross Profit	1,133.69	994.16
Less: Depreciation and amortisation charge	353.21	325.12
Profit Before Tax (PBT) from continuing operations	780.48	669.04
Less: Provision For Taxation including Deferred Tax Charge	(13.11)	167.52
Profit After Taxation (PAT) from continuing operations	793.59	501.52
Profit Before Tax (PBT) from discontinued operations*	241.82	24.07
Less: Provision For Taxation including Deferred Tax Charge	61.23	8.41
Profit After Taxation (PAT) from discontinued operations	180.59	15.66
Total Profit After Taxation (PAT) from continuing and discontinued operations	974.18	517.18
Add: Profit Brought Forward	2,956.92	2,524.05
<b>Total</b>	<b>3,931.10</b>	<b>3,041.23</b>

## Appropriation

Particulars	₹ in Crores	
	2019-20	2018-19
Interim dividend on Equity Shares	80.47	68.98
Corporate Tax on Dividend	16.54	14.17
Other comprehensive income arising from re-measurement of defined benefit obligation	5.33	1.16
Amount transferred to Debenture Redemption Reserve	-	-
<b>Profit carried to Balance Sheet</b>	<b>3,828.76</b>	<b>2,956.92</b>

\* During the year, the Engineering Plastics Business of the Company was divested with effect from August 1, 2019. The PBT from discontinued operations represent operating profits till the date of divestment of that business and profit on account of sale of the business.

## Equity Dividend

During the year, your Company has paid two interim dividends of ₹ 7 per share each aggregating to ₹ 14 per share, amounting to ₹ 97.01 Crores (inclusive of taxes). The Board of Directors of the Company has not recommended any final dividend.

## Operations Review

Total revenue from operations of the Company on standalone basis increased by 2.02 per cent from ₹ 6205.59 Crores in 2018-19 to ₹ 6330.84 Crores in 2019-20. The profit before interest, depreciation and tax (PBIDT) including 'other income' on a standalone basis increased from ₹ 1,167.94 Crores in 2018-19 to ₹ 1,315.80 Crores in 2019-20.

Profit before tax (PBT) from continuing operations on a standalone basis increased by 16.66 per cent from ₹ 669.04 Crores in 2018-19 to ₹ 780.48 Crores in 2019-20. After accounting for the net tax credit of ₹ 13.11 Crores, profit after tax (PAT) on continuing operations on a standalone basis increased by 58.24 per cent from ₹ 501.52 Crores in 2018-19 to ₹ 793.59 Crores in 2019-20.

## Management Discussion and Analysis

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

## Business Responsibility Report

As stipulated under the Securities and Exchange Board of India (LODR) Regulations, 2015 ("Listing Regulations"), the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance

perspective has been prepared for 2019-20 is presented in a separate section forming part of this Annual Report.

## Subsidiaries, Joint Ventures and Associate companies

As on March 31, 2020, your Company had 6 (six) wholly owned subsidiary companies whereby 1 (one) wholly owned subsidiary company is registered in India and remaining 5 (five) are registered outside India. 2 (two) of these are direct wholly owned subsidiaries and rest 4 (four) are step-down wholly owned subsidiaries. The consolidated profit and loss account for the period ended March 31, 2020 includes the profit and loss account for these 6 (six) wholly owned subsidiaries for the complete Financial Year ended March 31, 2020.

### These subsidiaries are:-

1. SRF Global B.V. is a wholly owned subsidiary of the Company incorporated in the Netherlands. This entity is an SPV formed for the purpose of holding investments and mobilizing funds for the 4 (four) step-down subsidiaries of the Company.
2. SRF Industries (Thailand) Ltd. (a wholly owned subsidiary of SRF Global BV) is incorporated in Thailand engaged in the manufacture and distribution of packaging films. During the year, Nylon Tyre Cord Fabric plant at Rayong, Thailand was closed due to high costs and lack of visibility on reaching profitable operations anytime in the near future.
3. SRF Flexipak (South Africa) (Pty) Ltd. (a wholly owned subsidiary of SRF Global BV)

is incorporated in South Africa engaged in manufacture and distribution of packaging films.

4. SRF Industex Belting (Pty) Ltd. (a wholly owned subsidiary of SRF Global BV) is incorporated in South Africa presently in the business of trading in refrigerant gases in South Africa and other neighbouring countries.
5. SRF Europe Kft (a wholly owned subsidiary of SRF Global BV) was incorporated in Hungary to undertake the manufacture of packaging films in Hungary.
6. SRF Holiday Home Ltd. is a wholly owned subsidiary of the Company incorporated in India. This company is engaged in the business of acquisition and renting of real estate properties.

The consolidated financial statements of the Company prepared in compliance with applicable Accounting Standards and other applicable laws including all the above subsidiaries duly audited by the statutory auditors are presented in the Annual Report.

No subsidiaries were divested during the year. No company has become/ceased to be a joint venture or associate during the year. A report on performance and financial position of each of the subsidiaries and associates is presented in a separate section in this Annual Report. Please refer (AOC-1) annexed to the financial statements in the Annual Report at page no. 280. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: [http://www.srf.com/pdf/2014%20\(10\)%2028%20-%20Policy%20on%20material%20subsidiary%20companies%20-%20v2%20-%20Oct14.pdf](http://www.srf.com/pdf/2014%20(10)%2028%20-%20Policy%20on%20material%20subsidiary%20companies%20-%20v2%20-%20Oct14.pdf)

The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and of respective subsidiary companies. Further, the annual accounts of the subsidiaries are also available on the website of the Company viz. [www.srf.com](http://www.srf.com).

### Directors & Key Managerial Personnel

Mr Pramod Gopaldas Gujarathi, Director (Safety & Environment), is retiring by rotation and being eligible, offers himself for re-appointment.

All the Independent Director(s) have submitted the declaration of meeting the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and rules applicable thereunder and as per the SEBI Regulations. They are also independent of the management.

The Board confirms that independent directors appointed during the year possess the desired integrity, expertise and experience. The independent directors, as applicable, have been advised to undergo the Online Proficiency Test as prescribed under Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended.

During the year, the board has re-appointed Mr. Pramod G Gujarathi as Whole-time Director and Mr. Ashish Bharat Ram as Managing Director and resolutions for their re-appointment form part of the notice for the AGM. The Board recommends their re-appointment.

Brief resume of the Directors who are proposed to be appointed/re-appointed is furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

In accordance with the requirements of the Companies Act and the Listing Regulations, the Company has formulated a Nomination, Appointment and Remuneration Policy. A copy of the Policy is enclosed as Annexure I.

In accordance with the aforesaid Policy, the Nomination and Remuneration Committee evaluates the performance of the Executive Directors, Non-Independent non-executive Director and Independent Directors. Board evaluates, its own performance on criteria like discharge of duties and responsibilities under the Companies Act and Listing Regulations, fulfilment of its role with respect to guiding corporate strategy, risk policy, business plans, corporate performance, monitoring company's governance practices etc. and number of meetings held during the year and the performance of its Committees on the criteria like fulfilment of role of the Committee with reference to its terms of reference, the Companies Act and the Listing Regulations and the number of committee meetings held during the year.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link <http://www.srf.com/investor-relations/investors.html#governance>

During the year 2019-20, four meetings of the Board of Directors were held. For further details, please refer to report on Corporate Governance on page no. 69 of this Annual Report.

### **Directors' Responsibility Statement**

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- (c) the directors had 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Contracts and Arrangements with Related Parties**

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arms' length basis and in accordance with the Transfer Pricing Policy/ basis approved by the Audit Committee and/or in accordance with the Omnibus approval of the Audit Committee. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Policy on Materiality of Related Party Transactions.

Your Directors draw attention of the members to Note 32 to the notes to accounts forming part of the financial statements which sets out related party transaction disclosures.

### **Particulars of Loans given, Investments made, Guarantees given and Securities provided**

Particulars of loans given, investments made, guarantees given and securities provided alongwith the purpose for which the loan or guarantee or security was proposed to be utilised by the recipient are provided in the standalone financial statement (Please refer to Note 41(d) of Additional Disclosures forming part of the standalone financial statement).

### **Corporate Social Responsibility (CSR)**

As per the requirements of the Companies Act, 2013, the Company has a Corporate Social Responsibility Committee comprising of Dr. Meenakshi Gopinath, Director (CSR) (Chairperson of the Committee), Mr. Arun Bharat Ram, Chairman of the Company, Kartik Bharat Ram, Deputy Managing Director and Lakshman Lakshminarayan, Independent Director as other members.

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the projects to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link [http://www.srf.com/pdf/2015%20\(05\)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf](http://www.srf.com/pdf/2015%20(05)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf)



The Company would also undertake other need-based initiatives in compliance with Schedule VII to the Act.

During the year, the Company has spent ₹ 12.00 Crores on CSR activities. The amount of CSR obligation under the Companies Act, 2013 was ₹ 11.63 Crores. Annual Report on CSR activities is annexed herewith as Annexure II.

An amount of Rs. 4.40 Crores was provided to SRF foundation (Implementing Agency) in 2016-17 for CSR expenditure on the mid-day meal programme in Bharuch, Gujarat which could not be utilised as the programme did not materialise due to operational reasons. An amount aggregating to ₹ 1.90 Crores out of the above was spent during the year on promotion of education, art and culture.

### Risk Management

Enterprise Risk Management is a risk based approach to manage an enterprise, identifying events that may affect the entity and manage risks to provide reasonable assurance regarding achievement of entity's objective.

The risks identified by the Company broadly fall into the following categories viz. strategic risks, operational risks, regulatory risks, financial and accounting risks, foreign currency and other treasury related risks and information systems risks. The risk management process consists of risk identification, risk assessment, risk prioritization, risk treatment or mitigation, risk monitoring and documenting the new risks.

Your Board has laid down a risk management framework and policy to address the above risks. The objective of the policy is to identify existing & emerging challenges that may adversely affect the company and manage risks in order to provide reasonable assurance to the various stakeholders. In the opinion of your Board, none of the risks which have been identified may threaten the existence of the Company.

The Board has constituted Risk Management Committee consisting of Mr. Ashish Bharat Ram as Chairman, Mr. Kartik Bharat Ram and Ms. Bharti Gupta Ramola as members of the Committee.

### Internal Financial Controls

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, Audit Committee and the management that there is a structured system for:

- close and active supervision by the Audit Committee
- business planning and review of goals achieved
- evaluating & managing risks
- policies and procedures adopted for ensuring orderly Financial Reporting
- timely preparation of reliable Financial Information
- accuracy and completeness of the Accounting Records
- ensuring legal and regulatory compliance
- protecting company's assets
- prevention and detection of fraud and error
- validation of IT Security Controls
- Entity Level Controls

Interrelated control systems, covering all financial and operating functions, assure fulfilment 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 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, CSA comprises Automated and Manual Controls. CSA Assurance Testing completes the control compliance loop. In addition to this, Compliance Manager (CM) a facilitating tool sends pre-emptive alert to meet specific calendared regulatory deadlines in the company.

### Listing of Equity Shares

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

### SRF Limited Long term Share based Incentives Plan, 2018

During the year, no equity shares were allotted under SRF Limited Long Term Share Based Incentive Plan, 2018 to eligible employees. There has been no change in the said Plan. The said Plan is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. In Compliance with Circular dated June 16, 2015 issued by SEBI under the said Regulations, necessary disclosures are given below:

- a. In terms of the "Guidance Note on accounting for employee share based payments" issued by ICAI and Ind AS 102, note no. 34 on Employee Share Based Payments forms part of the notes to standalone annual accounts appearing on page no. 169 of the Annual Report 2019-20. Note No. 1.B.17 forming part of the Accounting Policies which refers to this is also appearing on page no. 126 of the Annual Report 2019-20. The same are also reproduced in the "Investors Section" of the website ([www.srf.com](http://www.srf.com)). The weblink for the same is <https://www.srf.com/investor-relations/investors.html>.

- b. During financial year 2018-19, shares under Part B- SRF ESPS, 2018 of the SRF Long Term Share Incentive Plan, 2018 were issued directly to the eligible employees as decided by the Board/ Nomination and Remuneration Committee of the Company. Hence, the diluted EPS and basic EPS for this year are the same. Basic EPS for 2019-20 from continuing and discontinued operations was ₹ 169.48 per Share.
- c. Other Disclosures mandated by the said circular are given in Annexure III.

Certificate from the Auditors of the Company dated June 04, 2020 that SRF Limited Employees Long term Share Based Incentive Plan, 2018 has been implemented in accordance with these regulations and in accordance with the resolution of the company shall be placed in the forthcoming Annual general meeting.

### Dividend Distribution Policy

In compliance with the Listing Regulations, your Board had formulated a Dividend Distribution Policy. A copy of the said policy is available on the website of the Company at <http://www.srf.com/pdf/Dividend%20Distribution%20>. The policy is also given in Annexure V of this report.

### Corporate Governance

Certificate of the auditors of your Company regarding compliance of the conditions of corporate governance as stipulated in regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the report as Annexure IV.

In compliance with the requirements of the regulation 17(8) of the aforesaid regulations, a certificate from Managing Director and President & CFO 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

The consolidated financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant amendments issued thereafter of the Act.

## Audit Committee

As on March 31, 2020 the Audit Committee comprises of Independent Directors namely, Mr. Lakshman Lakshminarayan (Chairman of the Committee), Mr. Vellayan Subbiah and Ms. Bharti Gupta Ramola as other members. All the recommendations made by the Audit Committee were accepted by the Board.

## Accounts and Audit

M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) were appointed as Statutory Auditors for 5 years in 47<sup>th</sup> annual general meeting to hold office from the conclusion of 47<sup>th</sup> Annual General Meeting until the conclusion of 52<sup>nd</sup> annual general meeting.

The observations of the auditors are explained wherever necessary in appropriate notes to the accounts. The Auditors Report does not contain any qualification, reservation, adverse remark or disclaimer.

## Vigil Mechanism

In compliance with the provisions of the Companies Act, 2013 and Listing Regulations, the company has established a vigil mechanism for directors, employees and other stakeholders to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct.

The Vigil Mechanism of the Company consists of Code of Conduct for employees, Policy against sexual harassment, Whistleblower Policy, Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Code of Conduct for Directors and Sr. Management Personnel. These taken together constitute the vigil mechanism through which Directors, employees and other stakeholders can voice their concerns. The Whistle blower Policy, Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Code of Conduct for Directors and Sr. Management Personnel can be accessed on the Company's website at the link: <http://www.srf.com/investor-relations/investors.html#governance>

## Cost Audit

Pursuant to 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.

M/s. H. Tara & Co., Cost Accountants, was appointed to conduct cost audit of the accounts maintained by the Company for the financial year 2020-21 in respect of all the relevant product groups of Technical Textiles Business and other Businesses of the Company.

M/s. Sanjay Gupta & Associates, Cost Accountant, was appointed to conduct cost audit of the accounts maintained by the Company for the financial year 2020-21 in respect of all the relevant product groups of Chemicals Business and Packaging Films Business of the Company.

M/s. Sanjay Gupta & Associates, Cost Accountant was nominated as the Company's Lead Cost Auditor.

The remuneration of the cost auditors for financial year 2020-21 is subject to ratification by the shareholders. Accordingly a suitable item has been included in the notice of the ensuing annual general meeting.

The Cost Audit reports for audit of the said products for the financial year 2018-19, conducted by M/s. H. Tara, Cost Accountants (M. No. 17321) and M/s Sanjay Gupta & Associates, Cost Accountants (M. No. 18672), have been filed with the Ministry of Corporate Affairs on August 31, 2019. The due date for filing was September 05, 2019.

## Secretarial Auditor

The Board has appointed M/s Sanjay Grover & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith as Annexure VI to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Further, Secretarial Compliance Report dated May 28, 2020 issued as per SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019 was given by M/s Sanjay Grover & Associates, Practising Company Secretary which was submitted to Stock Exchanges.

## Personnel

The statement containing names of top ten employees in terms of remuneration drawn and the particulars employees as required under section 197 (12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the registered office of the Company during business hours on working days upto the date of ensuing general meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure VII.

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

The details as required under the Companies (Accounts) Rules, 2014 are given as Annexure VIII to the Directors' report.

## Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure IX to this Report.

The Annual Return (MGT-7) of the Company as on 31.3.2019 is available on the following web link: <https://www.srf.com/investor-relations/investors.html#reports>

## Industrial Relations

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

## Secretarial Standards

Applicable Secretarial Standards, i.e. SS-1 SS-2 and SS-3, relating to 'Meeting of the Board of Directors' 'General Meetings' and 'Dividend' respectively, have been duly followed by the Company.

## General

Your Directors state that no disclosure or reporting is required in respect of the following items as there was no transactions on these items during the year under review :-

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Neither the Chairman, Managing/Deputy Managing Director nor Whole-time Director received any remuneration or commission from any of the Company's subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the year, no complaint was received.

## 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

(DIN – 00694766)

Date: June 04, 2020

Place: New Delhi

## Annexure I to BOARD'S REPORT

### Nomination, Appointment and Remuneration Policy

#### A. Introduction

This Policy on Nomination, Appointment and Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees has been formulated and amended from time to time in accordance with the provisions of Section 178 of the Companies Act, 2013 (the Act) and the Listing Regulations by the Nomination and Remuneration Committee of the Directors of the Company.

#### B. Definitions

Directors :	Directors (other than Managing Director(s) and Whole-time Director(s)) appointed under the provisions of the Companies Act, 2013 and rules made thereunder.
Key Managerial Personnel	Managing Director(s), Whole-time Director(s), Chief Executive Officers of the businesses of the Company reporting to the Managing Director, Chief Financial Officer and Company Secretary.
Senior Management Personnel	Members of the Corporate Leadership Team of the Company (excluding Executive Directors), Chief Financial Officer and Company Secretary
Other Employees	Employees other than Key Managerial Personnel and Senior Management Personnel.

The terms "He" or "his" as mentioned in this Policy includes any gender.

#### C. Terms of Reference

The Board of Directors of the Company at its meeting held on 9th May, 2014 reconstituted the existing Remuneration Committee of Directors as "Nomination and Remuneration Committee" of Directors (the Committee). The terms of reference the Committee are as follows :-

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Formulation of policies for remuneration to Directors, Key Managerial Personnel, Sr. Management Personnel and Other Employees.
- Identification and recommendation to Board of persons who are qualified to become Directors, Key Managerial Personnel and Sr. Management Personnel in accordance with the criteria laid down.

- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel and Sr. Management Personnel.
- Evaluation of the performance of Directors (other than independent directors).
- Evaluation of the performance of independent directors and make recommendations to Board.
- To oversee succession planning for Board of Directors, Key Managerial Personnel and Senior Management Personnel.
- Formulation of criteria for making payment to non-executive Directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

#### D. Criteria for recommending a person to become Director

The Committee shall take into consideration the following criteria of qualification, positive attributes and independence for recommending to the Board for appointment of a Director:-

1. **Qualification & Experience**  
The incumbent shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, research, corporate governance, education, community service or other disciplines.
2. **Attributes/Qualities**  
The incumbent Director shall possess one or more of the following attributes/qualities:-
  - Respect for and strong willingness to imbibe the Company's Core Values.
  - Honesty and Professional integrity.
  - Strategic capability with business vision.
  - Entrepreneurial spirit and track record of achievement.
  - Ability to be independent
  - Capable of lateral thinking.
  - Reasonable financial expertise.
  - Association in the fields of business/ corporate world/Finance/education/ community service/Chambers of Commerce & industry.
  - Effective review and challenge to the performance of management.
3. In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the provisions of the Act, Listing Regulations and other applicable laws and regulations.
4. The incumbent should not be disqualified for appointment as a Director pursuant to the provisions of the Act or other applicable laws & regulations.

#### **E. Directors' Remuneration**

The Committee will approve the fixed remuneration to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations.

Commission to the Executive Directors, if any, will be recommended by the Committee to the Board for approval. The Committee/Board shall periodically review the remuneration of such Directors in relation to other comparable companies and other factors like performance of the Company etc. as deemed appropriate.

The Committee will recommend to the Board appropriate fees / commission to the non-executive directors for its approval. The Committee / Board shall inter alia, consider level of remuneration / commission payable by other comparable companies, time devoted, experience, providing guidance on strategic matters and such other factors as it may deem fit.

#### **F. Evaluation**

Performance evaluation of Executive Directors, Non-executive Directors, Independent Directors, Board as a whole, Board Committees and their members and Chairman shall be carried out in following manner:

- a) **Performance evaluation of all individual Directors:** It shall be done annually by the Nomination and Remuneration Committee (NRC) as per the structure of performance evaluation (as per Annexure I & II). The outcome of the evaluation shall be shared by the Chairman of NRC with the Board.
- b) **Performance evaluation of Independent Directors:** It shall be done, annually and at the time of their re-appointment, by NRC for deciding whether to extend or continue the term of appointment of independent directors. Based upon the recommendations of the NRC, the Board of Directors shall decide to continue their appointment or consider them for reappointment.

The performance evaluation of independent directors, in addition to feedback received from NRC, shall be done by the entire Board of Directors, excluding the director being evaluated as per the structure of performance evaluation (as per Annexure II).

- c) **Performance evaluation of the Board of Directors:** Board shall evaluate its own performance on criteria like discharge of duties and responsibilities under the Companies Act and Listing Regulations, fulfillment of its role with respect to guiding corporate strategy, risk policy, business plans, corporate performance, monitoring company's governance practices etc. and number of meetings held during the year as specified in annexure III (Part - A).
- d) **Performance evaluation of Board Committees:** The Board shall review the performance of all its committees annually on criteria for evaluation as specified in annexure III (Part - B).
- e) **Performance evaluation by independent directors at their separate meeting:** The Independent Directors in their separate meeting shall review performance of non-independent directors, Board as a whole, the Chairman of the company, taking into account the views of executive directors and non-executive directors;

The Chairman of meeting of Independent Directors or one selected by independent Directors shall share outcome of their abovementioned evaluations with the Chairman of the Board.

Chairman of the Board shall be responsible for giving feedback as and when required as a result of performance evaluation above and guide on preparation of a suitable action plan, if required.

## G. Board Diversity

The Committee will review from time to time Board diversity to bring in professional experience in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy, education, community service and human resource management in the Company. The Company will keep succession planning and Board diversity in mind in recommending any new name of Director for appointment to the Board.

## H. Eligibility criteria & Remuneration of Key Managerial Personnel, Senior Management Personnel and Other Employees

The eligibility criteria for appointment of Key Managerial Personnel, Senior Management Personnel and Other Employees shall be in accordance with the job description of the relevant position.

In particular, the position of Key Managerial Personnel should be filled by senior personnel having relevant qualifications and experience.

### Remuneration Structure

#### i) Key Managerial Personnel and Senior Management Personnel

The remuneration structure for Key Managerial Personnel and Senior Management Personnel shall be as per the Company's remuneration structure taking into account factors such as level of experience, qualification, performance and suitability which shall be reasonable and sufficient to attract, retain and motivate them.

Nomination and Remuneration Committee shall recommend to the Board the remuneration/remuneration structure for senior management personnel every year.

#### ii) Other Employees

The remuneration for the Other Employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions and his/her last drawn remuneration in the previous organization.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to the employees shall be determined based on the appraisal carried out by the respective reporting managers/HODs of various departments as

ratified by Business Leadership Teams/Corporate Leadership Team (as applicable). Decision on Annual Increments shall be made on the basis of this appraisal. The remuneration would be benchmarked intermittently with a basket of identified companies comparable to SRF.

At the same time, the increments are largely fixed for Bands. In case, a specific correction is to be brought about for a particular employee or group of employees, rationalization on a one time basis may also be carried out.

The remuneration may consist of fixed and incentive pay/retention bonus reflecting short and

long-term performance objectives appropriate to the working of the Company and its goals.

The aforesaid Key Managerial Personnel, Senior Management Personnel and Other Employees may also be provided any facility, perquisites, commission, accommodation, interest free loans or loans at concessional rate in accordance with the policies framed for them or any category thereof.

However loan to the Directors who are KMPs shall be governed by such approvals as may be required by the Companies Act, 2013.

## Annexure I

### Performance Evaluation of Executive Directors

**Name of Director :**

**Type of Directorship : Executive Director**

Assessment of the following Roles/Attributes as performed by or observed in the Director whose performance is under evaluation:

S. No.	Role/Attribute	(Y/N)
1.	Attendance and participation in meetings of the Board of Directors and of the Board Committees	
2.	Advises Board on implementation of good corporate governance practices.	
3.	Exercised his/her duties with due & reasonable care, skill and diligence.	
4.	Acted in good faith and in the best interests of the Company towards promotion of interest of the stakeholders.	
5.	Conduct in compliance with the policies of the Company viz. Code of Conduct, Code of Conduct for Prevention of Insider Trading, Whistle blower Policy etc.)	
6.	Ensures compliance with applicable laws/ statutory obligations in the functioning of the Company.	
7.	Enhances Brand Equity	
8.	Encourages new initiatives/expansion/innovation	
9.	Encourages adherence to the principles of Quality, Cost, Delivery and safety (QCDS)	
10.	Resolves Investor complaints	
11.	Ensures talent retention	
12.	Encourages awards & recognitions Overall Performance (Remarks)	

Name of Director : .....

Signature : .....

Date & Place : .....



**Annexure II****Performance Evaluation of Independent Directors / Non-Executive Directors**

Name of Director :

Type of Directorship : Independent Directors / Non-Executive Director

Assessment of the following Roles/Attributes as performed by or observed in the Director whose performance is under evaluation:

S. No.	Role/Attribute	(Y/N)
1.	Attendance and participation in meetings of the Board of Directors and of the Board Committees	
2.	Advises on implementation of good corporate governance practices.	
3.	Independent in judgement and actions	
4.	Exercised his/her duties with due & reasonable care, skill and diligence.	
5.	Acted in good faith and in the best interests of the Company towards promotion of interest of the stakeholders.	
6.	Conduct in compliance with the policies of the Company viz. Code of Conduct, Code of Conduct for Prevention of Insider Trading, Whistle blower Policy etc.)	

Name of Director : .....

Signature : .....

Date &amp; Place : .....

**Annexure III****Criteria for Evaluation of the Board of Directors****A**

Performance of Board as a whole	Evaluation Criteria
	Discharge of duties and responsibilities under the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
	<ul style="list-style-type: none"> <li>Fulfilment of role of the Board (for instance guiding corporate strategy, risk policy, business plans, corporate performance, monitoring company's governance practices etc.).</li> <li>Number of Board Meetings held during the year.</li> </ul>

**B**

Performance of Board Committees	Evaluation Criteria
	<ul style="list-style-type: none"> <li>Fulfilment of role of the Committee with reference to its terms of reference, the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</li> <li>Number of committee meetings held during the year.</li> </ul>

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

Chairman

(DIN: 00694766)

Date: June 04, 2020

Place: New Delhi

## Annexure II to BOARD'S REPORT

### Annual Report on CSR for the Financial Year Ended March 31, 2020

- 1) A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

As per the requirement of Section 135 of the Companies Act, 2013, the Company had laid down a CSR Policy under which the Company had identified projects as per the Schedule VII of the Act in the following areas for the year 2019-20:-

- **Promotion of Education:** Improving Quality of Education and Developing School infrastructure of Govt. Schools.
- **Employment enhancing vocational skills:** Focusing on imparting appropriate skills as per the market and industry needs and providing a platform to the youth trained to be gainfully self-employed or linking them with potential employers to increase their employability and livelihood;
- **Environment:** Plantation, maintenance of pails, recharging ground water etc.
- **Art and Culture:** Lecture cum demonstration session on classical music, dance, folk form, craft, yoga, heritage, nature walk, Indian Philosophy etc. and Centenary Celebration of Pt. Ravisankar.
- **Rural Development:** Construction of community shed, village roads / community assets / village development activities/ temporary shelter for homeless etc.

The Details of the CSR Policy and projects or programs proposed to be undertaken under the same, from time to time, is posted on: [https://www.srf.com/pdf/2015%20\(05\)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf](https://www.srf.com/pdf/2015%20(05)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf)

The Composition of the CSR Committee  
Dr. Meenakshi Gopinath, (Chairperson)  
Mr. Arun Bharat Ram (Member)  
Mr. Kartik Bharat Ram, (Member)  
Mr. L. Lakshman, (Member)

- 2) Average Net Profit of SRF Ltd for last three financial years

Net profit for the year:-

2018 – 19: ₹ 696.58 Cr.

2017 – 18: ₹ 496.76 Cr.

2016 – 17: ₹ 551.19 Cr.

Average Net Profit: ₹ 581.51 Cr.

2% of Avg. Net Profit: ₹ 11.63 Cr. (approx.)

- 3) Prescribed CSR Expenditure – ₹ 11.63 Cr. (approx.)

- 4) Details of CSR Spent during the financial year

a. Total Amount spent for the financial year – ₹ 12.00 Cr.

b. Amount unspent, if any – 0.00 Cr.

c. Manner in which the amount spent during the financial year is detailed below:-

							₹ in Crores
S. No.	CSR Project or activity identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or Programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs / project Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
1.	School Education	Cl. (ii) Promoting Education	Local Area Mewat (Haryana); Kashipur, Pantnagar (Uttarakhand); Dhar, Gwalior/Bhind and Bhopal (Madhya Pradesh); Bhiwadi (Rajasthan); Bharuch (Gujarat); Pudukottai, Chennai and Tiruvallur (Tamil Nadu);  Other Area Kamrup Metro (Assam)	7.90  0.60	9.05  0.61	9.05  0.61	Implementation Agency – SRF Foundation
2.	Vocational Skills	Cl. (ii) Employment Enhancing Vocational Skills	Local Area Bhind (Madhya Pradesh), Tiruvallur (Tamil Nadu)	0.25	0.23	0.23	Implementing Agency – SRF Foundation
3.	Environment	Cl. (vi) Ensuring Environmental Sustainability	Local Area Alwar (Rajasthan)	0.20	0.18	0.18	Implementation Agency – SRF Foundation in association with SPACE
4.	Rural Development	Cl. (xiii) Rural Development	Local Area Alwar (Rajasthan) & Bharuch (Gujarat)	0.20	0.17	0.17	Implementing Agency – SRF Foundation
5.	Art & Culture	Cl. (viii) Art & Culture	Other Area In college/school auditorium of Tamil Nadu, Madhya Pradesh, Gujrat & Delhi NCR; & Centenary Celebration of Pt. Ravisankar	2.25	1.19	1.19	Implementing Agency – SRF Foundation through Spic Macay
6	CSR Capacity Building & Overheads			0.60	0.57	0.57	
<b>Total</b>				<b>12.00</b>	<b>12.00</b>	<b>12.00</b>	

**Details of Implementing Agency:** SRF Foundation, Year of Establishment – 1982, Founder – SRF Ltd.

Director – Dr. Y. Suresh Reddy

## Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:-

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.'

Sd/-  
**Ashish Bharat Ram**  
Managing Director  
Place: Gurugram

Sd/-  
**Dr. Meenakshi Gopinath**  
Director (CSR)  
Place: New Delhi

Date: June 04, 2020

## Annexure III to BOARD'S REPORT

### ESPS Disclosures

#### Details related to ESPS

- (i) Details of allotments made under **Part-B of SRF ESPS 2018 of SRF Limited (SRF) Employees Long Term Share Based Incentive Plan – 2018** during the financial year 2019-20:
- Date of shareholders' approval: **March 26, 2018**
  - Number of shares issued: **Nil**
  - The price at which such shares are issued: **N.A.**
  - Lock-in period: **N.A.**
- (ii) Details regarding allotment made under **Part-B of SRF ESPS 2018 of SRF Limited (SRF) Employees Long Term Share Based Incentive Plan – 2018**, as at the end the financial year 2019-20:

Particulars*	Details
The details of the number of shares issued under ESPS	60,000
The price at which such shares are issued	10/-
Employee-wise details of the shares issued to:	
(i) Senior managerial personnel	Mr. Prashant Yadav - 20,000 shares Mr. Prashant Mehra - 20,000 shares Mr. Anurag Jain - 20,000 shares
Consideration received against the issuance of shares, if scheme is implemented directly by the company	₹ 6,00,000/-
Loan repaid by the Trust during the year from exercise price received	NA

\*Allotment made during 2018-19

**Details related to Trust**

Details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the Regulations :-

(i) General information on all schemes:

S. No	Particulars	Details
1	Name of the Trust	SRF Employees Welfare Trust
2	Details of the Trustee(s)	SRF Employee Benefit Scheme LLP
3	Amount of loan disbursed by company / any company in the group, during the year	NIL
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	NIL
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	NIL
6	Any other contribution made to the Trust during the year	₹ 25,000/- for meeting its operating expenses.

(ii) Brief details of transactions in shares by the Trust

(a)	Number of shares held at the beginning of the year;	NIL
(b)	Number of shares acquired during the year through	
(i)	primary issuance	NIL
(ii)	secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	NIL
(c)	Number of shares transferred to the employees / sold along with the purpose thereof	NIL
(d)	Number of shares held at the end of the year	NIL

(iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	NIL
Acquired during the year	NIL
Sold during the year	NIL
Transferred to the employee during the year	NIL
Held at the end of the year	NIL

For and on Behalf of the Board

**Arun Bharat Ram**

Chairman

(DIN: 00694766)

Date: June 04, 2020  
Place: New Delhi

## **Annexure IV to BOARD'S REPORT**

### **Independent Auditors' Report on Compliance with the Corporate Governance requirements under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members of **SRF Limited**

1. This report is issued in accordance with the terms of our engagement letter dated 27 May 2020.
2. The accompanying Corporate Governance Report prepared by SRF Limited ("the Company") contains details of compliance of conditions of corporate governance by the Company for the year ended 31 March 2020, as stipulated in Regulations 17-27, clauses (b) to (i) of the Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") pursuant to the Listing Agreement of the Company with stock exchanges.

#### **Managements' Responsibility**

3. The preparation of the Corporate Governance Report is the responsibility of the Management including the preparation and maintenance of all the relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Corporate Governance Report.
4. The Management, along with the Board of Directors, is also responsible for ensuring that the Company complies with the conditions of the Corporate Governance and provides all relevant information to Securities and Exchange Board of India. The management shall comply with the corporate governance provisions which shall be implemented in a manner so as to achieve the objectives of the principles.

#### **Auditor's Responsibility**

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI's Listing regulations for the year ended 31 March 2020.
6. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the subject matter stated in the above paragraph. The procedures selected, including procedures for assessment of the risk associated with the subject matter, depends on the auditor's judgment.
7. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
8. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, ("the Guidance Note"), issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by ICAI.

**Opinion**

10. In our opinion, and to the best of our information and according to the explanations and representations given to us, we are of the opinion that the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations, as applicable as at 31 March 2020, referred to in paragraph 2 above.
11. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Restrictions on Use**

12. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with the obligations under the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

**Kaushal Kishore**

Partner

Membership Number: 090075

UDIN: 20090075AAAAAL3224

Place: Delhi

Date: 4 June 2020

## Annexure V to BOARD'S REPORT

### SRF Limited - Dividend Distribution Policy

<b>OBJECTIVES</b>	This Policy shall provide the underlying philosophy, rationale and guidelines to distribute the surplus generated by the company, among its shareholders by way of cash Dividend including interim Dividend.
<b>PHILOSOPHY</b>	The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.
<b>KEY PROCESSES THE GUIDELINES GOVERNS</b>	CFAST (Treasury)  CFAST (Secretarial)
<b>REGULATORY FRAMEWORK</b>	This Dividend Distribution Policy has been formulated in line with Clause 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which require the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend distribution policy which shall be disclosed in their annual reports and on their websites.
<b>PARAMETERS FOR DECLARATION OF DIVIDEND</b>	Board of Directors of the Company shall consider the following parameters for declaration of Dividend :-  <b>Financial Parameters/Internal Factors</b> <ul style="list-style-type: none"> <li>• Standalone and Consolidated profit after tax</li> <li>• Working capital requirements</li> <li>• Capital expenditure requirements</li> <li>• Resources required to fund acquisitions and/or new businesses</li> <li>• Return on Capital Employed</li> <li>• Cost of borrowings</li> <li>• Cash flow required to meet contingencies</li> <li>• Outstanding borrowings and their servicing</li> <li>• Covenants in the financial facilities agreements</li> <li>• Past Dividend trends</li> </ul> <b>External Factors</b> <ul style="list-style-type: none"> <li>• Prevailing statutory requirements, regulatory conditions or restrictions laid down under applicable laws including tax laws.</li> <li>• Dividend pay-out ratios of comparable companies.</li> <li>• Macroeconomic conditions</li> <li>• Expectations of major stakeholders including small shareholders.</li> </ul>



<b>CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND</b>	<p>Shareholders may not expect Dividend under the following circumstances :-</p> <ul style="list-style-type: none"> <li>• Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;</li> <li>• Significantly higher working capital requirements adversely impacting free cash flow;</li> <li>• Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;</li> <li>• Whenever it proposes to utilise surplus cash for buy-back of securities</li> <li>• In the event of inadequacy of profits or whenever the Company has incurred losses; or</li> <li>• Any other event in which the Board of Directors may deem it fit to not declare dividend.</li> </ul>
<b>UTILISATION OF RETAINED EARNINGS</b>	<p>The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:</p> <ul style="list-style-type: none"> <li>• Expansion plans;</li> <li>• Product expansion plans;</li> <li>• Increase in production capacity;</li> <li>• Modernization plans;</li> <li>• Diversification of business;</li> <li>• Mergers and acquisitions;</li> <li>• Long term strategic plans;</li> <li>• Replacement of capital assets;</li> <li>• Where the cost of debt is expensive;</li> <li>• Other such criteria as the Board may deem fit from time to time.</li> </ul>
<b>PARAMETERS ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES</b>	<ul style="list-style-type: none"> <li>• Presently, the Authorised Share Capital of the Company is divided into equity share of ₹ 10 each, Preference shares of ₹ 100 each, Cumulative convertible Preference shares of ₹ 50 each and Cumulative Preference shares of ₹ 100 each. At present, the issued and paid-up share capital of the Company comprises only equity shares.</li> <li>• The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.</li> <li>• As and when the Company issues Preference shares, the Board may suitably amend this Policy.</li> </ul>
<b>PROCEDURE</b>	<ul style="list-style-type: none"> <li>• The Chief Financial Officer in consultation with the MD of the Company shall recommend any amount to be declared/ recommended as Dividend to the Board of Directors of the Company.</li> <li>• The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.</li> <li>• Pursuant to the provisions of applicable laws and this Policy, interim Dividend will be approved by the Board of Directors and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.</li> <li>• The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.</li> </ul>
<b>DISCLOSURE</b>	<ul style="list-style-type: none"> <li>• Company shall make appropriate disclosures as required under SEBI Regulations, Companies Act, 2013 and other applicable laws.</li> </ul>

**GENERAL**

- This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For **and on Behalf of the Board**

**Arun Bharat Ram**

Chairman

(DIN: 00694766)

Date: June 04, 2020

Place: New Delhi

## **Annexure VI to BOARD'S REPORT**

### **Secretarial Audit Report**

#### **FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**SRF Limited**  
(L18101DL1970PLC005197)  
The Galleria, DLF Mayur Vihar,  
Unit No. 236 & 237, 2nd Floor, Mayur Place,  
Mayur Vihar Phase I Extension, New Delhi-110091.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SRF Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**We report that-**

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of the financial statements of the Company.
- Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- The compliance of the provisions of the corporate and other applicable laws, rules, regulation, standards is the responsibility of the

management. Our examination was limited to the verification of procedures on test basis.

- f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- g) Some of the books and papers were verified through online means due to the prevailing lockdown (COVID-19) and due efforts have been made by the Company to make available all the relevant documents & records and by the Auditors to conduct and complete the audit in aforesaid lockdown conditions.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

\*No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, to the extent applicable, as mentioned above.

(vi) The Company is engaged in manufacturing of –

- **Chemicals** plants located at Alwar, Rajasthan; and Bharuch, Gujarat, Manali, Tamil Nadu;
- **Technical Textiles** plants at Chennai, Tamil Nadu; Bhind, Madhya Pradesh; Thiruvallur, Tamil Nadu; Pudukottai, Tamil Nadu;
- **Packaging Films** plants at Indore, Madhya Pradesh;

Following are some of the laws specifically applicable to the Company:-

- Narcotics Drugs and Psychotropic substance Act, 1985;
- Legal Metrology Act, 2009;
- SEZ Act, 2005 and SEZ Rules, 2006;
- The chemical weapons convention Act, 2000;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** the members in their Annual General Meeting held on 5th August, 2019 have passed the following Special Resolutions:

- a. Authorization given to the Board of Directors of the Company to issue, offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures, in one or more series/tranches, aggregating upto ₹ 500 Crores (Rupees five hundred Crores), on private placement basis.
- b. Approval of new set of Articles of Association and adopted in substitution, and to the entire exclusion of the existing Articles of Association of the Company."

For **Sanjay Grover & Associates**

Company Secretaries  
Firm Registration No.: P2001DE052900

Sd/-

**Devesh Kumar Vasisht**

Partner

New Delhi  
June 4, 2020

CP No.: 13700, FCS No. F8488  
UDIN: F008488B000315674

## Annexure VII to BOARD'S REPORT

**Details Pertaining to Remuneration as Required Under Section 197(12) of the Companies Act, 2013 Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary and CEO during the financial year 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

S. N.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2019-20 (₹/Crores)	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to median remuneration of employees
1	Arun Bharat Ram Chairman	5.83	5.42%	135.6
2	Ashish Bharat Ram Managing Director	6.94	17.43%	161.4
3	Kartik Bharat Ram Deputy Managing Director	6.85	17.29%	159.3
4	Dr. Meenakshi Gopinath Director (CSR)	0.15	0.00%	3.5
5	Tejpreet S Chopra Non-Executive Director	0.15	7.14%	3.5
6	Lakshman Lakshminarayan Non-Executive Director	0.16	14.29%	3.7
7	Vellayan Subbiah Non-Executive Director	0.15	15.38%	3.5
8	Bharti Gupta Ramola Non-Executive Director	0.15	NA	3.5
9	Yash Gupta Non-Executive Director	0.16	NA	3.7
10	Puneet Dalmia Non-Executive Director	0.14	NA	3.3
11	Pramod G Gujarathi Director (Safety and Environment)	0.19	0.00%	4.4
12	Prashant Mehra President & CEO (Packaging Films Business, CF & LF)	4.16	-30.78%	Not Applicable
13	Prashant Yadav President & CEO (Fluorochemicals Business)	4.04	-32.44%	Not Applicable

S. N.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2019-20 (₹/Crores)	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director to median remuneration of employees
14	Anurag Jain President & CEO (Specialty Chemicals Business and CTG)	4.09	-32.06%	Not Applicable
15	Sanjay Chatrath President & CEO (Technical Textiles Business)	2.52	34.04%	Not Applicable
16	Rahul Jain President & CFO	1.72	59.26%	Not Applicable
17	Rajat Lakhnpal* VP - Corporate Compliance and Company Secretary	0.66	-	Not Applicable

\*Appointed during the year.

- (ii) The median remuneration of employees of the Company as on March 31, 2020 was ₹ 0.043 Crores as compared to ₹ 0.039 Crores as on March 31, 2019. The increase in median remuneration was 10.26% as compared to 2018-19.
- (iii) There were 6299 permanent employees on the rolls of the Company as on March 31, 2020.
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Category	Average Increase
Employees' remuneration (other than Directors)	8.9%
Managerial remuneration (Directors)	13.4%

The increase in managerial remuneration and remuneration of other employees is a function of many factors such as company performance, compensation philosophy, market competitiveness, local agreements with unions and the total number of employees. The % increase in remuneration in the financial year 2019-20 for some managerial personnel is negative due to allocation of shares under the SRF Long Term Share Based Incentive Plan (SRF LTIP) in the year 2018-19.

- v) It is hereby affirmed that the remuneration paid is as per the Nomination, Appointment and Remuneration Policy of the Company.

**For and on Behalf of the Board**

**Arun Bharat Ram**

Chairman

(DIN – 00694766)

Date: June 4, 2020

Place: New Delhi

## Annexure VIII to BOARD'S REPORT

### A) Conservation of Energy – Measures taken:

#### 1. Laminated Fabrics Business, Kashipur

- Saved 130,680 KWH / annum by converting cold lamination line CL-2 into semi hot lamination line
- Saved 229.90 MT of FO / annum by integrating hot oil circulating systems of PFB & LFB
- Saved 25,740 KWH / annum by installing on line slitting facility at the lamination machines
- Saved 47,520 KWH / annum by eliminating 1 No hot oil circulating system from semi hot lamination line

#### 2. Coated Fabrics Business, Gummidipoondi

- VFD panel installed to reduce the fan and pump for energy conservation which gives power saving of -2,50,000 KWH/annum
- Led light installation, cooling tower fan switching off and chiller setting optimizing in winter season which gives power saving of -3,00,000-KWH/annum

#### 3. Packaging Films Business, Indore (SEZ)

- Saved 40,87,917 KWH (July-19 to Mar-20) i.e. 54,50,556 KWH/annum from chilled water system by installation of energy efficient AHU, chilled water operated FCU's, installation of chill roll cooling water circulation pump
- Saved 6,11,398 KWH (July-19 to Mar-20) i.e. 8,15,197 KWH/annum from Line-2 TDO system by optimization of blowers speed and by automation of motor start/stop sequences according to plant running MODES
- Saved 1,94,354 KWH (July-19 to Mar-20) i.e. 2,59,139 KWH/annum from air compressors by installation of lean phase CP conveying system, compressed air optimization for energy and air quality

#### 4. Packaging Films Business, Indore DTA

- Saved 14,00,000 KWH/annum from extruder oil heating unit by shifted it on oil injection loop heating and stop the electrical heating
- Saved 4,20,000 KWH /annum in TDO by reducing the speed of penthouse blowers
- Saved 1,75,000 KWH /annum from chill roll cooling pump by reducing the speed of pump in mode-1
- Saved 1,75,000 KWH/annum from crystallizer blower by reducing the speed of blower motor in standby mode
- Saved 70,000 KWH/ annum from RMH by start the erema chips batching system & stop the blower during the batch completion
- Saved 70,000 KWH /annum from pet coke boiler by running the secondary loop pump on VFD
- Saved 16,425 KWH/annum from open loop cooling tower by replacement of energy efficient fan of one cooling tower

#### 5. Packaging Films Business, Kashipur

- Saving of 50,600 KWH by replacing piston type vacuum pump with installation of energy efficient vacuum pump in metallizer
- 3,11,000 KWH saved by replacing DC drive with Ac drive system in main plant and slitter
- Optimised the energy of main plant AHU with temperature controller

#### 6. Fluorochemicals Business Bhiwadi

- Saving of 25638 lacs kcal of energy (₹ 44.95 lacs) by steam recovery from LP gland seal of turbine in CPP
- Saving of 9886 lacs kcal of energy (₹ 11.5 lacs) by steam condensate recovery
- Saving of 3290.4 lacs kcal of energy (₹ 8.82 lacs) from vacuum Pump system in turbine

- Saving of 13585 KWH of electricity (₹ 1.1 lacs) by replacing conventional CFLs with LED lights
- Saving of 14003 KWH of electricity (₹ 1.14 lacs) by providing variable frequency drives in AHF Plant

#### **7. Fluorochemicals Business Dahej**

- Saving of 0.34 lacs KWH per annum (₹ 1.93 lacs) by replacing conventional lights by LED lights

#### **8. Specialty Chemicals Business Bhiwadi**

- Savings of 2.15 lacs KWH (₹ 16.1 lacs) by installation of energy efficient chiller
- Savings of 1.35 lacs KWH (₹ 10.1 lacs) due to internal design change in cooling tower pumps
- Savings of 1.05 lacs KWH (₹ 7.9 lacs) due to VFD provision in pumps
- Savings of 63875 KWH (₹ 4.8 lacs) by changing the internal design in hot oil pumps for P2 plant
- Savings of 43140 KWH (₹ 3.24 lacs) by replacement of old steam traps

#### **9. Specialty Chemicals Business Dahej**

- Savings of 29.57 lacs KWH (₹ 170.1 lacs/annum) due to power consumption optimization by stopping the idle running equipment
- Savings of 7.54 lacs KWH (₹ 43.3 lacs/annum) by stopping the PP-1 plant's HVAC water chiller and replacing it by chilled water from process chiller
- Savings of 2.25 lacs KWH (₹ 12.9 lacs/annum) due to installation of Rotary Switch/Timer in the plant
- Savings of 1.74 lacs KWH (₹ 10 lacs/annum) by power consumption optimization through pump impeller trimming
- Savings of 1.04 lacs KWH (₹ 6 lacs/annum) by operating UPS in ECO-Mode
- Savings of 65916 KWH (₹ 3.8 lacs/annum) by isolating 2 heaters (air dryer 1709 B

and C heaters) out of total 4 heaters and running the system on remaining 2 heaters

- Savings of 51846 KWH (₹ 3 lacs/annum) due to replacement of CFL/250W by LED lights
- Savings of 45000 KWH (₹ 2.6 lacs/annum) by removal of VFD /soft starter

#### **10. Technical Textiles Business – Gwalior**

- Saving of 370000 KWH p.a. power by replacing conventional blowers with mono block fans in Air washers.
- 90000 KWH p.a. power saved by installing energy efficient FRP fans by replacing metallic fans textile air washers.
- Replaced chilled water coils in quench air washer and saved 160000 KWH power p.a.
- Corocoating carried out in utility and process cooling tower pumps and energy saved 50000 KWH p.a.
- Installed inverter in process cooling tower pumps and replaced feed water pump, saved 99000 KWH p.a.
- Installed energy efficient motor, capacitors, inverter and saved 187000 KWH p.a.
- Reduction in compressed air consumption by installing modified air guides in spinning. Power saved 408000 KWH p.a.
- 190000 KWH power saved by providing LED lights in plant.

#### **11. Technical Textiles Business – Manali**

- Installed Energy efficient Motors (IE-3 standard) in Utility (12 no's). Saved power 250277 KWH p.a.
- Replaced energy saving LED lights in Textile, Utility & Canteen (174 no's) from conventional light. Energy saving- 192996 KWH p.a.
- Automation of lighting system with help of Presence detectors & Timers in the plant- Energy saving- 16104 KWH p.a.
- Stopping of baby cooling tower, and lined up main tower without any changes in



polymerization. Annualised Power savings – 34444 KWH

- Reduction in consumption of compressed air for Looms in Textile from 75 CFM to 55 CFM by changing relay nozzle types and adopting best practices – Energy saving- 44650 KWH p.a.

## 12. Technical Textiles Business – Gummidipoondi

- Saving of 25348 KWH p.a. of power through Hollow FRP blades, VFD installation for Utility cooling tower fan
- Saving of 43169 KWH p.a. of power through installation of energy efficient pumps.
- Saving of 50680 KWH p.a. of power through reduction in compressed air losses by tracing the leaks through Ultrasonic leak detector
- Savings of 42453 KWH p.a. through Installation of VFD for Textile AHUs, Office AHU & WTP filter water pump.
- Savings of 42435 KWH p.a. through Installation of energy efficient motors for 840D twisters.
- Savings of 23508 KWH p.a. by Installation of VFD for PIY 3313 air blower.
- Savings of 25316 KWH p.a. by automation of lighting system in Dipping & stores areas.

## 13. Technical Textiles Business – Viralimalai

- Saved power 7139 KWH p.a. by optimization of the Twister motor Capacity.
- Saved power 12787 KWH p.a. by Auto Cutoff of HSD Roof exhaust.
- Achieved a savings of 23414 KWH p.a. by replacing the conventional light to energy efficient LED.

### Capital Investment on Energy Conservation Equipment:

#### Coated Fabrics

- Solid fired thermic fluid heater investment for ₹ 2.4 cr which will give annual saving on energy is ₹ 100 lacs.

## Packaging Films Business, Indore SEZ

Description of Asset	Amount
• Energy efficient AHU's (Air Handling unit) with TFA	227.09 lacs
• Installation of chilled water operated FCU's (Fain Coil Unit)	166.31 lacs
• Compressed air optimization for energy	51.93 lacs
• Lean phase CP conveying system	25.78 lacs
• Installation of chill roll pump	2.57 lacs

## Packaging Films Business, Kashipur

• Installation of energy efficient vacuum pump in metallizer	27.83 lacs
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## Specialty Chemicals Business Bhiwadi:

- Installation of energy efficient chiller: ₹ 25 lacs
- VFD provision in Pumps: ₹ 2 lacs
- Replacement of old steam traps: ₹ 0.5 lacs

## Specialty Chemicals Business Dahej:

- Investment in providing chilled water from process chiller in PP-1: ₹ 3.5 lacs
- Installation of rotary switch / timer in plant: ₹ 1 lacs
- Replacement of CFL/250W by LED lights: ₹ 0.5 lacs

## Technical Textiles Business Manali:

- Installation of Energy efficient Motors (IE-3 standard) in Utility (12 no's).

## Technical Textiles Business Gwalior:

- Conventional blowers replaced with mono block fans in air washers.
- Metallic blades replaced with FRP blades in air washers.
- Zero Liquid Discharge (ZLD) installed for treatment of wastewater.
- Air monitoring system installed for real time online ambient air monitoring and analysis.

**Technical Textiles Business Gummidipoondi:**

- Installation of VFD & hollow blades for Utility Cooling tower fans.
- EC fans for TW AHUs

**B) Technology Absorption**

**Specialty Chemicals Business:**

The Specialty Chemicals Business produces a number of high-value products from both dedicated and flexible manufacturing assets. The Business is engaged with reputed domestic as well as global innovators for developing new products in our chosen markets. The focus has been to leverage the company's expertise for products used in the agrochemical and pharmaceutical industries.

The Business relies on R&D and technology development at SRF to develop new age molecules for leading innovators in Agrochemical and Pharmaceutical space. These molecules are used as intermediates in the development of the final product. Apart from developing new age molecules, the R&D and technology teams also help in scaling up the capacity of existing products with a focus on lowering the cost of production and also improving the existing design parameters to increase the yields and thus the overall throughput.

Some of the areas where technology has been absorbed in this period are:

- Building process development capabilities to go beyond reported chemistries and technologies by developing novel processes
- Enhance capabilities to cater efficiently from market assessment to meeting customer needs
- Capacity and production yields of several product were significantly enhanced
- Strong emphasis on waste generation minimization
- Technological learnings from new projects were deployed horizontally to enrich overall delivery

The Business would continue to invest in technologies and research that enables continuous process improvements and technological advancements.

**Technical Textiles Business:**

The R&D centre of Technical Textiles Business is located at Manali, Chennai. Equipped with state-of-the-art Pilot facilities and sophisticated testing laboratories for evaluating Polymers, Fibers and fabrics, the TTB-R&D centre aims at maximizing competitiveness of Technical Textiles Business through market oriented new product/technology development. In this regard, the R&D centre has developed many variants of Polyester Industrial Yarns for as reinforcements in geotextiles, fiber reinforced composites etc., and Aramid based reinforcement fabric for hoses, each tailor-made for the respective application.

Apart from the developments in existing business space, novel products involving Nano-technology are also being developed by this centre in close association with leading Academic and Research Institutes in India and abroad for various research projects. TTB-R&D also works in close collaboration with major customers for joint developments in the field of Tyre cords, belting fabrics and other Mechanical Rubber Good reinforcements.

**C) Foreign exchange earnings and outgo**

(₹ in Crores)

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2020
Foreign Exchange Earnings	2250.11	2645.08
Foreign Exchange outgo	2224.79	1808.14
Net Foreign Exchange Earnings	25.32	836.94

**For and on Behalf of the Board**

**Arun Bharat Ram**

Chairman

(DIN: 00694766)

Date: June 4, 2020

Place: New Delhi

**Annexure IX to BOARD'S REPORT****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. Registration and other Details</b>	
i) CIN	L18101DL1970PLC005197
ii) Registration Date	9 <sup>th</sup> January, 1970
iii) Name of the Company	SRF Limited
iv) Category/Sub-category of the Company	Public Company/Limited by shares
v) Address of the Registered Office and contact details	The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2 <sup>nd</sup> Floor, Mayur Place, Mayur Vihar Phase I Extn, Delhi – 110091 Tel : +91 11 49482870 Fax : +91 11 49482900
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any.	KFin Technologies Private Limited Karvy Selenium Tower-B Plot No. 31 & 32, Financial District, Gachibowli Nanakramguda, Hyderabad 500 032 Tel No.: +91 040 6716 2222, Fax No.: +91 2300 1153 Toll Free: 1800-345-4001 E-mail: einward.ris@kfintech.com
<b>II. Principal Business Activities of the Company</b>	
All the business activities contributing 10% or more of the total turnover of the Company	As per Attachment A
<b>III. Particulars of Holding, Subsidiary and Associate Companies</b>	As per Attachment B
<b>IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)</b>	
i) Category-wise Share Holding	As per Attachment C
ii) Shareholding of Promoters	As per Attachment D
iii) Change in Promoter's Shareholding	As per Attachment E
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment F
v) Shareholding of Directors and Key Managerial Personnel	As per Attachment G
<b>V. Indebtedness</b>	
Indebtedness of the Company including interest outstanding /accrued but not due for payment	As per Attachment H
<b>VI. Remuneration of Directors and Key Managerial Personnel</b>	
i) Remuneration to Managing Director, Whole-time Directors and/or Manager	
ii) Remuneration to other Directors	
iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD	
<b>VII. Penalties/Punishment/Compounding of Offences</b>	

## ATTACHMENT A

### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are given below-

S. No.	Name and Description of main products / services	NIC Code of the product/ service*	% to total turnover of the Company
1.	Technical Textiles Business	139	21.37%
2.	Chemicals Business	201, 210	47.15%
3.	Packaging Films Business	222	27.09%

\*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

## ATTACHMENT B

### III. Particulars of holding, subsidiary and associate companies

S. N.	Name of Company	Address of Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	KAMA Holdings Ltd.	Unit no. 236 & 237, 2 <sup>nd</sup> floor DLF Galleria, Mayur place Noida Link Road Mayur Vihar Phase-1 Extension Delhi-110091	L92199DL2000PLC104779	Holding	52.28	2(46)
2.	SRF Global B.V.	Keizersgracht 391A, 1016EJ, Amsterdam, the Netherlands	N.A.	Subsidiary	100.00	2(87)(ii)
3.	SRF Industries (Thailand) Ltd.	D-20, Hemraj Eastern Seaboard Industrial Estate, 112 Moo 3, Tambon Tasith, Amphur Pluakdaeng, Rayong Province, Thailand	N.A.	Subsidiary	100.00	2(87)(ii)
4.	SRF Flexipak (South Africa) (Pty) Ltd.	5, Eddie Hagan Drive, Cato Ridge, KwaZulu-Natal, South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
5.	SRF Industex Belting (Pty) Ltd.	5, Eidge Hagan Drive, Cato Ridge, Kwazulu-Natal, South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
6.	SRF Europe Kft	1053 Budapest, Károlyi utca 12. 3. emelet, Hungary;	N.A.	Subsidiary	100.00	2(87)(ii)
7.	SRF Holiday Home Ltd.	Unit no. 236 & 237, 2 <sup>nd</sup> floor DLF Galleria, Mayur place Noida Link Road Mayur Vihar Phase-1 Extension Delhi-110091	U45200DL2006PLC156147	Subsidiary	100.00	2(87)(ii)
8.	Malanpur Captive Power Ltd.	Ground Floor, Tower C First India Place, Mehrauli Gurgaon Road Gurugam-122002 IN	U74909DL2005PLC131985	Associate	22.60	2(6)
9.	Vaayu Renewable Energy (Tapti) Private Limited	Harekrishna Presidency Society, North South Road No. 8, Vile Parle (West), Mumbai- 400 053	U40300MH2011PTC219995	Associate	26.32	2(6)

## ATTACHMENT C

## II. Shareholding pattern (equity share capital breakup as percentage of total equity)

## i. Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	27500	0	27500	0.05	27500	0	27500	0.05	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	30049000	0	30049000	52.28	30049000	0	30049000	52.28	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1):</b>	<b>30076500</b>	<b>0</b>	<b>30076500</b>	<b>52.32</b>	<b>30076500</b>	<b>0</b>	<b>30076500</b>	<b>52.32</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>30076500</b>	<b>0</b>	<b>30076500</b>	<b>52.32</b>	<b>30076500</b>	<b>0</b>	<b>30076500</b>	<b>52.32</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	6780744	4403	6785147	11.80	6588665	3503	6592168	11.47	-0.34
(b)	Financial Institutions /Banks	33162	4789	37951	0.07	32810	3906	36716	0.06	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	329710	200	329910	0.57	141332	200	141532	0.25	-0.33
(f)	Foreign Institutional Investors	9828076	0	9828076	17.10	11975408	0	11975408	20.83	3.74
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1):</b>	<b>16971692</b>	<b>9392</b>	<b>16981084</b>	<b>29.54</b>	<b>18738215</b>	<b>7609</b>	<b>18745824</b>	<b>32.61</b>	<b>3.07</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1969477	18034	1987511	3.46	687237	11274	698511	1.22	-2.24
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	5515092	996087	6511179	11.33	5262442	840559	6103001	10.62	-0.71
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	677562	0	677562	1.18	517801	0	517801	0.90	-0.28

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(c)	Others									
	CLEARING MEMBERS	61713	0	61713	0.11	181731	0	181731	0.32	0.21
	I E P F	338789	0	338789	0.59	367107	0	367107	0.64	0.05
	NBFC	38160	0	38160	0.07	1942	0	1942	0.00	-0.06
	NON RESIDENT INDIANS	103555	5814	109369	0.19	84301	4096	88397	0.15	-0.04
	NRI NON-REPATRIATION	694399	0	694399	1.21	695868	0	695868	1.21	0.00
	TRUSTS	4234	0	4234	0.01	3818	0	3818	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2):</b>	<b>9402981</b>	<b>1019935</b>	<b>10422916</b>	<b>18.13</b>	<b>7802247</b>	<b>855929</b>	<b>8658176</b>	<b>15.06</b>	<b>-3.07</b>
	<b>Total B=B(1)+B(2):</b>	<b>26374673</b>	<b>1029327</b>	<b>27404000</b>	<b>47.68</b>	<b>26540462</b>	<b>863538</b>	<b>27404000</b>	<b>47.68</b>	<b>0.00</b>
	<b>Total (A+B):</b>	<b>56451173</b>	<b>1029327</b>	<b>57480500</b>	<b>100.00</b>	<b>56616962</b>	<b>863538</b>	<b>57480500</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C):</b>	<b>56451173</b>	<b>1029327</b>	<b>57480500</b>	<b>100.00</b>	<b>56616962</b>	<b>863538</b>	<b>57480500</b>	<b>100.00</b>	

\*The voting rights on these shares shall remain frozen till the rightful owner claims the shares [Refer to Section 124 of the Companies Act, 2013].

## ATTACHMENT D

### ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (01/04/2019)			Shareholding at the end of the year (31/03/2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the co.	% of Shares Pledged / encumbered to total shares	% of total Shares of the co.	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year	
1.	KAMA Holdings Limited	3,00,49,000	52.28	0.00	3,00,49,000	52.28	0.00	0.00
2.	Arun Bharat Ram	27,500	0.05	0.00	27,500	0.05	0.00	0.00
	<b>Total</b>	<b>3,00,76,500</b>	<b>52.32</b>	<b>0.00</b>	<b>3,00,76,500</b>	<b>52.32</b>	<b>0.00</b>	<b>0.00</b>

## ATTACHMENT E

### iii. Change in Promoters' Shareholding

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding	Cumulative Holding during the year (01/04/2019 to 31/03/2020)
		No. of Shares at the beginning (01/04/2019) / end of the year (31/03/2020)	% of total Shares of the company			
1.	KAMA Holdings Limited	3,00,49,000	52.28	01-Apr-19	No Change	52.28
		3,00,49,000	52.28	31-Mar-20		
2.	Arun Bharat Ram	27,500	0.05	01-Apr-19	No Change	0.05
		27,500	0.05	31-Mar-20		

**ATTACHMENT E****iv. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding % of total shares of the company	Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)		
				Date	Buying	Selling	Reason	% of total shares of the company	
1	AMANSA HOLDINGS PRIVATE LIMITED	4442241	7.73	1/04/2019				4442241	7.73
				05/07/2019		81894	Transfer	4360347	7.59
				06/03/2020		63986	Transfer	4296361	7.47
				13/03/2020		116009	Transfer	4180352	7.27
				20/03/2020		1716	Transfer	4178636	7.27
		4178636	7.27	31/03/2020				4178636	7.27
2	KOTAK FOCUSED EQUITY FUND	2428388	4.22	1/04/2019				2428388	4.22
				05/04/2019	61873		Transfer	2490261	4.33
				12/04/2019	3000		Transfer	2493261	4.34
				19/04/2019	11278		Transfer	2504539	4.36
				26/04/2019	2500		Transfer	2507039	4.36
				03/05/2019	14958		Transfer	2521997	4.39
				03/05/2019		8630	Transfer	2513367	4.37
				10/05/2019	792		Transfer	2514159	4.37
				10/05/2019		11120	Transfer	2503039	4.35
				17/05/2019	56586		Transfer	2559625	4.45
				17/05/2019		79000	Transfer	2480625	4.32
				24/05/2019	2001		Transfer	2482626	4.32
				31/05/2019	29250		Transfer	2511876	4.37
				07/06/2019	39250		Transfer	2551126	4.44
				07/06/2019		2001	Transfer	2548126	4.43
				14/06/2019		29250	Transfer	2546793	4.43
				21/06/2019		39250	Transfer	2521043	4.39
				28/06/2019		2001	Transfer	2501993	4.35
				05/07/2019	6500		Transfer	2508493	4.36
				12/07/2019	86250		Transfer	2594743	4.51
				19/07/2019	27750		Transfer	2622493	4.56
26/07/2019	43750		Transfer	2666243	4.64				
02/08/2019		11000	Transfer	2655243	4.62				
09/08/2019	36808		Transfer	2692051	4.68				
09/08/2019		55000	Transfer	2637051	4.59				
16/08/2019	37492		Transfer	2674543	4.65				
23/08/2019	81490		Transfer	2756033	4.79				
30/08/2019	88929		Transfer	2844962	4.95				
20/09/2019	19000		Transfer	2863962	4.98				
01/11/2019		219000	Transfer	2644962	4.60				
08/11/2019	41250		Transfer	2686212	4.67				
08/11/2019		6000	Transfer	2680212	4.66				
15/11/2019	170000		Transfer	2850212	4.96				
20/12/2019		3250	Transfer	2846962	4.95				
27/12/2019	514		Transfer	2847476	4.95				

Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding % of total shares of the company	Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)		
				Date	Buying	Selling	Reason	% of total shares of the company	
				27/12/2019		41250	Transfer	2806226	4.88
				17/01/2020		12934	Transfer	2793292	4.86
				31/01/2020		20500	Transfer	2772792	4.82
				07/02/2020	41250		Transfer	2835255	4.93
				06/03/2020	12934		Transfer	2845255	4.95
				13/03/2020	20500		Transfer	2852778	4.96
				20/03/2020	41250		Transfer	2859778	4.98
		2859778	4.98	31/03/2020				2859778	4.98
3	KOTAK FUNDS - INDIA MIDCAP FUND	988626	1.72	1/04/2019				988626	1.72
				05/04/2019		40000	Transfer	948626	1.65
				12/04/2019		10000	Transfer	938626	1.63
				17/05/2019	2224		Transfer	940850	1.64
				26/07/2019	2317		Transfer	943167	1.64
				20/12/2019		10500	Transfer	932667	1.62
				07/02/2020		14060	Transfer	918607	1.60
				14/02/2020		9634	Transfer	908973	1.58
				20/03/2020	16280		Transfer	925253	1.61
		925253	1.61	31/03/2020				925253	1.61
4	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	578359	1.01	1/04/2019				578359	1.01
				24/05/2019		18124	Transfer	560235	0.97
				28/06/2019	50957		Transfer	611192	1.06
				05/07/2019	13778		Transfer	624970	1.09
				12/07/2019	21410		Transfer	646380	1.12
				16/08/2019		21747	Transfer	624633	1.09
				23/08/2019		17081	Transfer	607552	1.06
				30/08/2019		55861	Transfer	551691	0.96
				27/09/2019		19948	Transfer	531743	0.93
				04/10/2019		33971	Transfer	497772	0.87
				25/10/2019	22275		Transfer	520047	0.90
				01/11/2019	143454		Transfer	663501	1.15
				08/11/2019	107823		Transfer	771324	1.34
		771324	1.34	31/03/2020				771324	1.34
5	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA V	511378	0.89	1/04/2019				511378	0.89
				05/04/2019	28714		Transfer	540092	0.94
				12/04/2019	2432		Transfer	542524	0.94
				19/04/2019	168		Transfer	542692	0.94
				26/04/2019	48		Transfer	542740	0.94
				26/04/2019		6000	Transfer	536740	0.93
				03/05/2019	70144		Transfer	606884	1.06
				03/05/2019		73000	Transfer	533884	0.93
				10/05/2019		1358	Transfer	532526	0.93
				17/05/2019	120		Transfer	532646	0.93
				17/05/2019		25000	Transfer	507646	0.88
				24/05/2019	87		Transfer	507733	0.88
				31/05/2019	12666		Transfer	520399	0.91



Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding % of total shares of the company	Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)		
				Date	Buying	Selling	Reason	% of total shares of the company	
				07/06/2019	9715		Transfer	530114	0.92
				14/06/2019		14780	Transfer	515334	0.90
				21/06/2019	66		Transfer	515400	0.90
				21/06/2019		5250	Transfer	510150	0.89
				28/06/2019	12042		Transfer	522192	0.91
				05/07/2019	281		Transfer	522473	0.91
				05/07/2019		250	Transfer	522223	0.91
				12/07/2019	78		Transfer	522301	0.91
				19/07/2019	216		Transfer	522517	0.91
				19/07/2019		12075	Transfer	510442	0.89
				26/07/2019	88		Transfer	510530	0.89
				02/08/2019		2	Transfer	510528	0.89
				09/08/2019	4309		Transfer	514837	0.90
				09/08/2019		4153	Transfer	510684	0.89
				16/08/2019	30		Transfer	510714	0.89
				23/08/2019	36		Transfer	510750	0.89
				23/08/2019		137	Transfer	510613	0.89
				30/08/2019	1620		Transfer	512233	0.89
				06/09/2019	18		Transfer	512251	0.89
				13/09/2019	42		Transfer	512293	0.89
				20/09/2019	4619		Transfer	516912	0.90
				27/09/2019	24988		Transfer	541900	0.94
				30/09/2019	69201		Transfer	611101	1.06
				04/10/2019	30024		Transfer	641125	1.12
				11/10/2019	144		Transfer	641269	1.12
				18/10/2019	9036		Transfer	650305	1.13
				18/10/2019		156	Transfer	650149	1.13
				01/11/2019	54		Transfer	650203	1.13
				01/11/2019		29250	Transfer	620953	1.08
				08/11/2019	70018		Transfer	690971	1.20
				15/11/2019	2500		Transfer	693471	1.21
				15/11/2019		43	Transfer	693428	1.21
				22/11/2019		77	Transfer	693351	1.21
				29/11/2019		1772	Transfer	691579	1.20
				06/12/2019	95		Transfer	691674	1.20
				06/12/2019		286	Transfer	691388	1.20
				13/12/2019	64109		Transfer	755497	1.31
				13/12/2019		12013	Transfer	743484	1.29
				20/12/2019	8		Transfer	743492	1.29
				20/12/2019		52750	Transfer	690742	1.20
				27/12/2019	300		Transfer	691042	1.20
				27/12/2019		12500	Transfer	678542	1.18
				31/12/2019	9		Transfer	678551	1.18
				03/01/2020	180		Transfer	678731	1.18
				10/01/2020	71		Transfer	678802	1.18
				17/01/2020	306		Transfer	679108	1.18
				24/01/2020	234		Transfer	679342	1.18

Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding % of total shares of the company	Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)	% of total shares of the company	
				Date	Buying	Selling			Reason
				24/01/2020		212	Transfer	679130	1.18
				31/01/2020		198	Transfer	678932	1.18
				07/02/2020	15142		Transfer	694074	1.21
				14/02/2020	109		Transfer	694183	1.21
				14/02/2020		11250	Transfer	682933	1.19
				21/02/2020		276	Transfer	682657	1.19
				28/02/2020	13750		Transfer	696407	1.21
				28/02/2020		54	Transfer	696353	1.21
				06/03/2020	4930		Transfer	701283	1.22
				06/03/2020		58	Transfer	701225	1.22
				13/03/2020	15020		Transfer	716245	1.25
				20/03/2020	6000		Transfer	722245	1.26
				20/03/2020		476	Transfer	721769	1.26
				27/03/2020		42	Transfer	721727	1.26
				31/03/2020	318		Transfer	722045	1.26
		722045	1.26	31/03/2020				722045	1.26
6	DSP DYNAMIC ASSET ALLOCATION FUND	1464840	2.55	1/04/2019				1464840	2.55
				17/05/2019		500	Transfer	1464340	2.55
				07/06/2019	17750		Transfer	1482090	2.58
				21/06/2019		68806	Transfer	1413284	2.46
				12/07/2019		59532	Transfer	1353752	2.36
				19/07/2019		56632	Transfer	1297120	2.26
				26/07/2019		33746	Transfer	1263374	2.20
				02/08/2019		5170	Transfer	1258204	2.19
				30/08/2019	10000		Transfer	1268204	2.21
				06/09/2019	2000		Transfer	1270204	2.21
				01/11/2019		5000	Transfer	1265204	2.20
				08/11/2019		220081	Transfer	1045123	1.82
				15/11/2019		73781	Transfer	971342	1.69
				13/12/2019		500	Transfer	970842	1.69
				31/12/2019		750	Transfer	970092	1.69
				17/01/2020		2250	Transfer	967842	1.68
				07/02/2020		54914	Transfer	912928	1.59
				21/02/2020		86217	Transfer	826711	1.44
				28/02/2020		18749	Transfer	807962	1.41
				06/03/2020	1750		Transfer	809712	1.41
				06/03/2020		36294	Transfer	773418	1.35
				27/03/2020		49633	Transfer	723785	1.26
				31/03/2020		48434	Transfer	675351	1.17
		675351	1.17	31/03/2020				675351	1.17
7	MIRAE ASSET EQUITY SAVINGS FUND	185557	0.32	1/04/2019				578359	1.01
				07/06/2019		8384	Transfer	177173	0.31
				19/07/2019	54188		Transfer	231361	0.40
				26/07/2019	20000		Transfer	251361	0.44
				02/08/2019	43029		Transfer	294390	0.51
				09/08/2019	8400		Transfer	302790	0.53
				09/08/2019		29085	Transfer	273705	0.48
				06/09/2019	6201		Transfer	279906	0.49

Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding % of total shares of the company	Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)	
				Date	Buying	Selling	Reason	% of total shares of the company
				13/09/2019	5012		Transfer	284918 0.50
				20/09/2019	18494		Transfer	303412 0.53
				27/09/2019	24000		Transfer	327412 0.57
				04/10/2019	27500		Transfer	354912 0.62
				11/10/2019	805		Transfer	355717 0.62
				18/10/2019	98995		Transfer	454712 0.79
				29/11/2019	4000		Transfer	458712 0.80
				20/12/2019	4000		Transfer	462712 0.80
				17/01/2020	4000		Transfer	466712 0.81
				31/01/2020	5000		Transfer	471712 0.82
				07/02/2020		60000	Transfer	411712 0.72
				06/03/2020	9000		Transfer	420712 0.73
				13/03/2020	15000		Transfer	435712 0.76
				20/03/2020	7750		Transfer	443462 0.77
				27/03/2020	5000		Transfer	448462 0.78
		491462	0.86	31/03/2020	43000		Transfer	491462 0.86
8	AKASH PREM	459000	0.80	1/04/2019				459000 0.80
	PRAKASH	459000	0.80	31/03/2020				459000 0.80
9	SBI LIFE INSURANCE CO. LTD	141170	0.25	1/04/2019				141170 0.25
				10/05/2019		10000	Transfer	131170 0.23
				17/05/2019		2125	Transfer	129045 0.22
				24/05/2019	2374		Transfer	131419 0.23
				31/05/2019		15000	Transfer	116419 0.20
				07/06/2019		3298	Transfer	113121 0.20
				21/06/2019		10000	Transfer	103121 0.18
				26/07/2019		20000	Transfer	83121 0.14
				27/09/2019	14000		Transfer	97121 0.17
				11/10/2019	10000		Transfer	107121 0.19
				18/10/2019	1000		Transfer	108121 0.19
				01/11/2019		25353	Transfer	82768 0.14
				22/11/2019	8700		Transfer	91468 0.16
				29/11/2019	2000		Transfer	93468 0.16
				06/12/2019		700	Transfer	92768 0.16
				10/01/2020	24857		Transfer	117625 0.20
				17/01/2020	75050		Transfer	192675 0.34
				31/01/2020	10000		Transfer	202675 0.35
				07/02/2020	37612		Transfer	240287 0.42
				14/02/2020		9157	Transfer	231130 0.40
				06/03/2020	84692		Transfer	315822 0.55
				13/03/2020	66300		Transfer	382122 0.66
				20/03/2020	20000		Transfer	402122 0.70
				27/03/2020	25000		Transfer	427122 0.74
		437122	0.76	31/03/2020	10000		Transfer	437122 0.76

Sr. No.	Shareholder's Name	No. of shares at beginning (01/04/2019)/ end of the year 31/03/2020	Share holding		Increase/Decrease in shareholding			Cumulative Holding During year (01/04/2019 to 31/03/2020)		
			% of total shares of the company	Date	Buying	Selling	Reason	% of total shares of the company		
10	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUNDS	242575	0.42	1/04/2019					242575	0.42
				05/04/2019	13335			Transfer	255910	0.45
				26/04/2019	43854			Transfer	299764	0.52
				07/06/2019			54238	Transfer	245526	0.43
				14/06/2019			916	Transfer	244610	0.43
				12/07/2019			8789	Transfer	235821	0.41
				19/07/2019			10000	Transfer	225821	0.39
				02/08/2019	12830			Transfer	238651	0.42
				09/08/2019	1715			Transfer	240366	0.42
				16/08/2019			5850	Transfer	234516	0.41
				23/08/2019	3227			Transfer	237743	0.41
				23/08/2019			2823	Transfer	234920	0.41
				30/08/2019	25969			Transfer	260889	0.45
				06/09/2019	1750			Transfer	262639	0.46
				18/10/2019	612			Transfer	263251	0.46
				08/11/2019			8662	Transfer	254589	0.44
				22/11/2019	26106			Transfer	280695	0.49
				06/12/2019	15698			Transfer	296393	0.52
				31/01/2020	50000			Transfer	346393	0.60
				20/03/2020	4673			Transfer	351066	0.61
				27/03/2020	40000			Transfer	391066	0.68
		391066	0.68	31/03/2020					391066	0.68

## ATTACHMENT G

### v. Shareholding of Directors and Key Managerial Personnel

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in Shareholding No. of Shares	Reason	Cumulative Holding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019) / end of the year (31/03/2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	Arun Bharat Ram (Chairman)	27500	0.05	01-Apr-19 31-Mar-20	-	Nil movement during the year	27500	0.05
2	Vellayan Subbiah (Independent Director)	13407	0.02	01-Apr-19 31-Mar-20	-	Nil movement during the year	13407	0.02
3	Puneet Yadu Dalmia (Independent Director)	0		01-Apr-19 24-Mar-20	10000	Purchase	0 10,000	
		17800		25-Mar-20 31-Mar-20	7800	Purchase	17800 17800	0.03
4	Tejpreet Singh Chopra (Independent Director)	488		01-Apr-19 13-Mar-20	90	Purchase	578	
		578		31-Mar-20			578	0.00
5	Yash Gupta (Independent Director)	336		01-Apr-19 02-Apr-19	(57)	Sale	336 279	
				08-May-19	(61)	Sale	218	
				11-Jul-19	(94)	Sale	124	
				02-Aug-19	(2)	Sale	122	
				30-Sep-19	(122)	Sale	0	
		0		31-Mar-20			0	0.00

Sr. No	Shareholder's Name	Shareholding		Date	Increase/Decrease in Shareholding No. of Shares	Reason	Cumulative Holding during the year (01/04/2019 to 31/03/2020)	
		No. of Shares at the beginning (01/04/2019) / end of the year (31/03/2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
6	Prashant Mehra KMP-President & CEO-(PFB, LF & CF)	21800	0.04	01-Apr-19			21800	
				04-Oct-19	200	Purchase	22000	
				06-Mar-20	60	Purchase	22060	
				13-Mar-20	60	Purchase	22120	
				31-Mar-20			22120	0.04
7	Prashant Yadav KMP-President & CEO- (FCB )	20200	0.04	01-Apr-19	-	Nil movement during the year	20200	0.04
				31-Mar-20				
8.	Anurag Jain KMP- President & CEO (SCB & CTG)	21100	0.04	01-Apr-19			21100	
				04-Oct-19	200	Purchase	21300	
		21300		31-Mar-20			21300	0.04
9.	Sanjay Chatrath KMP- President & CEO (TTB)	900	0.00	01-Apr-19			900	
				24-May-19	(100)	Sale	800	
				06-Sep-19	100	Purchase	900	
		900		31-Mar-20			900	0.00
10	Rahul Jain KMP-President & CFO	0	0.00	01-Apr-19			0	
				20-Mar-20	225	Purchase	225	
				27-Mar-20	75	Purchase	300	
		300		31-Mar-20			300	0.00
11	Rajat Lakhnupal KMP-VP (Corporate Compliance) & Company Secretary	81	0.00	01-Apr-19			81	
				20-Mar-20	260	Purchase	341	
		341		31-Mar-20			341	0.00

## ATTACHMENT H

### V. INDEBTEDNESS

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2020

(₹ Crores)

Particulars	Secured Loan excluding Deposits	Unsecured Loan	Deposits*	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (April 1, 2019)</b>				
(i) Principal Amount	2,403.66	707.47	0.01	3,111.14
(ii) Interest Due but not paid	0.00	0.00	0.00	0.00
(iii) Interest Accrued but not due	28.29	1.11	0.00	29.40
<b>Total (i+ii+iii)</b>	<b>2,431.95</b>	<b>708.58</b>	<b>0.01</b>	<b>3,140.53</b>
Change in indebtedness during the year				
Addition	1,485.43	3,491.49	0.00	4,976.92
Reduction	(1,779.95)	(3,638.61)	0.00	(5,418.56)
Change in Interest Accrued	(5.96)	(0.80)	0.00	(6.76)
<b>Net Change</b>	<b>(300.48)</b>	<b>(147.92)</b>	<b>0.00</b>	<b>(448.40)</b>
<b>Indebtedness at the end of the financial year (March 31, 2020)</b>				
(i) Principal Amount	2,109.13	560.35	0.01	2,669.49
(ii) Interest Due but not paid	0.00	0.00	0.00	0.00
(iii) Interest Accrued but not due	22.33	0.31	0.00-	22.64
<b>Total (i+ii+iii)</b>	<b>2,131.47</b>	<b>560.66</b>	<b>0.01</b>	<b>2,692.13</b>

\* Represent amounts of public deposits received under erstwhile FD scheme of the Company which couldn't be refunded due to orders from Government authorities.

## ATTACHMENT I

### VI. Remuneration of directors and key managerial personnel

#### A. Remuneration to Managing Director, Whole-time Director and/or Manager

S.N.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Arun Bharat Ram Chairman	Ashish Bharat Ram Managing Director	Kartik Bharat Ram Deputy Managing Director	Pramod G Gujarathi Director (Safety & Environment)	
1.	Gross Salary					
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.64	3.24	3.24	0.18	9.30
	b) Value of perquisites u/s 17(2) of the Income – tax Act, 1961	0.01	1.06	1.04	0.00	2.11
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- As % of profit					
	- Others	2.50	2.00	2.00	0.00	6.50
5.	Others	0.45	0.65	0.65	0.01	1.75
	<b>TOTAL (A)</b>	<b>5.60</b>	<b>6.95</b>	<b>6.93</b>	<b>0.19</b>	<b>19.67</b>
	Ceiling as per the Act	₹ 79.12 Crores (being 10% of the net profits of the Company calculated as per Section 197 of the Companies Act, 2013).				

## ATTACHMENT J

#### A. Remuneration to other Directors

S. No.	Particulars of Remuneration								Total
		Bharti Gupta Ramola	Lakshman Lakshminarayan	Vellayan Subbiah	Yash Gupta	Puneet Dalmia	Tejpreet Singh Chopra	Dr. Meenakshi Gopinath	
<b>1</b>	<b>Independent Directors</b>								
	- Fee for attending Board /committee meetings	0.03	0.04	0.03	0.04	0.02	0.03	-	0.19
	- Commission	0.12	0.12	0.12	0.12	0.12	0.12	-	0.72
	- Others	-	-	-	-	-	-	-	-
<b>2</b>	<b>Other Non-Executive Directors</b>								
	- Fee for attending Board /committee meetings	-	-	-	-	-	-	0.02	0.02
	- Commission	-	-	-	-	-	-	-	-
	- Others	-	-	-	-	-	-	0.12	0.12
	<b>TOTAL (B)=(1+2)</b>	<b>0.15</b>	<b>0.16</b>	<b>0.15</b>	<b>0.16</b>	<b>0.14</b>	<b>0.15</b>	<b>0.14</b>	<b>1.05</b>
	Ceiling as per the Act	₹ 7.91 Crores (being 1% of the net profits of the Company calculated as per Section 197 of the Companies Act, 2013)							
	<b>TOTAL MANAGERIAL REMUNERATION*</b>	<b>20.72 Crores</b>							
	Overall Ceiling as per the Act	₹ 87.03 Crores (being 11% of the net profits of the Company calculated as per Section 197 of the Companies Act, 2013)							

\* Total remuneration to Chairman, Managing Director(s), Whole-time Director and other Directors.

**ATTACHMENT K****B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ Crores)

S.N.	Particulars of Remuneration	Key Managerial Personnel						Total
		Sanjay Chatrath President & CEO (TTB)	Prashant Mehra President & CEO (PFB, LF & CF)	Prashant Yadav President & CEO (FCB)	Anurag Jain President & CEO (SCB & CTG)	Rahul Jain President, CFO & CS	Rajat Lakhanpal, VP (Corporate Compliance) & CS	
1.	Gross Salary							
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.28	3.68	3.57	3.66	1.24	0.53	14.97
b)	Value of perquisites u/s 17(2) of the Income – tax Act, 1961	0.08	0.18	0.14	0.14	0.11	0.02	0.68
c)	Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-	-
	- As % of profit	-	-	-	-	-	-	-
	- Others	-	-	-	-	-	-	-
5.	Others	0.20	0.27	0.27	0.27	0.10	0.04	1.15
	<b>TOTAL (A)</b>	<b>2.56</b>	<b>4.13</b>	<b>3.98</b>	<b>4.07</b>	<b>1.46</b>	<b>0.59</b>	<b>16.80</b>

**ATTACHMENT L****VII. Penalties/Punishment/Compounding of Offences**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

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

Chairman

(DIN: 00694766)

Date: June 4, 2020

Place: New Delhi

# Management Discussion & Analysis



In the following pages, the Management will provide its perspective on the operating and financial performance of the company during FY 2019-20 and an outlook of the business performance in the coming years.

## Businesses

SRF Limited is a chemical-based multi-business conglomerate engaged in the manufacturing of industrial and specialty intermediates. The company is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of chemicals. SRF Limited is a market leader in most of its business segments in India with a significant global presence. The company has operations in three countries namely India, Thailand and South Africa and an upcoming facility in Hungary. SRF has commercial interests in more than seventy-five countries and classifies its businesses as Technical Textiles Business (TTB), Chemicals Business (CB), Packaging Films Business (PFB), and Other Businesses.

## Technical Textiles Business

FY 2019-20 witnessed a VUCA environment as the auto sector faced one of its worst crises ever, adversely impacting the Technical Textiles Business. Sales of every vehicle segment registered a double digit de-growth thereby eroding significant profits especially in case of Nylon Tyre Cord Fabric. During the year, the business also closed its Nylon Tyre Cord Fabric plant at Rayong (Thailand) due to high costs and lack of visibility on reaching profitable operations anytime in the near future. Because of this, the business witnessed de-growth in terms of both revenues and profitability. However, the Belting Fabrics segment performed better in terms of margins and registered a healthy EBIDTA.



Overall, the domestic capacity was underutilized due to poor demand in both Tyre Cord Fabric and Polyester Industrial Yarn segments.

### Tyre Cord Fabrics

The Nylon Tyre Cord segment registered de-growth in EBIDTA due to low off-take in the OE sector. Replacement demand was also impacted due to financing issues, rural distress and job losses. Slow income growth also led to reduced purchasing power of the consumer that impacted the auto industry overall. As a result, most of the tyre companies cut back on production to reduce the pipeline inventory.

On the positive side, the plants of Technical Textiles Business continued to improve their operational parameters.

### Belting Fabrics

With the steel industry growing at a healthy rate, Belting Fabrics registered a stable domestic demand growth vis-à-vis last year. However, Chinese posed stiff competition to compensate their sale loss in the US and resorted to aggressive pricing. The business however managed to post healthy EBIDTA and margins on the back of strengthened Value Added Products (VAPs) sales and exports.

On the operational front, the additional capacity commissioned was successfully utilized to cater to the growing demand and increased exports. The business continues to focus on rapid development of VAPs.

### Polyester Industrial Yarn

The demand for Polyester Yarn segment witnessed a decline owing to slowdown in the auto and infra sectors. Even after the imposition of Anti-Dumping Duty, Chinese continued to dump yarn into India at lower prices creating a situation of oversupply. Overall, the business suffered due to sharp decline in demand, oversupply by the Chinese and aggressive pricing competition.

However, the business continued to focus on ramping up the sales of Value Added Products.

### Outlook

The Technical Textiles Business is likely to get impacted in FY 2020-21 owing to the situation created by the COVID-19 pandemic. The situation may start to improve in the second half of the fiscal for NTCF, Belting Fabrics and PIY segments.

## Chemicals Business

The Chemicals Business comprises two different product segments, namely Fluorochemicals and Specialty Chemicals.

### Fluorochemicals

The Fluorochemicals Business (FCB) derives its revenue from the sale of refrigerants, pharma propellants and industrial chemicals. FCB has its manufacturing operations at Bhiwadi in Rajasthan and Dahej in Gujarat. With the ongoing business enhancement and debottlenecking projects currently underway, the Business is continuing its journey on the growth path.

### Refrigerants & Propellants

SRF is the domestic market leader in the refrigerants space. Exports to more than 60 countries worldwide account for a significant portion of the overall revenue. The refrigerant product range marketed under the company's FLORON® brand includes F-22, F-134a, F-32 and HFC Blends such as F-404A, F-407C, and F-410A and newly-added products like F 600a and F 152a.

Market share in refrigerator segment increased with the launch of F 600a.

The business serves reputed OEMs manufacturing air-conditioners, refrigerators, pharmaceuticals, chillers and automobiles. SRF is the only Indian manufacturer of HFC 134a, HFC 125 and HFC 32 refrigerants, which have been developed using indigenous technology. SRF has commissioned new facilities for HFCs, which has further strengthened our competitive advantage in all three major HFCs, namely HFC 134a, 32 and 125. Today, we are positioned as one of the very few, best-in-class, fully backward integrated producers in the world. SRF has also successfully converted all the customers for Dymel® HFC 134a pharmaceutical propellant.

SRF is all set to enter into another segment i.e. Fluoropolymer business through its ongoing additional F 22 capacity and new Poly-tetrafluoroethylene capacity project at Dahej.

### Industrial Chemicals

SRF's main products in the Chloromethane space are Methylene Chloride, Chloroform and Carbon Tetra Chloride, which are used by the pharma and agrochemical customers. Other products in this

segment are Trichloroethylene, Perchloroethylene, Tetrahydrofuran and Dilute Hydrofluoric Acid. The Business is poised to gain in terms of revenue and profitability from this segment. In the coming years, we are planning to add a couple of new products in the Industrial Chemicals space.

### **Outlook**

With the overall sentiment in the market continuing to remain uncertain in FY21 due to COVID-19, we expect a demand slowdown for the coming year especially in the OEM space. However, Business is expected to improve its performance with better capacity utilization and other cost improvement initiatives along with keeping a close watch on how the Macro scenario moves. The Business will focus on maintaining its share of F 134a, F 32, F 125, HFC Blends and Methylene Chloride, apart from its ongoing efforts to pursue growth in Industrial Chemicals with the addition of new products to its portfolio.

### **Specialty Chemicals Business**

The Specialty Chemicals Business expanded during the year and continues to remain focused on agrochemical and pharmaceutical space, where it collaborates with the major global innovators for process development, commercialization, and production of complex new-age molecules having downstream application in agrochemical and pharmaceutical segments. In the last three decades, the Business has developed world-class expertise in Fluorination chemistry and is also emerging as a champion in some of the non-Fluorinated, difficult-to-execute chemistries.

The Business witnessed some interruptions in operations in the first quarter at Dahej site due to shut down. However, the Business picked up momentum thereafter and captured the market opportunities in the agro space. This led to record sales in the second half of the year.

During the year, the Business launched six new agro intermediates and three pharma intermediates and remained steadfast on its innovation and technology leadership journey. The production capacity of several products was enhanced significantly at both the sites. In order to bolster the efforts to improve sustainability, a RO system was commissioned at the Dahej site to enable the use of recycled water from plants. The Business also made continual investment on improving the technological strength, process

improvements and focused cost control efforts. Such measures have enhanced both the positioning of the Business and its capabilities to deliver complex agrochemicals and related intermediates.

### **Outlook**

The Business has emerged as a global leader in demonstrating its ability to supply some of the most critical intermediates to its customers. Efforts to deliver better value to the customers will continue as the Business remains committed to invest in improving its technological prowess, while having a strong focus on operational excellence. This will help the Business in taking on new-age challenging molecules.

The participation of the Business in agrochemicals market is in line with the global trends. However, the market is still susceptible to pricing pressure coming from crude pricing, unpredictable weather conditions in the customers' market and the more recent impact of COVID-19 on economies. SRF is currently working on various projects, which will gradually see fructification in the future.

The Business holds an optimistic outlook for the coming quarters as it continues to stay invested in the long-term projects to drive growth in the Specialty Chemicals space.

### **Chemicals Technology Group**

The Chemicals Technology Group (CTG) has been instrumental in driving the development of new products and process technologies for the Fluorochemicals and Specialty Chemicals Businesses. Over the years, CTG has introduced a number of technologies that were new to SRF. It is the key force driving SRF up in the value chain of agrochemical and pharma intermediates as well as the new generation refrigerants.

CTG's key focus has been on the niche area of Fluorinated molecules, however, during the year it contributed significantly in the development of complex non-Fluorinated intermediates as well. The complexity of the molecules are increasing and so is the capability of CTG. The R&D and the scale-up facilities are also being augmented at Bhiwadi. This will further boost the capability of CTG, enabling it to meet the challenging and complex needs of the customers. CTG has been dedicatedly working on enhancing SRF's technology development capabilities by developing more efficient processes, by working on

novel chemistries and scaling them up for successful commercialization. With a clear vision of technology leadership and innovation, new product development having complex technology requirements will be the key driver of success and sustainable growth of SRF.

The two dedicated R&D facilities, engineering lab and pilot plant facilities, employing many scientists and engineers, work together to achieve the innovation and technology leadership at SRF. SRF continues to invest in R&D for creating propositions for the future and Capital and Revenue expenditures of ₹ 33.09 crore and ₹ 99.68 crore was spent respectively during FY 2019-20 for R&D.

Comprehensively, R&D team worked on 69 molecules and 38 products were successfully taken up for process development. A total of 16 scale-up campaigns were carried out by the pilot plant, 34 campaigns were taken up in the commercial multipurpose plants and 15 campaigns were completed in the dedicated plants. In FY 2019-20, CTG filed Thirty Five patents taking the total count to Two Hundred and Five patents filed so far. Thirty Seven patents were granted in FY 2019-20 taking the total count of patents granted to the company to Seventy.

### Packaging Films Business

FY 2019-20 has been a good year for the Business. BOPP market started recovering from the down cycle and BOPET market remained balanced. Improved market sentiment accompanied by the hard work and passion of every team member contributed towards the larger goal of 'Easy To Do Business With (ETDBW)' and helped the Business achieve its best ever performance.

All units improved their efficiencies resulting in ~4% volume growth while sustaining the best in industry cost structures. In our journey of Value Added Products (VAPs), five new products were launched and VAP sales grew by more than 20% over previous year. While utilizing our assets to the maximum, we continuously strive to maintain a safe and healthy environment at our plants. In FY 2019-20, we received the "Sword of Honour" and 5 Star Rating for Occupational Health and Safety (OHS) from the British Safety Council for both our plants in Indore. Our expansions at both Hungary and Thailand are also progressing well and vertical start-up of both the lines will be one of the most important agenda items for the coming year.

Towards the end of the year, the Business faced some disruption because of the COVID-19 pandemic, which is expected to impact business at least in the initial period of FY 2020-21.

### Outlook

FY 2020-21 has started on the note of COVID-19 pandemic affecting the global economy. The pandemic will affect production, create supply chain and market disruption and will result in financial impact on almost all organizations. The scenario is too uncertain to predict the demand. We expect that supply of Packaging Films will exceed demand leading to a pressure on margins as many small convertors might remain shut for a considerable time period and many new capacities are also likely to start both in BOPET and BOPP.

In FY21, SRF's primary focus will be on running its plants optimally, keeping costs under control and continue to work on VAPs. The efforts will also be directed towards maximum utilization of the two new BOPET facilities starting in the first quarter. We will also continue our work on the sustainability initiatives driven by the '3R' approach – Reduce, Reuse and Recycle.

During the year, we will keep a close watch on the macro scenario and will be flexible to adapt our strategy accordingly.

### Other Businesses

#### Coated and Laminated Fabrics

Under the Other Businesses segment, both Coated and Laminated Fabrics performed well in FY 2019-20. Coated Fabrics Business recorded its best-ever performance. Despite adverse market situation, Laminated Fabrics Business has been able to successfully hold the fort and has achieved targeted sales number. Both the Businesses were impacted in March 2020 due to the situation arising from the COVID-19 pandemic.

### Outlook

In FY21, we expect the market to remain subdued, at least in the initial part of the year, due to the fallout of the COVID-19 pandemic. For both the Businesses, the focus will be on maximizing the asset utilization and continue work on various cost reduction initiatives.

## Human Resources

The recipe of any successful performance assessment system pivots around two key ingredients – correctly defined deliverables and constructive feedback on performance. At the onset of the year, the organization identified these two aspects as key focus areas for the year, with transparency and efficient automation being the cornerstone of all improvements. Today, the key deliverables, called Control Points, are properly defined in an automated module, monitored regularly and updated from time to time and in line with the changes that take place during the year. Furthermore, the organization moved away from the archaic and age-old practice of only managers initiating feedback when they deemed fit. We empowered people substantially by providing them a formal mechanism to seek feedback from their managers through the year. Providing feedback has also been mandated for a few levels in the organization.

With the automation of the promotion process, HR can now boast of almost all its transactional processes being automated and having more time at hand to deal with strategic level matters or matters needing personalized touch of our 'hi-tech' HR.

Traditionally, HR has been more 'feeling' than 'analyzing' and a fundamental shift in this approach was initiated a few years back when we started using analytics in HR. After years of laboring towards institutionalizing this change, our efforts fructified. A special recognition from an external forum – SHRM, came our way as an acknowledgement of the initiatives implemented by this function. This gave the function the much-needed impetus. Reporting HR data through real-time dashboards is another feather in the cap of the HR Analytics team.

Our commitment to complying with labour related statutes springs from the organization's DNA. While, the industry struggled with the newfound understanding of the Provident Fund Act, we chose to be the first few organizations to set things in order so that the interest of employees was protected.

HR witnessed a landmark year as the sale of our Engineering Plastics Business brought with itself an abundance of learning opportunities. The transition for our people was seamless with minimal disturbance for most.

Another interesting and prophetic change was the introduction of a more relaxed 'work from home'

policy. Towards the end of the year, we found ourselves grappling with the unfortunate reality of a pandemic and the economic and psychological fallouts of it. With the promise of no job losses because of the pandemic, the organization continues to put the interest and well-being of its employees first.

## Industrial Environment

The organization's overall employee relations remained positive throughout the year. This was a result of our consistent efforts towards keeping our employees engaged. Various initiatives were implemented at the plants that encouraged participation and collaboration. We maintained a pleasant and cordial working environment across all manufacturing locations and witnessed an increase in productivity at several manufacturing locations.

The total number of permanent employees at SRF stands at 6,677 at the close of business on March 31, 2020. Of these, 6,299 are based at our Indian locations.

## Information Technology

The year started with many IT projects to disassociate the Engineering Plastics Business (EPB) to independent operation systems that could be transitioned to DSM. We worked closely with the DSM team to ensure that the EP business operations continued during the transition to their systems. Over the year, we also enabled all our IT systems on our new international locations and plant extensions.

We improved resilience of core information systems like the ERP by migrating to virtual, fault tolerant systems ready for cloud transition. The Disaster recovery of such key systems was subsequently setup in cloud to ensure continuity in the event of disruptive events at the main data centers. Some new technology solutions were added in our R&D centers to improve our ability to conduct research and experiments.

We continued our efforts to automate more processes using Business Process Management technology tools and platforms, thereby resulting in improved process efficiency while reducing efforts and time taken. Master management activities, credit hold processes and other sales processes were optimized. The advanced supply chain planning solution was stabilized in Fluorochemicals business to help improve our monthly planning activities around production,

dispatches, procurement based on the sales demand across the world. Customer and supplier portals are being launched soon to better integrate with our partners. Operational dashboards have helped SRF over the year to have a good control on the key metrics. These were also upgraded and improved on newer platforms that support secure access on multiple devices from anywhere.

We increased coverage of modern workplace solutions based on cloud solutions like Office365. Adequate identity and data protection solutions were deployed to enable safe and secure working of employees from anywhere while protecting the intellectual property of SRF. This was a significant enabler that helped the company at the financial year end when the COVID crisis struck and overnight employees were asked to work from home. The collaboration solutions combined with secure VPN gateways to SRF data centers ensured that all essential SRF applications were accessible to employees who could seamlessly collaborate over secure audio/video conferencing solutions. The investments made over the years to modernize the SRF IT environment paid good dividends during these tough times.

### **Community Partnerships**

Building on its long-term commitment to the sustainable and inclusive growth of the community, SRF Foundation, the corporate social responsibility arm of SRF Limited, expanded its scope of work and took concrete steps in compliance with Section 135 of the Companies Act 2013 during FY 2019-20. The Foundation continued to focus on the identified areas of education, vocational skills, natural resource management and affirmative action on a sustainable basis. Further, it strengthened its Public Private Community Partnership (PPCP) model to positively affect the lives of people.

FY 2019-20 witnessed the strengthening of the Foundation's education program. Today, we have reached 269 Government schools across 21 locations in nine states directly, providing quality education to more than 78,714 students. By collaborating with like-minded partners, we work with 110 Government & Private schools indirectly, positively affecting the lives of 1,300 students in these schools. The Foundation continued its work towards improving infrastructure and academic facilities under the School Education Program, and promoting digital-based learning through

KidSmart Centers, World on Wheels & GetSmart-Mobile Digital Labs, Common Services Lab, Digital Based Learning and Digital Theatres. The Foundation also undertook several new initiatives to improve the employability of people around our plant locations by providing vocational skills through partnerships with Rama Krishna Polytechnic, Schneider Electrical and The Times of India.

SRF Foundation, through its Natural Resource Management (NRM) program continued to reach the economically weaker families near its manufacturing plant at Bhiwadi in Rajasthan and improve their livelihood by adopting the watershed-based livelihood and environment conservation approach. In FY 2019-20, the Foundation conducted certain Hydrological and Environment studies in 35 villages around SRF Bhiwadi Plant in the Tijara block where rainfall is below normal and the results helped create a way forward plan.

During the year, SRF Foundation was recognized with various awards for its contribution to school education. We were honored with the maiden National CSR Award in Challenging Circumstances (North) by the Government of India and also by the Indian Institute of Corporate Affairs. Furthermore, we received the 4th ICSI CSR Excellence Award by the Institute of Company Secretaries of India for Best Corporate in Medium Category. We were also awarded the CSR Times Award - 2019 as 'Best Corporate Foundation' in Education Category during the 6th National CSR Summit. Moreover, we were adjudged the Best Partner in Digital Citizenship by Capgemini India.

In addition, SRF's Chemicals Business was felicitated by the Government of Rajasthan with the "Rajasthan State Bhamashah Award" for support to elementary education in the Bhiwadi region.

### **Internal Controls Systems and Internal Audit**

The Internal Audit team develops an annual internal audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the said plan.

The company has a well-documented system of internal controls in place commensurate with its size, scale and complexity of operations. These controls have been designed to provide reasonable assurance

with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets, executing transactions with proper authorization and ensuring compliance with corporate policies. The controls based on the prevailing business conditions and processes have been tested by internal/external auditors during the year and no reportable material weaknesses in the design or effectiveness was observed.

The Internal Audit team also monitors and evaluates the efficacy and adequacy of internal control systems in the company, the ERP solutions, the accounting procedures and policies at all locations. Based on the gaps reported in internal audit report, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Any significant audit observations and corrective actions thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors (both internal and external) in each of its meetings. The company also has a robust and comprehensive framework of Control Self-Assessment (CSA), which continuously verifies compliances with laid down policies and procedures and help in plugging the control gaps.

### **Risk Management**

The company has developed and implemented a Risk Management Policy, which is approved by the Board.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those, which in the opinion of the Board may threaten the existence of the company. Risk management process has been established across the company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization. The responsibility of tracking and monitoring the key risks of the business/function periodically and implementing suitable mitigation plans proactively is with the senior executives of various business/functional units.

Risk Management Committee has been constituted by the Board of Directors in February 2019 to oversee key risks and assist the Board in efficient management of organizational risk. The scope of the Risk Management Committee [RMC] as defined by SRF is as under:

1. Oversee key risks, including strategic, financial, operational, compliance and cyber security risks.
2. Assist the Board in framing, implementing, monitoring and reviewing the risk management plan / policy of the company.
3. Assist the Audit Committee in evaluating the effectiveness of Risk Management System.

During FY20, the return on net worth of the Company is 20.80% vis-à-vis 13.20% in FY19. There is a change of 57.57% over the previous year due to an increase in operations, better operating margins and profit recognized on sale of EP business. Other Significant changes in key financial ratios as per listing regulations were:

<b>Ratios</b>	<b>FY 19-20</b>	<b>FY 18-19</b>	<b>% Change</b>	<b>Remarks</b>
Interest Coverage Ratio	8.06	5.67	42.24	Due to increased operations, better operating margins and profit recognised on sale of EP business
Operating Profit Margin %	18.80	13.43	39.97	
Net Profit Margin %	15.21	8.01	89.93	
Debt Equity Ratio	0.59	0.79	25.87	During the year debt was reduced due to higher cash flows arising from increased operations, better operating margins and proceeds from sale of EP business

# 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 March 31, 2020, SRF's Board consisted of 11 Directors, of which four are executives of the Company (including the Chairman, who is an Executive Chairman), one is non-executive & non-independent and six are independent. Table 1 gives the details of the Board as on March 31, 2020.

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

Name of Director	Category of Director	No. of Directorships of Indian Public Ltd Co. (other than SRF Limited)*	No. of Committees where Chairperson or Member (including SRF Limited)#		Name of Listed Entities & Category of Directorship
			Chairperson	Member	
Arun Bharat Ram	Executive Chairman, Promoter	3	-	2	- J K Paper Limited – Independent Director
Ashish Bharat Ram	Executive, Promoter	4	1	1	- Transport Corporation of India Limited – Independent Director - KAMA Holdings Limited – Promoter, Non- Executive Director
Kartik Bharat Ram	Executive, Promoter	2	-	2	- KAMA Holdings Limited – Non- Executive Director
Pramod G Gujarathi	Executive	1	-	1	- Chemiesynth (Vapi) Limited – Independent Director
Tejpreet S Chopra	Non-Executive, Independent	2	1	1	- Gujarat Pipavav Port Limited – Independent Director - Indian Exchange Energy Ltd – Independent Director

Name of Director	Category of Director	No. of Directorships of Indian Public Ltd Co. (other than SRF Limited)*	No. of Committees where Chairperson or Member (including SRF Limited)#		Name of Listed Entities & Category of Directorship
			Chairperson	Member	
Lakshman Lakshminarayan	Non-Executive, Independent	4	2	-	- Rane Brake Lining Ltd – Non Executive, Promoter Director - Rane Engine Valves Ltd.- Non Executive, Promoter Director - Rane Madras Ltd. – Non Executive, Promoter Director - Rane Holdings Ltd. – Chairman Emeritus, Non-Executive, Promoter Director - DCM Ltd – Independent Director
Vellayan Subbiah	Non-Executive, Independent	4	-	2	- Havells India Ltd – Independent Director - Tube Investments of India Ltd – Executive, Promoter Director - Shanti Gears Ltd – Non-Executive, Promoter Director
Dr. Meenakshi Gopinath	Non-Executive, Non-Independent	-	-	-	Nil
Bharti Gupta Ramola	Non-Executive, Independent	1	-	2	- HDFC Life Insurance Company Ltd – Independent Director
Puneet Yadu Dalmia (Appointed w.e.f 01.04.2019)	Non-Executive, Independent	1	-	-	- Dalmia Bharat Ltd – Managing Director
Yash Gupta (Appointed w.e.f 01.04.2019)	Non-Executive, Independent	1	-	1	Nil

\* Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act.

# Membership & Chairmanship of Stakeholder Relationship Committee & Audit Committee of Indian Public Companies have been considered.

Arun Bharat Ram is the father of Ashish Bharat Ram and Kartik Bharat Ram.



The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board :

Skill Matrix identified by the Board to function effectively -

Industry knowledge/experience	Technical skills/experience	Behavioural Competencies
a) Consulting Experience	a) Accounting and finance	a) Integrity and ethical standards
b) Manufacturing Industry experience	b) Industrial Engineers	b) Mentoring abilities
c) Understanding of relevant laws, rules, regulation and policy	c) Talent Management	c) Critical thinking
d) Analyzing Business Problems	d) Compliance and risk	d) Strategic Planning
e) Adapting to changing Business Conditions	e) Devising plans for New Business	e) Entrepreneurial & Commercial Acumen
f) Recommending cost-cutting measures	f) Proposing solutions to Business Problems	f) Analytical Decision Making
g) Recommending Process Improvements	g) Innovation	g) Customer Centricity
		h) Leading Change
		i) Leading People

Skills available with Board as per skill matrix -

S. No.	Name of Director	Industry knowledge/ experience	Technical skills/ experience	Behavioural Competencies
1.	Arun Bharat Ram	b,d,e,f,g	b,e,f,g	a,b,c,d,e,f,h,i
2.	Ashish Bharat Ram	b,c,d,e,f,g	a,d,e,f,g	a,c,d,e,f,g,h,i
3.	Kartik Bharat Ram	b,d,e,f,g	c,d,e,f,g	a,b,c,d,e,f,h,i
4.	Lakshman Lakshminarayan	b,c,d,e,f,g	a,b,c,f	a,b,e,f,g,i
5.	Vellayan Subbiah	a,b,c,d,e,f,g	a,b,e,f	a,c,d,e,f,g,h
6.	Tejpreet S Chopra	b,c,d,f,g	d,e,f,g	a,c,d,e,f,g,h
7.	Pramod G. Gujarathi	b,c,f,g	b,d,	a,b,c,f,g
8.	Bharti Gupta Ramola	a,c,d,e,g	a,d,f,g	a,c,d,f,g,h
9.	Dr. Meenakshi Gopinath	c	c,d	a,b,c,g,h,i
10.	Puneet Yadu Dalmia	b,c,d,e,f,g	a,b,e,f	a,b,c,d,e,f,i
11.	Yash Gupta	a,d,e,f,g	a,c,e,f,g	a,b,c,d,e,f,h

As required under Listing Regulations, the Company has obtained a certificate from a Practicing Company Secretary that none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

#### Independent Directors on the Board are Non-Executive Directors.

Our definition of 'Independence' of Directors is derived from Regulation 16 of Listing Regulations, and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than Dr. Meenakshi Gopinath are Independent in terms of Regulation 16 of Listing Regulations and Section 149(6) of the Companies Act, 2013.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed both under the Companies Act and Listing Regulations. In terms of Regulation

25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. 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.

### Independent Directors' Meeting

In accordance with the applicable provisions of Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors of the Company was held on February 3, 2020, without the attendance of Non-Independent Directors and members of the management.

### Familiarisation Programme

Your Company has put in place familiarisation programme for all its Directors including the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc and the familiarisation programme for the Independent Directors is available on the website of the Company at the link <http://www.srf.com/investor-relations/investors.html#governance>

### Number of Board Meetings

During 2019-20, the Board of Directors met four times on the dates as referred below in Table 2. The gap between any two Board Meetings did not exceed 120 days.

**Table 2: Attendance of directors in Board Meetings and Annual General Meeting (AGM) held during the year in 2019-20**

Name of the Director	Date of Board Meeting and Attendance of Directors				Date of AGM and Attendance of Directors
	May 13, 2019	August 05, 2019	November 4, 2019	February 3, 2020	August 5, 2019
Arun Bharat Ram	Yes	Yes	Yes	Yes	Yes
Ashish Bharat Ram	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Yes	Yes	Yes	Yes	Yes
Pramod G Gujarathi	Yes	Yes	Yes	Yes	Yes
Tejpreet S Chopra	Yes	Yes	No	Yes	Yes
Lakshman Lakshminarayan	Yes	Yes	Yes	Yes	Yes
Vellayan Subbiah	Yes	Yes	Yes	Yes	Yes
Dr Meenakshi Gopinath	Yes	Yes	Yes	Yes	Yes
Bharti Gupta Ramola	Yes	Yes	No	Yes	Yes
Puneet Yadu Dalmia	Yes	Yes	Yes	No	Yes
Yash Gupta	Yes	Yes	Yes	Yes	Yes

### Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors of SRF Limited for financial year 2019-20 and table 4 gives details of Service Contracts

**Table 3: Remuneration Paid or Payable**

S. No.	Name of Director	Salary & Allowances	Sitting Fees	Perquisites	Provident Fund and Superannuation	Commission (Provided)/ Professional Fees	Total (₹ In Crores)
1	Arun Bharat Ram	2.64	-	0.24	0.45	3.50	6.83
2	Ashish Bharat Ram	3.24	-	1.05	0.65	3.00	7.94
3	Kartik Bharat Ram	3.24	-	0.96	0.65	3.00	7.85
4	Pramod G Gujarathi	0.18	-	-	0.01	-	0.19
5	Dr. Meenakshi Gopinath	-	0.02	-	-	0.12	0.14
6	Tejpreet S Chopra	-	0.03	-	-	0.12	0.15
7	Lakshman Lakshminarayan	-	0.04	-	-	0.12	0.16
8	Vellayan Subbiah	-	0.03	-	-	0.12	0.15
9	Bharti Gupta Ramola	-	0.03	-	-	0.12	0.15
10	Puneet Yadu Dalmia	-	0.02	-	-	0.12	0.14
11	Yash Gupta	-	0.04	-	-	0.12	0.16
	<b>Total</b>	<b>9.30</b>	<b>0.21</b>	<b>2.26</b>	<b>1.75</b>	<b>10.34</b>	<b>23.86</b>

The Nomination and Remuneration Committee has laid down criteria for making payments to non-executive directors, which inter alia, includes level of remuneration /commission payable by other comparable companies, time devoted, experience, providing guidance on strategic matters and such other factors as it may deem fit.

The non-executive directors are entitled to remuneration up to an aggregate limit of one percent per annum of the net profits of the Company. Within the aforesaid limit, the commission payable is determined by the Board and equal amount of commission is payable to all the Independent Non-Executive Directors on a pro-rata basis. For the year under review, remuneration to non-executive directors was approved by the Board of Directors with the interested non-executive directors, not participating or voting in the resolution.

**Table 4: Details of Service Contracts**

Name of Director	Tenure	Notice Period	Severance Fee
Arun Bharat Ram	5 years w.e.f. June 15, 2018	6 months by either party	As per the provisions of the Companies Act, 2013
Ashish Bharat Ram	5 years w.e.f. May 23, 2020 (subject to reappointment at upcoming AGM)	3 months by either party	As per the provisions of the Companies Act, 2013
Kartik Bharat Ram	5 years w.e.f. June 01, 2016	3 months by either party	As per the provisions of the Companies Act, 2013
Pramod Gopaldas Gujarathi	3 years w.e.f. April 01, 2020 (subject to reappointment at upcoming AGM)	1 month by either party	Nil

## Shareholding of Non-Executive Directors

Table 5 gives details of the shares held by the non-executive Directors as on March 31, 2020.

**Table 5: Equity Shares held by Non-Executive Directors as on March 31, 2020**

Name of Director	Category	Number of Equity Shares Held
Tejpreet S Chopra	Independent	578
Lakshman Lakshminarayan	Independent	-
Vellayan Subbiah	Independent	13,407
Bharti Gupta Ramola	Independent	-
Puneet Yadu Dalmia	Independent	17,800
Yash Gupta	Independent	-
Dr Meenakshi Gopinath	Non-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 of 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 Listing Regulations the minutes of the Board meetings of your Company's unlisted subsidiary companies 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, <http://www.srf.com/investor-relations/investors.html#governance>. 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.

### Statutory Committees of the Board

#### a) Audit Committee

##### i) Terms of Reference

The terms of reference of the Audit Committee are wide enough covering the matters as per the guidelines set out in the Listing Regulations read with Section 177 of the Companies Act, 2013. These broadly includes 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, remuneration and term of auditors, examination of financial statements and auditors' report thereon, review the functioning of the Whistle Blower Mechanism, review and monitor the auditor's independence and performance and effectiveness of audit process, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the company, wherever it is necessary, evaluation of internal financial controls and risk management systems, reviewing with the management adequacy of internal control system and reviewing the utilization of loan and/ or advances from/ investment by the holding company in the subsidiary company exceeding prescribed limit.

In addition, the Committee also mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee and.

- Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**ii) Composition of Audit Committee and Attendance of members in Audit Committee Meeting held during the year**

As on March 31, 2020, the Audit Committee of SRF comprised of three Directors all of whom are independent namely Lakshman Lakshminarayan as Chairman, Vellayan Subbiah and Bharti Gupta Ramola as members. The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013, as well as Regulation 18 of Listing Regulations. All the members of the Audit Committee are financially literate. Chairman, Managing Director, Deputy Managing Director, CFO, Internal Auditors and Statutory Auditors are invitees to the Committee. Company Secretary of the Company acts as Secretary to the Committee.

Table 6 provides details of the Audit Committee meetings held during the year 2019-20 and attendance of its members.

**Table 6: Attendance Record of Audit Committee Meetings during 2019-20**

Name of Members	Category	Date of Audit Committee Meeting and Attendance of Members			
		May 13, 2019	August 05, 2019	November 4, 2019	February 3, 2020
Lakshman Lakshminarayan (Chairman)	Independent, Non-Executive	Yes	Yes	Yes	Yes
Vellayan Subbiah	Independent, Non-Executive	Yes	Yes	Yes	Yes
Bharti Gupta Ramola	Independent, Non-Executive	Yes	Yes	No	Yes

**b) Nomination and Remuneration Committee**

**i) Terms of Reference :**

The terms of reference of the Committee are wide enough covering the matters specified in Listing Regulations and the Companies Act, 2013 and Terms of reference of the Committee briefly are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity.
- Formulation of policies for remuneration to Directors, Key Managerial Personnel, Senior Management Personnel functional heads and other Employees.
- Identification and recommendation to Board of persons who are qualified to become Directors, Key Managerial Personnel, Senior Management Personnel and functional heads in accordance with the criteria laid down.

- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel, Senior Management Personnel and functional heads
- Evaluation of the performance of Directors (other than independent directors).
- Evaluation of the performance of independent directors and make recommendations to Board.
- To oversee succession planning for Board of Directors, Key Managerial Personnel, Senior Management Personnel and Functional Heads.
- Formulation of criteria for making payment to Non-Executive Directors
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

**ii) Composition of Nomination and Remuneration Committee and Attendance of members in the meetings of the Nomination and Remuneration Committee held during the year**

As on March 31, 2020, this Committee comprised of three Directors, all of whom are independent namely Tejpreet S Chopra (Chairman), Yash Gupta & Puneet Yadu Dalmia as Members. The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013.

Table 7 provides details of the Nomination and Remuneration Committee meetings held during the year 2019-20 and attendance of its members.

**Table 7: Attendance Record of Nomination and Remuneration Committee Meetings during 2019-20**

Name of Members	Category	Date of NRC Meeting and Attendance of Members	
		May 13, 2019	February 03, 2020
Tejpreet S Chopra (Chairman)	Independent, Non-Executive	Yes	Yes
Puneet Yadu Dalmia	Independent, Non-Executive	Yes	No
Yash Gupta	Independent, Non-Executive	Yes	Yes

**iii) Annual Evaluation of Board, Committees and Individual Directors**

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and as per the Nomination, Appointment and Remuneration Policy, the Board of Directors/ Independent Directors/Nomination & Remuneration Committee ("NRC") (as applicable) had undertaken an evaluation of the Board's own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

**iv) Nomination, Appointment and Remuneration Policy**

Performance evaluation of independent directors is done by the Nomination and Remuneration Committee on criteria like attendance and participation in Board and committee meetings, advice on implementation of good corporate governance practices, diligence and independence in judgement and actions, good faith and interest of the stakeholders, etc. Based on the recommendations of the NRC, the Board of Directors decide to continue their appointment or consider them for reappointment.

The Company's Nomination, Appointment and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and Functional Heads forms part of the Board's Report and is also accessible on Company's website [www.srf.com](http://www.srf.com).

### c) Stakeholders Relationship Committee

As on March 31, 2020, this Committee comprised four Directors—two executive Directors and two non-executive Directors namely Tejpreet S Chopra, Independent Director is Chairman, Yash Gupta, Independent Director and Ashish Bharat Ram & Kartik Bharat Ram Executive Directors are members of the Committee.

Table 8 provides details of the Stakeholders Relationship Committee meetings held during the year 2019-20 and attendance of its members.

**Table 8: Attendance Record of Stakeholders Relationship Committee Meetings during 2019-20**

Name of Members	Category	Date of Stakeholders Relationship Committee Meeting and Attendance of Members									
		17- Apr- 19	24- May- 19	15- Jun- 19	10- Jul- 19	20- Aug- 19	23- Sep- 19	30- Oct- 19	22- Nov- 19	16- Dec- 19	02- Mar- 20
		Tejpreet S Chopra (Chairman)	Non-Executive, Independent	Yes	Yes	Yes	No	No	Yes	Yes	Yes
Ashish Bharat Ram	Executive, Promoter	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Executive, Promoter	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yash Gupta	Non-Executive, Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Rajat Lakhanpal is Compliance Officer under Listing Regulations.

To expedite the process of transfer, 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 March 31, 2020, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 9 gives data on the shareholder/investor complaints received and redressed during the year 2019-20.

**Table 9: Shareholder and Investor Complaints received and redressed during 2019-20**

Total Complaints Received	Total Complaints Redressed	Complaints not solved to the satisfaction of Shareholders	Pending as on March 31, 2020
220	220	Nil	Nil

### d) Corporate Social Responsibility Committee ("CSR")

As on March 31, 2020, this Committee comprised of four Directors— Dr. Meenakshi Gopinath (Chairperson), Arun Bharat Ram, Kartik Bharat Ram and Lakshman Lakshminarayan as members. The constitution of the Committee meets the requirements of Section 135 of the Companies Act, 2013.



The terms of reference of the Committee in line with the requirements of the Section 135 of the Companies Act, 2013 and the rules framed thereunder.

Table 10 provides details of the CSR Committee meetings held during the year 2019-20 and attendance of its members.

**Table 10: Attendance Record of CSR Committee Meetings during 2019-20**

Name of Members	Category	Date of meeting and Attendance of Director	
		May 13, 2019	Feb 03, 2020
Dr. Meenakshi Gopinath (Chairperson)	Non-Independent, Non-Executive	Yes	Yes
Lakshman Lakshminarayan	Independent, Non-Executive	Yes	Yes
Arun Bharat Ram	Executive, Promoter	Yes	Yes
Kartik Bharat Ram	Executive, Promoter	Yes	Yes

#### e) Risk Management Committee

As on March 31, 2020, this Committee comprised of three Directors— Ashish Bharat Ram as Chairman, Kartik Bharat Ram and Bharti Gupta Ramola as Members. The composition of the Committee is in conformity with Regulation 21 of the Listing Regulations.

Table 11 provides details of the Risk Management Committee meetings held during the year 2019-20 and attendance of its members.

**Table 11: Attendance Record of Risk Management Committee Meeting during 2019-20**

Name of Members	Category	Date of meeting and Attendance of Director
		December 11, 2019
Ashish Bharat Ram (Chairman)	Executive, Promoter	Yes
Kartik Bharat Ram	Executive, Promoter	Yes
Bharti Gupta Ramola	Independent, Non-Executive	Yes

#### f) Committee of Directors – Financial Resources

As on March 31, 2020, this Committee comprised of three Directors— Arun Bharat Ram, Ashish Bharat Ram and Kartik Bharat Ram all of whom are executive directors.

Table 12 provides details of the Committee of Directors- Financial Resources meetings held during the year 2019-20 and attendance of its members.

**Table 12: Attendance Record of Committee of Directors- Financial Resources Meetings during 2019-20**

Name of Members	Date of Committee of Directors- Financial Resources Meeting and Attendance of Members									
	23-May-19	10-Jul-19	31-Jul-19	05-Aug-19	04-Nov-19	27-Nov-19	26-Dec-19	22-Jan-20	03-Feb-20	27-Feb-20
Arun Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ashish Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Management

### Management Discussion and Analysis

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

### Disclosure Requirements

- During the year 2019-20, the Company had no materially significant related party transactions. Transactions with related parties are disclosed in Note No 32 to the Financial Statements. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The said policies are available on the website of the Company at the <http://www.srf.com/investor-relations/investors.html#governance>. Policy of determining 'material subsidiaries' is available on the website of the Company at the <http://www.srf.com/investor-relations/investors.html#governance>.
- The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited, and the Company has complied with all the applicable requirements of capital markets and no penalties or strictures have been imposed on the Company by Stock Exchange(s), SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.
- Vigil Mechanism Policy: Section 177 (9) of the Companies Act, 2013 and Regulation 22 of Listing Regulations requires that a Company shall have a vigil mechanism for directors and employees for reporting concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Vigil Mechanism Policy of the Company includes Code of Conduct for Directors and Senior Management Personnel, Code of Conduct for employees, Policy against sexual harassment, Whistle blower Policy and Code of Conduct for Prevention of Insider Trading. The Company is following such a policy and crux of which is disclosed by the Company on its website at the <http://www.srf.com/investor-relations/investors.html#governance>. No personnel has been denied access to the Audit Committee for raising his/her concern under this policy during financial year 2019-20.
- The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 (as applicable) and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations
- This Corporate Governance Report of the Company for the year 2019-20 is in compliance with the requirements of Listing Regulations, as applicable.

### Non-Mandatory Requirement

The status of adoption of the non-mandatory requirements as specified in sub – regulation 1 of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

**(a) The Board:** The Chairman of the Company is Executive Chairman; **(b) Shareholder Rights:** Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website [www.srf.com.in](http://www.srf.com.in) **(c) Modified opinion(s) in audit report:** The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements; **(d) Separate posts of Chairperson and CEO:** Arun Bharat Ram is the Chairman and Ashish Bharat Ram is the Managing Director of the Company; and **(e) Reporting of Internal Auditor:** The Internal Auditor of the Company reports to the President & CFO of the Company and has direct access to the Audit Committee.

### CEO/CFO certification

The Certificate in compliance with Regulation 17(8) of Listing Regulations was placed before the Board of Directors.

### Appointment/ Reappointment/Resignation of Directors

Pramod G Gujarathi, Director is retiring by rotation and being eligible, offer himself for re-appointment.

The present tenure of service of contract of Ashish Bharat Ram, Managing Director was upto May 22, 2020. Ashish Bharat Ram has been re-appointed as Managing Director for a period of 5 years wef May 23 2020 subject to approval by shareholders at the ensuing Annual General Meeting.

The present tenure of service of contract of Pramod G Gujarathi (Director Safety and Environment) was upto March 31, 2020. Pramod G Gujarathi has been re-appointed as Director Safety and Environment for a period of 3 years wef April 1, 2020 subject to approval by shareholders at the ensuing Annual General Meeting.

Brief resumes of all the directors proposed to be re-appointed are given in the Notice of the 49<sup>th</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 / Financial Express (in English) and Jansatta (in Hindi). In addition, these results are posted on the website of the Company, [www.srf.com](http://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 presentations made to analysts and funds managers are posted on the Company's website.

### General body meetings

#### Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 13.

**Table 13 : Last three AGMs of the Company**

Year	Location	Date	Time	No. of Special Resolutions Passed
2016-17	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	August 8, 2017	3.30 P.M.	2
2017-18	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 Same as Above	August 7, 2018	11.00 A.M.	7
2018-19	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 Same as Above	August 5, 2019	3.30 P.M.	2

### Postal Ballot

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

## Additional Shareholder Information

### 49<sup>th</sup> Annual General Meeting

Day : Monday

Date : August 17, 2020

Time : 11 A.M.

Venue: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 [Deemed Venue for meeting: Registered Office: The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2nd Floor, Mayur Place, Mayur Vihar Phase I Extn, Delhi – 110091]. For details please refer to the Notice of this AGM

### Financial Year

1 April to 31 March

### Tentative Financial Calendar for Results, 2020-21

First Quarter	Last week of July 2020
Second Quarter	First week of November 2020
Third Quarter	First week of February 2020
Fourth Quarter and Annual	Second week of May 2021

### Interim Dividend Payment Date

Two interim dividends of ₹ 7 per share each (70 per cent) on the paid up capital of the Company absorbing ₹ 97.01 Crores approx. (inclusive of tax) were paid on August 23, 2019 and February 20, 2020 respectively.

### Details of Total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part

B S R & Co. LLP, Chartered Accountant who are the Statutory Auditors of the Company are a part of B S R & Affiliates network. During financial year 2019-20, total fees paid by the Company and its subsidiaries on a consolidated basis to B S R & Co. LLP, Chartered Accountant and all entities forming part of B S R & Affiliates network is given below -

Name of Company	Name of Entity forming part of B S R & Affiliates network	Details of remuneration	Amount (in Crores)
SRF Limited	B S R & Co. LLP, Chartered Accountant	- Audit fees	0.50
		- For limited review of unaudited financial results	0.35
		- For Corporate governance, consolidated financial statements and other certificates	0.09
		- For tax audit	0.06
		- Reimbursement of out of pocket expenses	0.09
		<b>Total</b>	<b>1.09</b>

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year 2019-20**

No. of complaints filed during the financial year	0
No. of complaints disposed off during the financial year	0
No. of complaints pending as on the end of the financial year	0

**List of Credit Ratings**

Instrument	Rating Agency	Rating	Outlook
Fund Based and Non-Fund Based Limits	India Ratings	IND AA+/Stable/IND A1+	Stable
Fund Based and Non-Fund Based Limits	CRISIL	CRISIL AA+/Stable/ CRISIL A1+	Stable
Long Term Loans	India Ratings	IND AA+/Stable	Stable
Long Term Loans	CRISIL	CRISIL AA+/Stable	Stable
Commercial Papers	India Ratings	IND A1+	Stable
Commercial Papers	CRISIL	CRISIL A1+	Stable
Non-Convertible Debentures	CRISIL	CRISIL AA+/Stable	Stable

During the year under review, there have been revisions in Credit Rating, which are being reflected above.

**Listing on Stock Exchanges in India**

SRF's shares are listed on the BSE and the NSE and debentures are listed on NSE. The Company has paid the listing fee to both BSE and NSE for the year 2019-20. The Stock Codes are:

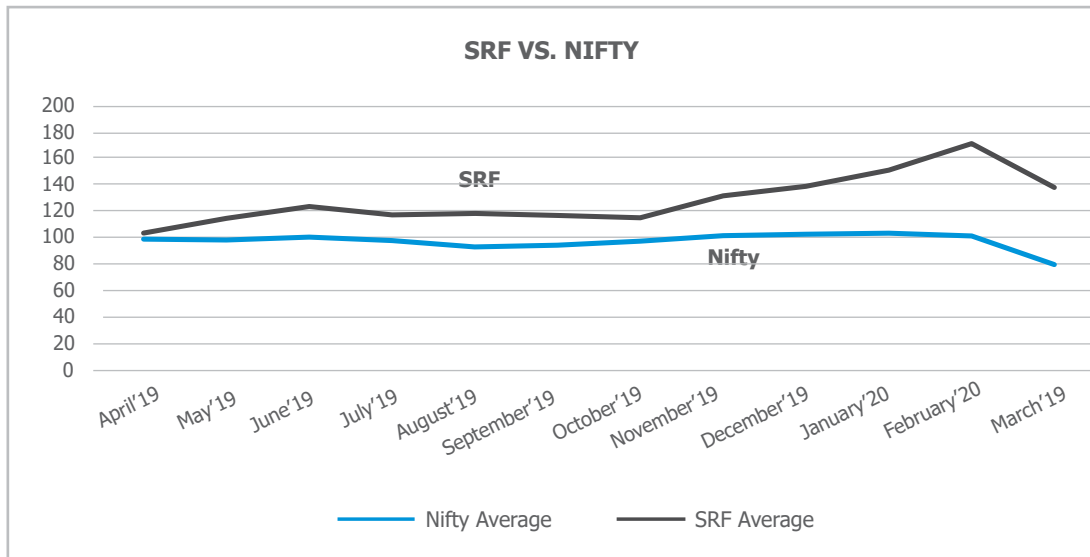
Stock Exchanges	Equity Shares	Debentures
BSE Limited	503806	-
National Stock Exchange	SRF	INE647A07033

**Stock Market Data**

Table 14 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2019-20.

**Table 14: Monthly Highs and Lows and Volumes Traded at the BSE Limited and NSE Limited during 2019-20**

Month	BSE Limited			NSE Limited		
	Highest Price (₹)	Lowest Price (₹)	Volume (No.)	Highest Price (₹)	Lowest Price (₹)	Volume (No.)
Apr-19	2579.90	2201.00	340,558	2582.45	2172.60	7,399,617
May-19	2981.45	2333.90	568,375	2982.90	2335.00	10,471,038
Jun-19	3075.50	2779.00	315,253	3077.00	2774.15	6,810,617
Jul-19	3086.00	2615.00	328,459	3086.10	2612.30	7,150,476
Aug-19	3090.00	2551.85	552,854	3049.80	2551.50	9,980,739
Sep-19	3000.00	2675.60	295,363	3003.00	2675.70	5,196,959
Oct-19	2947.55	2590.00	240,805	2948.00	2588.00	6,560,329
Nov-19	3273.95	2854.40	356,614	3272.90	2860.00	9,002,246
Dec-19	3454.80	3176.60	242,361	3456.45	3173.90	5,563,219
Jan-20	3860.00	3379.60	142,692	3861.00	3381.00	4,071,875
Feb-20	4258.90	3644.90	271,897	4260.00	3641.30	7,132,507
Mar-20	4019.35	2492.20	380,802	4019.00	2467.65	6,519,858



### Registrar and Share Transfer Agents

M/s KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited), Hyderabad are the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares.

### Share Transfer System

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 request for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 01, 2019 unless the securities are held in dematerialized form with the depositories. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form

### Depository System

Shareholders can trade in the Company's shares only in electronic form. The process for getting the shares dematerialised 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 & Liquidity**

As on March 31, 2020 there were 51821 shareholders holding 56,616,962 shares in electronic form. This constitutes 98.50 per cent of the total paid-up share capital of the Company.

**Distribution of Shareholding as on March 31, 2020**

Table 15 gives the distribution of shares according to shareholding class, while Table 16 gives the distribution of shareholding by ownership.

**Table 15: Pattern of Shareholding by Share Class as on March 31, 2020<sup>®</sup>**

No. of Equity Shares held	No. of shareholders	% of Shareholders	No. of shares	% of Shareholding
Upto 500	58,531	95.96	3,725,473	6.49
501- 1000	1,348	2.21	979,171	1.70
1001 - 2000	522	0.86	770,466	1.34
2001 - 3000	156	0.26	394,299	0.69
3001- 4000	92	0.15	325,939	0.57
4001- 5000	60	0.10	277,372	0.48
5001 - 10000	104	0.17	721,307	1.25
10001 & Above	179	0.29	50,286,473	87.48
<b>Total</b>	<b>60,992</b>	<b>100.00</b>	<b>57,480,500</b>	<b>100.00</b>

**Table 16: Pattern of Shareholding by Ownership as on March 31, 2020**

S No.	Category	No. of Shares	% Equity
1	ALTERNATIVE INVESTMENT FUND	266,651	0.46
2	BANKS	4,201	0.01
3	CLEARING MEMBERS	181,731	0.32
4	DIRECTORS*	13,985	0.02
5	EMPLOYEES	84,683	0.14
6	FOREIGN INSTITUTIONAL INVESTOR	20,157	0.03
7	FOREIGN PORTFOLIO - CORP	10,499,739	18.27
8	H U F	202,168	0.35
9	I E P F	367,107	0.64
10	INDIAN FINANCIAL INSTITUTIONS	32,515	0.06
11	INSURANCE COMPANIES	141,532	0.25
12	BODIES CORPORATES	698,511	1.22
13	MUTUAL FUNDS	6,322,014	11.00
14	NBFC	1,942	0.00
15	NON RESIDENT INDIANS	88,397	0.15
16	NRI NON-REPATRIATION	695,868	1.21
17	PROMOTER COMPANIES	30,049,000	52.28
18	COMPANY PROMOTERS	27,500	0.05
19	RESIDENT INDIVIDUALS	6,319,966	10.99
20	QIB	1,455,512	2.53
21	TRUSTS	3,818	0.01
22	UNIT TRUST OF INDIA	3,503	0.01
	<b>Total:</b>	<b>57,480,500</b>	<b>100.00</b>

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

\* does not include 17,800 Equity Shares acquired by Puneet Yadu Dalmia, Independent director during March 2020 and not yet credited in his Demat account as on 31.03.2020.

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

As on March 31, 2020, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments

### Commodity price risk or foreign exchange risk and hedging activities

During the year 2019-20, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. There is no direct hedgeable commodity risk that the Company has on any of its raw materials or finished products. Thus, the Risk Management Policy covers only net forex exposure on account of its imports and exports.

The details of foreign currency exposure are disclosed in the Note No. 38 to the Financial Statements.

### Plant Locations

Business	Plant Locations
Technical Textiles Business	<ul style="list-style-type: none"> <li>Manali Industrial Area, Manali, Chennai-600068, Tamil Nadu</li> <li>Industrial Area, Malanpur, Distt. Bhand - 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>
Chemicals and Other Business	<ul style="list-style-type: none"> <li>Village &amp; P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan</li> <li>DII / I GIDC. PCPIR, GIDC Phase II, Tal Vagra, Vill. Dahej, Dist Bharuch - 392130, Gujarat</li> </ul>
Packaging Films Business	<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 - 454775, Indore, MP</li> <li>Plot No. 675, Industrial Area, Sector 3, Village Bagdoon, Pithampur, Dist. Dhar - 454775, Indore MP</li> </ul>

### Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent	Debenture Trustee
The Galleria, DLF Mayur Vihar, Unit No.236 & 237, Second Floor, Mayur Place, Mayur Vihar, Phase-I Extn., Delhi - 110091. Tel No.: (+ 91-11) 49482870 Fax No.: (+ 91 11) 49482900 E-mail : cs@srf.com	Block-C, Sector-45 Gurugram 122 003 Tel No.: (+ 91-124) 4354400 Fax No.: (+ 91-124) 4354500 E-mail : cs@srf.com	<b>KFin Technologies Private Limited</b> Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500032 Tel No : (+91- 40) 67162222 Fax No : (+91- 40) 2300 1153 E-mail : einward.ris@kfintech.com	<b>Vistra ITCL (India) Limited</b> The IL&FS Financial Centre Plot C-22, G Block Bandra Kurla Complex, Bandra East, Mumbai 400 051 Tel: (011) 46577591 Email: itclcomplianceofficer@vistra.com Website: <a href="http://www.vistraitcl.com">www.vistraitcl.com</a> Contact Person: Amit Joshi, Regional Head – Corporate Trustee (North & East )



**Declaration Regarding Code of Conduct**

I, Ashish Bharat Ram, Managing Director of SRF Limited hereby 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 March 31, 2020.

**Ashish Bharat Ram**  
Managing Director

Date: June 4, 2020

Place: Gurugram



## Business Responsibility Report

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### About SRF

SRF Limited is a chemical based multi-business entity engaged in the manufacturing of industrial and specialty intermediates. The company is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of chemicals. SRF is a market leader in most of its business segments in India and also commands a significant global presence in some of its businesses, with operations in three countries namely, India, Thailand and South Africa and an upcoming facility in Hungary. The company has commercial interests in more than seventy-five countries and classifies its main businesses as Technical Textiles Business (TTB), Chemicals Business (CB), Packaging Films Business (PFB) and Other Businesses.

### About this report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 500 listed entities based on market capitalization at the BSE Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company for FY 2019-2020, which is based on the format recommended by SEBI.

## Section A: General Information about the Company

<b>1. Corporate Identity Number (CIN) of the Company</b>	: L18101DL1970PLC005197
<b>2. Name of the Company</b>	: SRF Limited
<b>3. Registered Address</b>	: The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, Second Floor, Mayur Place, Noida Link Road, Mayur Vihar Phase I Extn, Delhi- 110 091
<b>4. Website</b>	: <a href="http://www.srf.com">www.srf.com</a>
<b>5. Email id</b>	: <a href="mailto:info@srf.com">info@srf.com</a>
<b>6. Financial Year reported</b>	: 2019-2020
<b>7. Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	: SRF Limited is a chemical based multi-business entity engaged in the manufacturing of industrial and specialty intermediates. The company classifies its businesses as Technical Textiles, Chemicals, Packaging Films and Other Businesses.

### 8. List three key products/services that the Company manufactures/provides (as in balance sheet)

SRF's product portfolio can be broadly categorized into

- Technical Textiles
- Chemicals
- Packaging Films

Technical Textiles include Tyre Cord Fabrics, Belting Fabrics and Industrial Yarn. Chemicals include Fluorochemicals and Specialty Chemicals. Packaging Films include Polyester Films viz. BOPET (Biaxially-oriented polyethylene terephthalate) and BOPP (Biaxially oriented polypropylene film)

### 9. Total number of locations where business activity is undertaken by the Company

#### i) Number of International Locations (Provide details of major 5)

Details of SRF's international businesses, through its overseas subsidiaries, are given below:-

S. No.	Name of Subsidiary and Country	Major products/ categories
1.	SRF Industries (Thailand) Ltd., Thailand	Packaging Films
2.	SRF Flexipak (South Africa) (Pty) Ltd., South Africa	Packaging Films
3.	SRF Industex Belting (Pty) Ltd., South Africa	Chemicals Business (Trading)
4.	SRF Europe KFT*, Hungary	Packaging Film Business

\*Yet to commence operations

#### ii) Number of National Locations

SRF has manufacturing plants in 9 locations across the country.

State	Location
Tamil Nadu	Manali
Tamil Nadu	Viralimalai
Tamil Nadu	Gummidipoondi
Gujarat	Dahej
Rajasthan	Jhiwana
Madhya Pradesh	SEZ Indore
Madhya Pradesh	Industrial Growth Centre Pithampur
Madhya Pradesh	Malanpur
Uttarakhand	Kashipur

SRF's regional offices are situated at Delhi, Mumbai, Chennai and Kolkata.

### 10. Markets served by the Company – Local/State/National/ International

SRF serves both national and international markets spread across Asia, Africa, Europe, North America and South America.

## Section B : Financial Details of the Company

<b>1. Paid up Capital (₹)</b>	:	57.48 Crores
<b>2. Total Turnover (₹)</b>	:	6330.84 Crores
<b>3. Total profit after taxes (₹)</b>	:	974.18 Crores
<b>4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) calculated in accordance with Companies Act, 2013</b>	:	Total spending on CSR is 2.06% of average profit after tax of the past 3 years calculated in accordance with Companies Act, 2013. This is detailed in the Annual Report of CSR Activities, ANNEXURE – II to the Board's Report.
<b>5. List of activities in which expenditure in 4 above has been incurred</b>	:	List of CSR activities are detailed in the Annual Report of CSR Activities, ANNEXURE – II to the Board's Report.

## Section C : Other Details

<b>1. Does the Company have any Subsidiary Company/Companies ?</b>
Following are the wholly owned subsidiary companies:- <ul style="list-style-type: none"> <li>• SRF Global BV, The Netherlands (Foreign Wholly Owned Subsidiary)</li> <li>• SRF Industries (Thailand) Ltd., Thailand (Foreign Wholly Owned Subsidiary)</li> <li>• SRF Flexipak (South Africa) (Pty) Ltd., South Africa (Foreign Wholly Owned Subsidiary)</li> <li>• SRF Industex Belting (Pty) Ltd., South Africa (Foreign Wholly Owned Subsidiary)</li> <li>• SRF Europe Kft, Hungary (Foreign Wholly Owned Subsidiary)</li> <li>• SRF Holiday Home Ltd. (Domestic Wholly Owned Subsidiary)</li> </ul>
<b>2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)</b>
The subsidiary companies operate in different jurisdictions and are engaged in their own BR initiatives as applicable to them.
<b>3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity/entities ? [Less than 30%, 30-60%, More than 60%]</b>
No

**Section D : BR Information**

**1. Details of Director/Directors responsible for implementation of the BR policy/policies**

Implementation of BR policies is the responsibility of Mr. Kartik Bharat Ram, Deputy Managing Director (DIN: 00008557)

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

S. N.	Principle1 Ethics, transparency & Sustainability, accountability	Principle2 Sustainability in life-cycle of products	Principle3 Employee well-being	Principle4 Stakeholder engagement	Principle5 Promotion of human rights	Principle6 Environmental protection	Principle7 Responsible public policy advocacy	Principle8 Inclusive growth	Principle9 Customer value
1	Do you have a policy/policies for	No	Yes	Yes	Yes	Yes	No	Yes	No
2	Has the policy been developed in consultation with relevant stakeholders?	NA	Yes	No	Yes	Yes	NA	Yes	NA
3	Does the policy conform to any national/ international standards? If yes, specify.	NA	Yes OHSAS 18001:2007 SA 8000 (Social Accountability)	No	NA	Yes ISO 14001 (Environment Management System) ISO 50001 (Energy Management System) The policies are in line with the best practices followed in the industry	NA	NA	NA
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director	NA	Yes, Board of Directors CEO, President - HR	Yes, Board of Directors MD and Director (CSR)	Yes, Board of Directors President - HR	No	NA	Yes, Board of Directors MD and Director (CSR)	NA
5	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	NA	Yes	Yes	Yes	Yes	NA	Yes	NA

S. Questions	Principle1 Ethics, transparency & Sustainability, accountability	Principle2 Sustainability in life-cycle of products	Principle3 Employee well-being	Principle4 Stakeholder engagement	Principle5 Promotion of human rights	Principle6 Environmental protection	Principle7 Responsible public policy advocacy	Principle8 Inclusive growth	Principle9 Customer value
6	Indicate the link for the policy to be viewed online*	NA	No	Yes 1. CSR Policy 2. Dividend Distribution Policy	No 1. Policy against Sexual Harassment 2. Whistleblower Policy	No	NA	Yes 1. CSR Policy <a href="https://bit.ly/2X7O6m">https://bit.ly/2X7O6m</a>	NA
7	Has the policy been communicated to the relevant internal and external stakeholders?	NA	Yes	Yes	Yes	Yes	NA	Yes	NA
8	Does the Company have an in-house structure to implement the policy?	NA	Yes	CSR Policy is implemented through SRF Foundation Yes	Yes	Yes	NA	CSR Policy is implemented through SRF Foundation	NA
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy /policies?	NA	Yes	No	Yes	Yes	NA	Yes	NA
10	Has the Company carried out Independent audit/ evaluation of the working of this policy by an internal or external agency?	NA	Yes	No	Yes	Yes	NA	No	NA

CSR Policy : [http://www.srf.com/pdf/2015%20\(05\)%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf](http://www.srf.com/pdf/2015%20(05)%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf)

Dividend Distribution Policy : <http://www.srf.com/pdf/Dividend%20Distribution%20Policy%2011.11.16.pdf>

# Link for Policies Code of Conduct for Directors & Sr. Management: <http://www.srf.com/pdf/Code%20of%20Conduct%20for%20Directors%20and%20Senior%20Management%20Team%20-%20Aug2014.pdf>

Code of Conduct for Prevention of Insider Trading : [http://www.srf.com/pdf/2015%20\(1.1\)%2006%20-%20Code%20of%20Conduct%20to%20Regulate%20Monitor%20and%20Report%20Trading%20SRF%20v2.pdf](http://www.srf.com/pdf/2015%20(1.1)%2006%20-%20Code%20of%20Conduct%20to%20Regulate%20Monitor%20and%20Report%20Trading%20SRF%20v2.pdf)

**2A If answer to S. No. 1 against any principle, is 'No', please explain why : (Tick upto 2 options)**

S. No.	Question	Principle 2 : Sustainability in life-cycle of products	Principle 7 : Responsible public policy advocacy	Principle 9 : Customer value
1.	The Company has not understood the Principles			
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles			
3.	The company does not have financial or manpower resources available for the task			
4.	It is planned to be done within next 6 months			
5.	It is planned to be done within the next 1 year			
6.	Any other reason (please specify)	SRF manufactures intermediate products which are largely supplied to other industries for manufacturing of the final product. Any sustainability initiative has to take into account the final product as a whole for which the manufacturer of the final product is responsible	SRF is a member of various industrial and trade bodies. We actively participate in these forums on issues and policy matters that impact the interest of our stakeholders. We prefer to be a part of the broader policy development process through making representations to Chambers of Commerce, giving our comments on the proposed amendments in the relevant legislations and being a part of discussions with the representatives of the relevant authorities in open forums. Hence, we do not feel such a policy is necessary for us.	SRF is a business to business player and as such the customers are largely manufacturing companies which have stringent quality control measures in place and the quality of the product supplied by SRF is a part of the agreements with them. The product is manufactured as per the agreed parameters and specifications

**3. Governance related to BR**

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors discuss the BR performance annually. CSR Committee generally

discusses the relevant areas pertaining to CSR annually.

**Does the Company publish a BR or a Sustainability Report ? What is the hyperlink for viewing this report ? How frequently it is published ?**

The financial year 2019-2020 is the fourth year for which the provisions of Business

Responsibility Reporting of the Listing Regulations are applicable to the Company. The Company is publishing BRR report for financial year 2019-20 as part of its Annual Report. The Annual Report is available on the website of the Company at <https://www.srf.com/investor-relations/investors.html#investorinfo>.

The Chemicals Business of the Company has been publishing a Sustainability Report every two years. The last report for 2015-17 is available at <http://www.srf.com/pdf/Sustainability/SRFSustainabilityReport2015-17final.pdf>.

## Section E : Principle-wise performance

### Principle 1

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

The integrity of our people and fairness in organizational and business dealings is of utmost importance to all in SRF. As a responsible and leading organization, SRF conducts its business with utmost integrity. This is exemplified in our Values which are not just strong words but a way of life, reflected in our day-to-day behavior. We have the following policies in place which form the foundation of our Company's commitment towards ethical conduct at all levels:

- Code of Conduct: SRF has its Code of Conduct which is applicable to all the employees of the Company including the employees of the subsidiaries. It does not extend to the suppliers/contractors/NGOs etc. It is a must for every employee in all the business units/subsidiaries to follow the values enshrined in the Code of Conduct in their day to day activities. All employees must read and understand this Code and abide by it.
- Whistle-Blower Policy: This Policy is applicable to the Directors of the Company or a person who is in direct or indirect employment with the company who makes a protected disclosure under this policy. This Policy provides a platform to these

stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the company and had provisions to ensure protection of the whistleblower against victimization for the disclosures made by him/her.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management?**

During the reporting period, no complaint was received under the provisions of Whistle-Blower Policy.

### Principle 2

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- I. Development of HFC-467A, which has zero ODP.

**2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the company has procedures in place to evaluate sustainability of suppliers which are reviewed periodically. The raw material and packaging purchased is tightly specified due to hazardous nature of our products and no compromise is permissible on specifications.

**3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company sources packing materials and has awarded contracts like security, canteen, employee transport, housekeeping and other repairs and maintenance through local



sources. As we deal in hazardous substances, our purchases are mostly from organized sector. However, we do buy some engineering items from small producers and we help them improve their product quality by improving their engineering skills. We also hire contractors from the areas neighboring our plant and improve their capability by imparting training in various fields like safety, hazard handling, compliances etc.

**4. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

Sludge generated during treatment of effluent from the Effluent Treatment Plant has a composition similar to the raw material of Chemical Business viz. Fluorospar. Hence, 100% sludge is mixed with fresh raw material and used in manufacturing of Anhydrous Hydrogen Fluoride to recover the fluoride value in the sludge. Product recycling is negligible.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

S. No.	Category	No. of complaints filed during the Financial Year	No. of complaints pending as at end of the Financial Year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

**8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

a. Permanent Employees	79%
b. Permanent Women Employees	72%
c. Casual/Temporary/ Contractual Employees	96%
d. Employees with Disabilities	94%

**Principle 3**

**1. Please indicate the total number employees.**

Permanent employees : 6299

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis**

Temporary/contractual/casual basis : 4997

**3. Please indicate the number of permanent women employees: 243**

**4. Please indicate the number of permanent employees with disabilities: 17**

**5. Do you have an employee association that is recognized by Management?**

Yes

**6. What percentage of your permanent employees is Members of this recognized employee association?**

13%

**Principle 4**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, SRF has mapped its internal and external stakeholders. We recognise employees, communities surrounding our operations, business associates (network of suppliers, stockists and dealers), customers, shareholders and regulatory authorities as our key stakeholders.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes, the Company has identified disadvantaged, vulnerable & marginalized stakeholders from the local community and the work force and has also engaged them for their socio-economic development through various CSR and Affirmative Action interventions. Local communities have been engaged under the CSR framework to work on good quality teaching-learning opportunities with the use of technology for children from low socio-economic status communities, and livelihood project infrastructure for youth who could not complete education. There are a few small and medium sized customers in one of our other businesses viz. Laminated fabrics business who look up to us for working Capital support.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Yes, the Company, in partnership with the Govt. and the local communities, has taken many initiatives under Affirmative Action and CSR focused upon Education, Skill and Livelihood development of the local community. In addition, recruitment of the equally qualified people from the local community is also encouraged. To minimize the Business' environmental impact on the community, an integrated Natural Resource Management project (NRM) is also under implementation with its regular impact assessment

**Principle 5**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures /Suppliers / Contractors /NGOs/Others?**

We have the Code of Conduct and Whistleblower Policy which covers issues related to human rights. The details of these two policies have been covered elsewhere in this Report. We do not deal with any supplier/contractor if it is in violation of human rights and we do not employ any person below the age of eighteen. We also

prohibit the use of forced or compulsory labour at all our units and discourage the same with our business associates.

The said policies discourage violation of SRF values and provide a fair and transparent mechanism for reporting any such violation. The Whistleblower Policy consists of a Value Steering Committee which investigates the disclosure made by the Whistleblower and recommends disciplinary or corrective action based on the outcome of the investigation. This policy also provides direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The system is designed to ensure confidentiality and protect the complainant from being victimized. False allegations are also dealt with disciplinary action in accordance with the Policy. A quarterly report of the summary of disclosures received and action recommended/ taken to the Audit Committee .

Any amendment or modification in the Whistleblower Policy would be approved in writing by the Managing Director of the Company and would be placed before the Audit Committee for its noting.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received pertaining to human rights violation during the past financial year.

**Principle 6**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors / NGOs/others.**

The Safety, health and environment policy of the company covers all its Business verticals and it applies to the contractors working for the company by way of incorporating the safety health and environment compliances in the agreement and in certain cases cover the interest of customers/ suppliers/ transporters/ contractors etc.

**2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the company is complying with the guidelines of Montreal protocol, Kyoto protocol and other such regulations notified by Government of India. Chemicals Business has already phased out substances like Halons & Chlorofluorocarbons which had high ozone depleting potential. HCFC-22 is being phased out as per guidelines of Montreal protocol. Power is being sourced from own windmills (13.95 MW capacity) and through a SPV arrangement (22.4 MW capacity). A 5 MW solar power plant in one of the plants has been commissioned. The company also has Biomass boilers using rice husk and similar fuel for its steam requirement and Thermic fluid heating requirements.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the company disposes its hazardous wastes to authorized agencies as identified by the Pollution Control Board. The company also disposes its e-waste to authorized agencies. The company has a well-defined on site and off site emergency plans in place for dealing with any environmental risks, which is audited and inspected by the Directorate of Industrial safety and health. The Company is certified in ISO 14001 (environmental management system). Under this standard, we have identified & assessed environmental aspect & its impact for all the major activities being performed at the site. We also conduct Environmental impact assessment (EIA) from time to time or at the time of setting up of new plant or expansion with the help of third-party expert.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

In the past the company had an approved CDM project for incarceration of HFC-23. This helped in reduction of emission to the tune of 3 to 4

Million MT of Co2 equivalent. But even after the CDM project got over, the company has not allowed emission of HFC-23. The Company had filed environmental compliance report.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, apart from sourcing of energy through wind power, solar power and biomass fuel, the company has taken initiative in converting all its lighting to energy efficient LED lights, usage of energy efficient motors, transformers etc. for various drives and reusing of the waste heat. The company also recycles its packing materials made of paper (paper tubes / cartons / corrugated boards etc.) to minimize usage. The captive power plant at Bhiwadi site of Chemicals Business consists of Biomass Boiler, where mustard husk and wood chips are used as fuel to generate steam. Bhiwadi is a zero discharge site. Through our Natural Resources Management project we replenish almost double water every year against what we consume.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the company complies with all the Central Pollution Control Board /State Pollution Control Board norms of emission and waste generation.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. Confederation of Indian Industry
- b. Association of Synthetic Fibres

- c. The Plastic Export Promotion Council
- d. Polyester Film Manufacturers Association
- e. Basic Chemicals, Cosmetics & Dyes Export Promotion Council
- f. Refrigerant Gases Manufacturers Association
- g. Indian Chemical Council
- h. Indian Technical Textile Association
- i. Federation of Indian Chambers of Commerce & Industry
- j. BOPET films Europe
- k. Petcore Europe

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

No

### Principle 8

- 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, for the inclusive growth and equitable development of the local community, based upon the need assessment, the Company under CSR, has taken many initiatives by collaborating with Government, Corporates, NGOs and Community focused upon Education, Vocational Skill, Natural Resource Management and Rural Development. Through its Rural Education Programs (REP) focused upon the physical, academic and digital transformation of Govt. schools into Model Schools, SRF brings a difference to the lives of over 78,714 students in 269 schools at 21 locations across 9 states in India in partnership with respective state Governments and various Corporates and NGOs. SRF has also established many vocational training centres integrating school dropouts and unemployed youths into mainstream workforce by equipping them

with skills in various trades aiming enhanced employability and earning. The program has so far impacted more than 6,575 young men and women by making both the skills and the opportunities available for them. Through its Natural Resource Management project (NRM) project, SRF has positively impacted over 8221 poor families with sustainable livelihood options. Details of the areas in which specified programmes/initiatives/projects in pursuit of the CSR Policy are taken are described in the said Policy which is available on the website of the Company at [http://www.srf.com/pdf/2015%20\(05\)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf](http://www.srf.com/pdf/2015%20(05)%2011%20-%20SRF%20-%20CSR%20Policy%20-%20Board%20approved.pdf)

- 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Programmes pertaining to Principle 8 are developed and executed by SRF Foundation, a non profit society set up by the Company and which is the implementation agency for CSR activities of the Company.

- 3. Have you done any impact assessment of your initiative?**

Yes, SRF Foundation makes an annual presentation to the CSR Committee/Board of the Company on the efficacy of the programme in terms of delivery of the desired benefits to the beneficiaries of the projects and to gain insights for improving the design and delivery of future projects. In addition, the third party evaluation and impact assessment of its Education and NRM projects have also been done.

- 4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.**

For FY 2019-20, Company's contribution for CSR is ₹ 12.00 Crores, which were spent on the projects pertaining to Education, Vocational Skills, Natural Resource Management, Rural Development, Art & Culture.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. As based upon the need assessment, the Company undertakes all its CSR interventions in partnership with the local community, therefore, the community not only actively engage and partner with but also take the ownership of the projects from its planning, implementation and post implementation sustainability of the social assets created. To ensure this process of community ownership, various Community based groups, such as School Management Committees, Village Development Committees, Women Group etc., have been formed and strengthened who are taking up the projects at the next level.

**Principle 9**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

There were only 2 customer complaints under investigation & resolution at the end of Mar '20 for Technical Textiles Business .

There were 13% of the total customer complaints which were under investigation & resolution at the end of Mar '20 for the Fluorochemicals Business.

There were no customer complaints pending for the Specialty Chemicals Business, Packaging Films Business, Coated and Laminated Fabrics.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

As SRF largely manufactures intermediates and supplies to industrial customers this is not applicable to us.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Customer satisfaction are regularly monitored based on "Customer vendor rating & feedback" periodically provided by the customers.

# Independent Auditors' Report

To the Members of  
**SRF Limited**  
**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the standalone financial statements of SRF Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Accounting for derivatives

An important element of Company's fund-raising strategy involves various types of borrowings including foreign currency denominated borrowings and a combination of fixed and floating interest rates. The Company's operating activities are also exposed to significant foreign exchange risk (refer to note 38 of the standalone financial statements).

The Company uses derivative financial instruments to mitigate foreign currency risk and interest rate risk primarily through foreign currency forward exchange contracts and interest rate swaps.

Further, the Company has been using hedge relationship designation as per criteria set out in relevant Indian accounting standards.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:

- Tested the design, implementation and operating effectiveness of controls over the Company's treasury and other related functions which directly impact the relevant account balances and transactions, including hedge accounting.
- For selected samples, obtained external confirmations from counterparties of the year end positions as well as agreed to original agreements.
- Performed sample tests of valuation and accounting of these transactions. In doing so we have involved valuation specialists to assist us in carrying out aforesaid procedure, as considered necessary.

Accounting thereof and related presentation and disclosures of these transactions require significant judgement.

Given the significant level of judgement and estimation involved and the quantitative significance, we have determined this to be a key audit matter.

### **Impact of adopting the new income tax regime**

See notes 17 and 29 to the standalone financial statements.

With effect from financial year 2019-2020, the Income Tax Act provides an option of paying income taxes at a lower rate subject to complying with certain prescribed conditions ('new tax regime'). The Company has opted to shift to the new tax regime from a financial year in the future.

Accordingly, the deferred tax balances which are expected to reverse subsequent to the Company shifting to the new tax regime in the specified future year were remeasured and the consequential amount was recognised in the Standalone Statement of Profit and Loss of the current year. This amount is considered to be significant.

The determination of the point in time at which the Company would shift to the new tax regime involves significant judgement and estimation [including, consideration of uncertainties associated with COVID 19 pandemic, refer note 41(g)], regarding forecasting future taxable profits and realisation of MAT credit entitlement (an item of deferred tax assets). Since the impact of remeasurement of deferred tax balances as stated above is sensitive to these judgements and estimates, it affects the amount of deferred tax balances (including MAT credit) that are reversed in the Standalone Statement of Profit and Loss of the current year.

Given the significant level of judgement involved and the quantitative significance, we have determined this to be a key audit matter.

- Assessed the adequacy of disclosures in the financial statements in respect of both non-derivative and derivative financial instruments.

In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:

- Examined the implications of the new provisions on the tax position of the Company to assess the impact of adopting the new tax regime from the specified future financial year.
- Obtained budgets/ business plans, underlying the projections prepared by the Company
- Challenged key assumptions used in the projections based on business plans, historical data and trends, based on our knowledge of business.
- Assessed the recoverability of MAT credit entitlement (an item of deferred tax assets) against the forecast future taxable profits.
- Assessed the adequacy of related disclosures in the standalone financial statements.

### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the

other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.



- conclude on the appropriateness of the Management's and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) we have sought and 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance

with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements.
- ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 38 to the standalone financial statements.
- iii. there have been no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. the disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8

November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kaushal Kishore**

Partner

Place: Delhi

Membership No.: 090075

Date: 4 June 2020

UDIN: 20090075AAAAAJ8563

## Annexure A

### to the Independent Auditors' report on the standalone financial statements of SRF Limited for the year ended 31 March 2020

#### Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act

#### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant and equipment) are verified, in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain assets have been physically verified by the Management during the current year. As informed to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed/ lease deed provided to us, we report that, the title deeds, comprising all the immovable properties (land and buildings) which are freehold/ leasehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Gross Block	Net Block	Remarks
	31 March 2020 (₹ in crores)	31 March 2020 (₹ in crores)	
Land at Gummudipoondi	1.21	1.21	Out of the Industrial freehold land measuring 32.41 acres at the Company's plant in Gummudipoondi, the Company does not have clear title to 2.43 acres.
Land at Bharuch, Dahej	108.55 (Carried cost)	108.55 (Carried cost)	The execution of lease deed of land in respect of 1,149,550 square meters of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

- (ii) The inventories, except goods in transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and

186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of

undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Goods and Services Tax ("GST"), Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, GST, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, as applicable, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales-tax, Service tax, Duty of custom, Duty of excise, GST and Value added tax, as applicable, which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

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* (₹ Crores)
Central Excise Laws	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1994-2015	15.81
		Upto Commissioner (Appeals)	1993-1997	7.63
Service Tax Laws	Service Tax	Upto Commissioner (Appeals)	2006-2010	0.13
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2008-2012	0.98
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2012-2013	1.27
		Upto Commissioner (Appeals)	2002-2013	0.18
Sales Tax Laws	Sales Tax	Sales Tax Appellate Tribunal	1993-2017	3.05
		Upto Commissioner (Appeals)	1988-2016	2.32
Income Tax Laws	Income Tax	Supreme Court	AY 1989-1990	1.13
		High Court	AY 2000-2002	3.72
		Income Tax Appellate Tribunal (ITAT)	AY 2014-2015	0.11
		Dispute Resolution Panel (DRP)	AY 2016-2017	4.04
Others	Electricity Cess	High Court	2007-2014	0.06
Goods & Service tax Laws	Goods & Service tax	Upto Commissioner (Appeals)	2018-2019	0.05

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:

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* (₹ Crores)
Income Tax Laws	Income Tax	High Court	AY 2003-2004	1.83
Central Excise Laws	Excise Duty	High Court	1994-1995	1.18
		Upto Commissioner (Appeals)	1989-1995	2.24

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

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions and dues to debenture holders. The Company did not have any loans or borrowings from government during the year.
- (ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the term loans have been applied by the Company during the year for the purposes for which they were raised. Further, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Act during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order and provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 101248W/W-100022

**Kaushal Kishore**  
Partner

Place: Delhi Membership No.: 090075  
Date: 4 June 2020 UDIN: 20090075AAAAAJ8563

## **Annexure B**

### **to the Independent Auditors' report on the standalone financial statements of SRF Limited for the year ended 31 March 2020**

#### **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**[Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]**

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of SRF Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company, considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of

reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process

designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

**Kaushal Kishore**

Partner

Place: Delhi

Membership No.: 090075

Date: 4 June 2020

UDIN: 20090075AAAAAJ8563

# Balance Sheet

as at March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	5,303.64	4,735.70
Right-of-use assets	37	227.58	-
Capital work-in-progress		345.88	692.07
Goodwill	3	0.62	1.41
Other intangible assets	4	116.46	108.86
Financial assets			
(i) Investments	5	87.76	83.71
(ii) Loans	6	43.89	34.05
(iii) Other financial assets	7	15.86	4.71
Non-current tax assets (net)	20	35.03	19.00
Other non-current assets	8	27.96	191.21
<b>Total non - current assets</b>		<b>6,204.68</b>	<b>5,870.72</b>
<b>Current assets</b>			
Inventories	9	1,110.32	1,099.11
Financial assets			
(i) Investments	5	198.50	100.49
(ii) Trade receivables	10	768.71	856.15
(iii) Cash and cash equivalents	11	98.26	162.80
(iv) Bank balances other than above	12	9.03	9.33
(v) Loans	6	8.41	7.33
(vi) Other financial assets	7	170.16	202.31
Other current assets	8	251.51	364.06
<b>Total current assets</b>		<b>2,614.90</b>	<b>2,801.58</b>
<b>TOTAL ASSETS</b>		<b>8,819.58</b>	<b>8,672.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	58.50	58.50
Other equity	14	4,625.75	3,860.14
<b>Total equity</b>		<b>4,684.25</b>	<b>3,918.64</b>



# Balance Sheet (Contd.)

as at March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	1,117.43	1,694.92
(ii) Lease liabilities	37	73.98	-
(iii) Other financial liabilities	19	22.87	-
Provisions	16	33.28	26.89
Deferred tax liabilities (net)	17	124.42	302.23
Other non-current liabilities	21	-	2.08
<b>Total non - current liabilities</b>		<b>1,371.98</b>	<b>2,026.12</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	804.80	1,042.83
(ii) Lease liabilities	37	13.71	-
(iii) Trade payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises		30.36	18.24
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		927.08	1,073.91
(iv) Other financial liabilities	19	891.72	510.81
Other current liabilities	21	80.29	66.78
Provisions	16	5.64	5.14
Current tax liabilities (net)	20	9.75	9.83
<b>Total current liabilities</b>		<b>2,763.35</b>	<b>2,727.54</b>
<b>Total Liabilities</b>		<b>4,135.33</b>	<b>4,753.66</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,819.58</b>	<b>8,672.30</b>

Summary of significant accounting policies 1B

See accompanying notes to the standalone financial statements 2 to 41

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no.

101248W / W-100022

**Kaushal Kishore**

Partner

Membership No.: 090075

Place : Delhi

Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**

Chairman

DIN - 00694766

Place : Delhi

**Rahul Jain**

President & CFO

Place : Gurugram

**Ashish Bharat Ram**

Managing Director

DIN - 00671567

Place : Gurugram

**Bharti Gupta Ramola**

Director

DIN - 00356188

Place : Gurugram

**Kartik Bharat Ram**

Deputy Managing Director

DIN - 00008557

Place : Delhi

**Rajat Lakhnarpal**

Vice President

(Corporate Compliance)

and Company Secretary  
Place : Gurugram

# Statement of Profit and Loss

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>I</b> Revenue from operations	22	6,330.84	6,205.59
<b>II</b> Other income	23	53.29	42.13
<b>III Total Income (I + II)</b>		<b>6,384.13</b>	<b>6,247.72</b>
<b>IV Expenses</b>			
Cost of materials consumed	24.1	3,198.85	3,437.30
Purchases of stock-in-trade	24.2	91.40	48.42
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24.3	(95.74)	(67.48)
Employee benefits expense	25	487.08	413.83
Finance costs	26	182.11	173.78
Depreciation and amortisation expense	27	353.21	325.12
Other expenses	28	1,386.74	1,247.71
<b>Total Expenses (IV)</b>		<b>5,603.65</b>	<b>5,578.68</b>
<b>V Profit before tax from continuing operations (III - IV)</b>		<b>780.48</b>	<b>669.04</b>
<b>VI Tax expense related to continuing operations</b>	<b>29</b>		
Current tax		104.26	139.83
Deferred tax			
MAT credit entitlement		(36.73)	(87.11)
Others		(80.64)	114.80
<b>Total tax expense related to continuing operations</b>		<b>(13.11)</b>	<b>167.52</b>
<b>VII Profit for the year from continuing operations (V - VI)</b>		<b>793.59</b>	<b>501.52</b>
<b>VIII Profit before tax from discontinued operations</b>	<b>40</b>	<b>241.82</b>	<b>24.07</b>
<b>IX Tax expense related to discontinued operations</b>	<b>29</b>	<b>61.23</b>	<b>8.41</b>
<b>X Profit for the year from discontinued operations (VIII - IX)</b>		<b>180.59</b>	<b>15.66</b>
<b>XI Total Profit for the year (VII + X)</b>		<b>974.18</b>	<b>517.18</b>
<b>XII Other comprehensive income</b>			
<b>A</b> (i) Items that will not be reclassified to profit or loss			
- Gain / (loss) of defined benefit obligation	14.2, 33.2	(8.19)	(1.78)
(ii) Income tax relating to items that will not be reclassified to profit or loss	14.2, 30	2.86	0.62

# Statement of Profit and Loss (Contd.)

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>B</b> (i) Items that will be reclassified to profit or loss			
- Effective portion of gain / (loss) on hedging instruments in a cash flow hedge	14.3	(164.79)	54.50
(ii) Income tax relating to items that will be reclassified to profit or loss	14.3, 30	57.58	(19.04)
<b>Total other comprehensive income for the year, net of taxes (A(i+ii) + B(i+ii))</b>		<b>(112.54)</b>	<b>34.30</b>
<b>XIII Total comprehensive income for the year (XI + XII)</b>		<b>861.64</b>	<b>551.48</b>
Basic and Diluted Earnings per equity share (in ₹)			
From continuing operations	36	138.06	87.28
From discontinued operations	36	31.42	2.73
From continuing and discontinued operations	36	169.48	90.01
Summary of significant accounting policies	1B		
See accompanying notes to the standalone financial statements	2 to 41		

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no.  
101248W / W-100022

**Kaushal Kishore**  
Partner  
Membership No.: 090075  
Place : Delhi  
Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Rajat Lakhanpal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram

# Cash Flow Statement

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax		
- Continuing Operations	780.48	669.04
- Discontinued Operations	241.82	24.07
<b>Profit before tax including discontinued operations</b>	<b>1,022.30</b>	<b>693.11</b>
<b>Adjustments for:</b>		
Finance costs	182.27	174.65
Interest income	(12.35)	(4.36)
Net gain on sale / discarding of property, plant and equipment	(12.76)	-
Net gain on financial assets measured at fair value through profit and loss	(9.38)	(11.93)
Credit impaired assets provided / written off	1.88	1.85
Amortisation of grant income	(2.64)	(12.44)
Depreciation and amortisation expense	353.62	328.04
Property, plant and equipment and inventory discarded / provided	11.12	1.95
Provision / liabilities no longer required written back	(2.82)	(4.99)
Amortisation of upfront payment for leasehold land	-	1.48
Net unrealised currency exchange fluctuation loss / (gains)	3.50	(11.03)
Profit on slump sale of business	(233.74)	-
Employee share based payment expense	0.97	0.64
<b>Adjustments for (increase) / decrease in operating assets :-</b>		
Trade receivables	89.75	(365.51)
Inventories	(44.54)	(272.28)
Loans (current)	(2.98)	3.59
Loans (non-current)	(9.84)	(3.64)
Other assets (current)	116.19	(35.88)
Other assets (non-current)	(2.57)	(22.33)
<b>Adjustments for increase / (decrease) in operating liabilities :-</b>		
Trade payables	(130.76)	287.29
Provisions	7.59	3.38
Other liabilities (non-current)	0.56	0.12
Other liabilities (current)	31.80	(6.70)
<b>Cash generated from operations</b>	<b>1,357.17</b>	<b>745.01</b>
Income taxes paid (net of refunds)	(140.76)	(150.23)
<b>Net cash generated from operating activities</b>	<b>1,216.41</b>	<b>594.78</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net proceeds / (purchases) of mutual funds	(88.63)	33.15
Purchase of non-current investments	(4.05)	-
Interest received	13.11	3.47
Bank balances not considered as cash and cash equivalents	0.30	0.39
Proceeds from slump sale of business	315.77	-
Costs incurred on slump sale of business	(5.71)	-
Income tax paid on profit on slump sale of business	(40.84)	-
Payment for purchase of property, plant and equipment, capital work-in-progress and other intangible assets	(627.69)	(887.44)
Proceeds from disposal of property, plant and equipment	15.67	3.21
<b>Net cash used in investing activities</b>	<b>(422.07)</b>	<b>(847.22)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	0.06
Proceeds from borrowings (Non-current)	156.59	798.88
Repayment of borrowings (Non-current)	(451.53)	(558.02)
Net proceeds / (repayment) from borrowings (Current)	(259.80)	385.52
Corporate dividend tax paid	(16.54)	(14.17)
Dividends on equity share capital paid	(80.32)	(69.41)
Repayment towards lease liability	(18.87)	-
Finance costs paid	(188.41)	(195.28)
<b>Net cash generated from / (used in) financing activities</b>	<b>(858.88)</b>	<b>347.58</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(64.54)</b>	<b>95.14</b>
Cash and cash equivalents at the beginning of the year	162.80	67.66
<b>Cash and cash equivalents at the end of the year (Refer to note 11)</b>	<b>98.26</b>	<b>162.80</b>

Notes:

# Cash Flow Statement (Contd.)

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

- The cash flow statement has been prepared under indirect method as set out in Indian Accounting Standard-7 (Ind AS) on 'Statement of Cash Flows'.
- During the year, the Company paid in cash ₹ 12.00 Crores (Previous year: ₹ 10.38 Crores) towards corporate social responsibility (CSR) expenditure.
- For cash flow information of discontinued operations, refer note 40(b).
- The following table disclose changes in liabilities arising from financing activities, including both cash and non-cash changes:

Particulars	As at March 31, 2019	Cash flow from financing activities	Non-cash changes					As at March 31, 2020
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim dividend declared ^	Lease liability recognised	
Equity share capital	58.50	-	-	-	-	-	-	58.50
Non-current borrowings*	2,060.29	(294.94)	2.95	91.32	-	-	-	1,859.62
Current borrowings	1,042.83	(259.80)	-	21.77	-	-	-	804.80
Interest accrued	29.40	(188.41)	-	-	181.65	-	-	22.64
Lease liability	-	(18.87)	-	-	6.70	-	99.86	87.69
Dividend and taxes thereon	5.89	(96.86)	-	-	-	97.01	-	6.04
<b>Total</b>	<b>3,196.91</b>	<b>(858.88)</b>	<b>2.95</b>	<b>113.09</b>	<b>188.35</b>	<b>97.01</b>	<b>99.86</b>	<b>2,839.29</b>

Particulars	As at March 31, 2018	Cash flow from financing activities	Non-cash changes				As at March 31, 2019
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim dividend declared ^	
Equity share capital	58.44	0.06	-	-	-	-	58.50
Non-current borrowings*	1,817.09	240.86	3.26	(0.92)	-	-	2,060.29
Current borrowings	666.37	385.52	-	(9.06)	-	-	1,042.83
Interest accrued	21.93	(195.28)	-	-	202.75	-	29.40
Dividend and taxes thereon	6.32	(83.58)	-	-	-	83.15	5.89
	<b>2,570.15</b>	<b>347.58</b>	<b>3.26</b>	<b>(9.98)</b>	<b>202.75</b>	<b>83.15</b>	<b>3,196.91</b>

\* including current maturity of long term debts

^ including taxes on dividend

# including amount capitalised

See accompanying notes to the standalone financial statements 2 to 41

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no.

101248W / W-100022

**Kaushal Kishore**

Partner

Membership No.: 090075

Place : Delhi

Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**

Chairman

DIN - 00694766

Place : Delhi

**Rahul Jain**

President & CFO

Place : Gurugram

**Ashish Bharat Ram**

Managing Director

DIN - 00671567

Place : Gurugram

**Bharti Gupta Ramola**

Director

DIN - 00356188

Place : Gurugram

**Kartik Bharat Ram**

Deputy Managing Director

DIN - 00008557

Place : Delhi

**Rajat Lakhnopal**

Vice President

(Corporate Compliance)  
and Company Secretary

Place : Gurugram

# Statement of Changes in Equity

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## (a) Equity share capital

	Amount
<b>Balance at March 31, 2018</b>	<b>58.44</b>
Changes in equity share capital during the year	0.06
<b>Balance at March 31, 2019</b>	<b>58.50</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2020</b>	<b>58.50</b>

## (b) Other Equity

	Reserves and Surplus*					Items of other comprehensive income*		
	Capital reserve	General reserve	Capital redemption reserve	Debenture redemption reserve	Employee share based payment reserve	Retained earnings	Effective portion of cash flow hedge	Equity instrument through other comprehensive income
<b>Balance at March 31, 2018</b>	<b>219.19</b>	<b>573.54</b>	<b>10.48</b>	<b>75.00</b>	<b>-</b>	<b>2,524.05</b>	<b>(6.81)</b>	<b>(4.22)</b>
Profit for the year	-	-	-	-	-	517.18	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(1.16)	35.46	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>516.02</b>	<b>35.46</b>	<b>-</b>
Payment of dividend (₹ 12 per share)	-	-	-	-	-	(68.98)	-	-
Tax on Dividend	-	-	-	-	-	(14.17)	-	-
Employee share based payment expense	-	-	-	-	0.58	-	-	-
<b>Balance at March 31, 2019</b>	<b>219.19</b>	<b>573.54</b>	<b>10.48</b>	<b>75.00</b>	<b>0.58</b>	<b>2,956.92</b>	<b>28.65</b>	<b>(4.22)</b>
Profit for the year	-	-	-	-	-	974.18	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(5.33)	(107.21)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>968.85</b>	<b>(107.21)</b>	<b>-</b>
Payment of dividend (₹ 14 per share)	-	-	-	-	-	(80.47)	-	-
Tax on Dividend	-	-	-	-	-	(16.54)	-	-
Employee share based payment expense	-	-	-	-	0.98	-	-	-
<b>Balance at March 31, 2020</b>	<b>219.19</b>	<b>573.54</b>	<b>10.48</b>	<b>75.00</b>	<b>1.56</b>	<b>3,828.76</b>	<b>(78.56)</b>	<b>(4.22)</b>

\* Refer note 14

See accompanying notes to the standalone financial statements 2 to 41

As per our report of even date attached  
For **B S R & Co. LLP**

Chartered Accountants  
ICAI Firm registration no.  
101248W / W-100022

**Kaushal Kishore**  
Partner  
Membership No.: 090075  
Place : Delhi  
Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Rajat Laxhanpal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 1 Corporate Information, Significant Accounting Policies and Significant Accounting Judgements, Estimates and Assumptions

### A Corporate Information

SRF Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's equity shares are listed at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is situated at The Galleria, DLF Mayur Vihar, Unit No. 236 and 237, Second Floor, Mayur Vihar Place, Noida Link Road, Mayur Vihar Phase I Extn, Delhi - 110091. The Company's parent and ultimate holding company is KAMA Holdings Limited.

The principal activities of the Company are manufacturing, purchase and sale of technical textiles, chemicals, packaging films and other polymers.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on June 4, 2020.

### B Significant Accounting Policies

#### 1 Basis of Preparation

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 ("the Act") as amended thereafter and other relevant provisions of the Act.

The standalone financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans - plan assets measured at fair value less present value of defined benefit obligation
- Share-based payments

The standalone financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency and all values are rounded to the nearest crores, except when otherwise indicated.

The principal accounting policies are set out below.

#### 2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle for the purpose of current / non current classification of assets and liabilities.

### 3 Property, plant and equipment (PPE)

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

All items of property, plant and equipment have been measured at fair value at the date of transition to Ind AS. The Company have opted such fair valuation as deemed cost at the transition date i.e. April 1, 2015.

Cost of acquisition or construction is inclusive of freight, duties, non-recoverable taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for qualifying assets, upto the date of commissioning of the assets.

Likewise, when a major inspection for faults is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then

they are accounted for as separate items of property, plant and equipment and depreciated accordingly.

Assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Capital Work in Progress: Project under which assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Company intends to use these for a period of more than 12 months.

### 4 Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation has been provided on the cost of assets less their residual values on straight line method on the basis of estimated useful life of assets determined by the Company which are different from the useful life as prescribed in Schedule II of the 2013 Act. The estimated useful life of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. and are as under:

Roads	40-50 years
Buildings (including temporary structures)	5-60 years
Plant and equipment	2-40 years
Furniture and fixtures	15 years
Office equipment	3-20 years
Vehicles	4-5 years



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Freehold land is not depreciated.

Depreciation is calculated on a pro rata basis except assets costing upto ₹ 5,000 each, which are fully depreciated in the year of purchase.

An item of property, plant and equipment or any significant part initially recognised of such item of property plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives considered are as follows:

Trademarks / Brand	10-30 years
Technical Knowhow	30-40 years
Software	3 years
Other intangibles	2.5-8 years

The Company has elected to continue with the carrying value of all of its intangibles assets recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## 6 Research and development expenditure

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 development 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.

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Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

## 7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 8 Impairment of tangible and intangible assets other than goodwill

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognised when the carrying amount of an asset or CGU exceeds its recoverable amount. In such cases, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 years. For longer periods, a long-term growth rate is calculated and applied

# Notes to the Financial Statements

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to project future cash flows after 5th year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

## 9 Leasing

Effective April 1, 2019, the Company has applied Ind AS 116 using modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately, if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 37.

### Policy applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

### Company as lessee

The Company accounts for assets taken under lease arrangement in the following manner:

# Notes to the Financial Statements

for the year ended March 31, 2020

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The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of remaining lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is

recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## **Policy applicable before April 1, 2019**

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

## **Finance leases**

Assets held under finance lease are initially recognised as assets at the fair value at the inception of lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## **Operating leases**

Lease rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals

# Notes to the Financial Statements

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are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## 10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs incurred for the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

In case of a specific borrowing taken for the purpose of acquisition, construction or production of a qualifying asset, the borrowing costs capitalised shall be the actual borrowing costs incurred during the period less any interest income earned on temporary investment of specific borrowing pending expenditure on qualifying asset.

In case funds are borrowed generally and such funds are used for the purpose of acquisition, construction or production of a qualifying asset, the borrowing costs capitalised are calculated by applying the weighted average capitalisation rate on general borrowings outstanding during the period, to the expenditures incurred on the qualifying asset.

If any specific borrowing remains outstanding after the related asset is ready for its intended use, that borrowing is considered part of the funds that are borrowed generally for calculating the capitalisation rate.

## 11 Foreign Currencies

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

(i) Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rates prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit and Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to exchange differences arising from cash flow hedges to the extent that the hedges are effective and those covered below.

(ii) Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or before March 31, 2016:

Exchange differences on long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance useful life of the assets.

(iii) Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after April 1, 2016:

# Notes to the Financial Statements

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The exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after April 1, 2016 is treated in accordance with Ind AS 21 / Ind AS 109.

## 12 Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The basis of determining the cost for various categories of inventory are as follows:

- (a) Raw materials, packing materials and stores and spares (including fuel) - Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. The aforesaid items are valued at Net Realisable Value if the finished products in which they are to be incorporated are expected to be sold at a loss.
- (b) Traded goods, Stock in progress and finished goods- Direct cost plus appropriate share of overheads and excise duty, wherever applicable.
- (c) By products - At estimated realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 13 Provisions and Contingent Liabilities

### Provisions

The Company recognises a provision when there is a present obligation (legal or constructive) 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.

When the Company expects some or all of a provision to be reimbursed, for example, under

an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

## 14 Revenue recognition

### a) Sale of goods

Revenue from sale of products is recognised upon transfer of control of products to customers at the time of shipment to or receipt of goods by the customers. Service income is recognised as and when the underlying services are performed. The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

# Notes to the Financial Statements

for the year ended March 31, 2020

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Revenues are measured based on the transaction price, which is the consideration, net of tax collected from customers and remitted to government authorities such as goods and services tax and applicable discounts and allowances.

Any fees including upfront fees received in relation to contract manufacturing arrangements is recognised on straight line basis over the period over which the Company satisfies the underlying performance obligations. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash as per contractual terms. Advance from customers ("contract liability") is recognised when the Company has received consideration from the customer before it delivers the goods.

## b) Interest and dividend income

Interest income is recognised when it is probable that the economic benefits will flow to the Company using the effective interest rate and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

## c) Export Incentives

The benefit accrued under the Duty Drawback scheme and other schemes as per the Export and Import Policy in respect of exports made

under the said Schemes is included under the head "Revenue from Operations" under 'Export and other Incentives'.

## 15 Taxation

Income tax expense represents the sum of current tax and deferred tax.

### a) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e. in other comprehensive income or in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### b) Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

# Notes to the Financial Statements

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Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e. in other comprehensive income or in equity.

Deferred tax assets/liabilities are not recognised for below mentioned temporary differences:

- (i) At the time of initial recognition of goodwill;
- (ii) Initial recognition of assets or liabilities (other than in a business combination) at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT asset is recognised in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

The Company considers whether it is probable that a taxation authority will accept an uncertain

tax treatment. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. However, if the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Company reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

## 16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

A government grant that becomes receivable as compensation for expenses or losses incurred in a previous period. Such a grant is recognised in profit or loss of the period in which it becomes receivable.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to assets are presented in the balance sheet as deferred income and is recognised in profit or loss on a systematic basis over the expected useful life of the related assets.

## 17 Employee benefits

### Short-term employee benefits

Wages and salaries including non monetary benefits that are expected to be settled within the operating cycle after the end of the period in which the related services are rendered and measured at the undiscounted amount expected to be paid.



# Notes to the Financial Statements

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## Defined contribution plans

Provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees' State Insurance Corporation are defined contribution schemes. Contributions to such schemes are charged to the statement of profit and loss in the year when employees have rendered services entitling them to contributions. The Company has no obligation, other than the contribution payable to such schemes.

## Defined benefit plans

The Company has defined benefit gratuity plan and provident fund for certain category of employees administered through a recognised provident fund trust. Provision for gratuity and provident fund for certain category of employees administered through a recognised provident fund trust are determined on an actuarial basis at the end of the year and charged to Statement of Profit and Loss, other than remeasurements. The cost of providing these benefits is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit liability and return on plan assets), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

## Other long-term employee benefits

The Company also has other long-term employee benefits in the nature of compensated absences and long term retention pay. Provision for compensated absences and long term retention pay are determined on an actuarial basis at the end of the year and charged to Statement of Profit and Loss. The cost of providing these benefits is determined using the projected unit credit method.

## Share based payments

Equity settled share based payments to employees under SRF Long Term Share Based Incentive Plan (SRF LTIP) are measured at the fair value (which is the market price less exercise price) of the equity instruments on the grant date. This compensation expense is amortised over the remaining tenure over which the employees renders their service on a straight line basis.

## 18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## 20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### A) Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

# Notes to the Financial Statements

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## Subsequent measurement

For purposes of subsequent measurement, financial assets of the Company are classified in three categories:

- a) At amortised cost
- b) At fair value through profit and loss (FVTPL)
- c) At fair value through other comprehensive income (FVTOCI)

Financial Asset is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Financial assets not classified as measured at amortised cost or FVTOCI as are measured at FVTPL. Financial assets included within

the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

## Equity Investments

All equity investments in the scope of Ind AS 109 are measured at fair value.

Equity instruments which are held for trading are measured at fair value through profit and loss.

For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

Investments representing equity interest in subsidiaries are carried at cost less any provision for impairment.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset

# Notes to the Financial Statements

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or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than

trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

## B) Financial liabilities and Equity instruments

### Initial recognition and measurement

All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, if any.

The Company's financial liabilities includes borrowings, trade and other payables including financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

#### Borrowings

Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption/repayment amount is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

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## Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified entity fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## Equity instrument

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## 21 Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

The Company uses derivative financial instruments (such as forward currency contracts,

interest rate swaps) or non-derivative financial assets / liabilities to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit and loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability.
- b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in

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offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

## Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss .

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

## Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the statement of profit or loss.

The Company also designates non derivative financial liabilities, such as foreign currency borrowings from banks, as hedging instruments for the hedge of foreign currency risk associated with highly probable forecasted transactions and, accordingly, applies cash flow hedge accounting for such relationships.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in other equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## 22 Fair value measurement

The Company measures some of its financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 23 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

### Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

## 24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## 25 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The appropriate level of management

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

must be committed to a plan to sell, an active programme to locate a buyer and complete the plan has been initiated, the sale is considered highly probable and is expected within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- a) Represents a separate major line of business or geographical area of operations,
- b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- c) Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of profit and loss.

## 26 Applicability of New and Revised Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### C Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 1.B.9
- Financial instruments - Note 1.B.20
- Fair value measurement – Note 1.B.22
- Assessment of useful life of property, plant and equipment and intangible asset – Note 1.B.4
- Recognition and estimation of tax expense including deferred tax– Note 1.B.15
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 1.B.17
- Estimated impairment of financial assets and non-financial assets – Note 1.B.8
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 1.B.13

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 2 Property, Plant and Equipment

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>Cost</b>								
<b>Balance at March 31, 2018</b>	<b>317.55</b>	<b>50.37</b>	<b>619.80</b>	<b>3839.62</b>	<b>22.18</b>	<b>39.95</b>	<b>35.65</b>	<b>4925.12</b>
Additions / adjustments	-	3.08	50.22	754.38	1.88	11.65	8.91	830.12
Disposals	-	-	(0.05)	(4.84)	(0.02)	(0.51)	(5.22)	(10.64)
<b>Balance at March 31, 2019</b>	<b>317.55</b>	<b>53.45</b>	<b>669.97</b>	<b>4589.16</b>	<b>24.04</b>	<b>51.09</b>	<b>39.34</b>	<b>5744.60</b>
Additions / adjustments	-	11.02	33.02	879.10	2.41	8.02	9.04	942.61
Disposals	(0.37)	(0.99)	(16.03)	(38.03)	(0.65)	(0.97)	(7.29)	(64.33)
<b>Balance at March 31, 2020</b>	<b>317.18</b>	<b>63.48</b>	<b>686.96</b>	<b>5430.23</b>	<b>25.80</b>	<b>58.14</b>	<b>41.09</b>	<b>6622.88</b>
<b>Accumulated depreciation</b>								
<b>Balance at March 31, 2018</b>	<b>-</b>	<b>3.18</b>	<b>48.16</b>	<b>609.43</b>	<b>5.27</b>	<b>17.13</b>	<b>13.66</b>	<b>696.83</b>
Depreciation expenses	-	1.24	19.11	278.38	2.11	7.73	7.09	315.66
- Continuing operations	-	1.24	19.11	278.38	2.11	7.73	7.09	315.66
- Discontinued operations	-	0.01	0.74	1.61	0.06	0.13	0.14	2.69
Disposals	-	-	(0.02)	(2.60)	(0.01)	(0.37)	(3.28)	(6.28)
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>4.43</b>	<b>67.99</b>	<b>886.82</b>	<b>7.43</b>	<b>24.62</b>	<b>17.61</b>	<b>1008.90</b>
Depreciation expenses	-	1.94	19.36	291.03	2.02	7.04	7.60	328.99
- Continuing operations	-	1.94	19.36	291.03	2.02	7.04	7.60	328.99
- Discontinued operations	-	-	0.12	0.21	0.01	0.02	0.02	0.38
Disposals	-	(0.06)	(2.44)	(11.25)	(0.16)	(0.64)	(4.48)	(19.03)
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>6.31</b>	<b>85.03</b>	<b>1166.81</b>	<b>9.30</b>	<b>31.04</b>	<b>20.75</b>	<b>1319.24</b>
<b>Carrying Amount</b>								
<b>Balance at March 31, 2018</b>	<b>317.55</b>	<b>47.19</b>	<b>571.64</b>	<b>3230.19</b>	<b>16.91</b>	<b>22.82</b>	<b>21.99</b>	<b>4228.29</b>
Additions / adjustments	-	3.08	50.22	754.38	1.88	11.65	8.91	830.12
Disposals	-	-	(0.03)	(2.24)	(0.01)	(0.14)	(1.94)	(4.36)
Depreciation expenses	-	(1.24)	(19.11)	(278.38)	(2.11)	(7.73)	(7.09)	(315.66)
- Continuing operations	-	(1.24)	(19.11)	(278.38)	(2.11)	(7.73)	(7.09)	(315.66)
- Discontinued operations	-	(0.01)	(0.74)	(1.61)	(0.06)	(0.13)	(0.14)	(2.69)
<b>Balance at March 31, 2019</b>	<b>317.55</b>	<b>49.02</b>	<b>601.98</b>	<b>3702.34</b>	<b>16.61</b>	<b>26.47</b>	<b>21.73</b>	<b>4735.70</b>
Additions / adjustments	-	11.02	33.02	879.10	2.41	8.02	9.04	942.61
Disposals	(0.37)	(0.93)	(13.59)	(26.78)	(0.49)	(0.33)	(2.81)	(45.30)
Depreciation expenses	-	(1.94)	(19.36)	(291.03)	(2.02)	(7.04)	(7.60)	(328.99)
- Continuing operations	-	(1.94)	(19.36)	(291.03)	(2.02)	(7.04)	(7.60)	(328.99)
- Discontinued operations	-	-	(0.12)	(0.21)	(0.01)	(0.02)	(0.02)	(0.38)
<b>Balance at March 31, 2020</b>	<b>317.18</b>	<b>57.17</b>	<b>601.93</b>	<b>4263.42</b>	<b>16.50</b>	<b>27.10</b>	<b>20.34</b>	<b>5303.64</b>

Notes:

- (i) Borrowing cost capitalised during the year ₹ 13.80 Crores (Previous year: ₹ 31.36 Crores) with a capitalisation rate ranging from 4.25% to 9.45% (Previous year: 7.24% to 8.80%).
- (ii) Out of the Industrial Freehold land measuring 32.41 acres at the Company's plant in Gummidipoondi, the Company does not have clear title to 2.43 acres.
- (iii) Capital expenditure incurred during the year includes ₹ 33.09 Crores (Previous year: ₹ 4.06 Crores) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 41 (a) below.
- (iv) Refer to note 15.1 for information on PPE pledged as security by the Company.
- (v) Refer to note 41 (c) for additions / adjustments on account of exchange difference during the year.
- (vi) The Company accounts for all capitalisation of property, plant and equipment through capital work in progress and, therefore, the movement in capital work-in-progress is the difference between closing and opening balance of capital work-in-progress as adjusted in additions to property, plant and equipment and intangible assets.
- (vii) Disposals include property, plant and equipment of discontinued operations. Refer note 40 below.



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 3. Goodwill

Cost	
<b>Balance at March 31, 2018</b>	<b>1.41</b>
Additions	-
Disposals	-
<b>Balance at March 31, 2019</b>	<b>1.41</b>
Additions	-
Disposals	(0.79)
<b>Balance at March 31, 2020</b>	<b>0.62</b>

	As at March 31, 2020	As at March 31, 2019
Engineering plastics units	-	0.79
Industrial yarn unit	0.62	0.62
	<b>0.62</b>	<b>1.41</b>

The Company has allocated goodwill to the above mentioned cash generating units and determined recoverable amount of this allocated goodwill using cash flow projections based on financial budget as approved by the directors of the Company.

Based on the above impairment testing no impairment losses have been recognised in the current year (Previous year: Nil).

Disposals pertain to goodwill of discontinued operations. Refer note 40 below.

## 4. Other Intangible Assets

Particulars	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
<b>Cost</b>					
<b>Balance at March 31, 2018</b>	<b>75.25</b>	<b>44.53</b>	<b>24.54</b>	<b>18.74</b>	<b>163.06</b>
Additions / adjustments	1.95	1.14	2.17	0.56	5.82
Disposals	-	-	-	-	-
<b>Balance at March 31, 2019</b>	<b>77.20</b>	<b>45.67</b>	<b>26.71</b>	<b>19.30</b>	<b>168.88</b>
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals	-	(0.99)	(0.35)	-	(1.34)
<b>Balance at March 31, 2020</b>	<b>77.53</b>	<b>55.19</b>	<b>30.75</b>	<b>19.39</b>	<b>182.86</b>
<b>Accumulated amortisation</b>					
<b>Balance at March 31, 2018</b>	<b>11.03</b>	<b>3.71</b>	<b>17.19</b>	<b>18.40</b>	<b>50.33</b>
Amortisation expenses					
- Continuing operations	3.12	1.32	5.02	-	9.46
- Discontinued operations	-	0.20	0.03	-	0.23
Disposals	-	-	-	-	-
<b>Balance at March 31, 2019</b>	<b>14.15</b>	<b>5.23</b>	<b>22.24</b>	<b>18.40</b>	<b>60.02</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
Amortisation expenses					
- Continuing operations	2.61	1.71	3.06	0.10	7.48
- Discontinued operations	-	-	0.02	-	0.02
Disposals	-	(0.99)	(0.13)	-	(1.12)
<b>Balance at March 31, 2020</b>	<b>16.76</b>	<b>5.95</b>	<b>25.19</b>	<b>18.50</b>	<b>66.40</b>
<b>Carrying Amount</b>					
<b>Balance at March 31, 2018</b>	<b>64.22</b>	<b>40.82</b>	<b>7.35</b>	<b>0.34</b>	<b>112.73</b>
Additions / adjustments	1.95	1.14	2.17	0.56	5.82
Disposals	-	-	-	-	-
Amortisation expenses					
- Continuing operations	(3.12)	(1.32)	(5.02)	-	(9.46)
- Discontinued operations	-	(0.20)	(0.03)	-	(0.23)
<b>Balance at March 31, 2019</b>	<b>63.05</b>	<b>40.44</b>	<b>4.47</b>	<b>0.90</b>	<b>108.86</b>
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals	-	-	(0.22)	-	(0.22)
Amortisation expenses					
- Continuing operations	(2.61)	(1.71)	(3.06)	(0.10)	(7.48)
- Discontinued operations	-	-	(0.02)	-	(0.02)
<b>Balance at March 31, 2020</b>	<b>60.77</b>	<b>49.24</b>	<b>5.56</b>	<b>0.89</b>	<b>116.46</b>

Notes:

- Refer note 41 (c) for additions / adjustments on account of exchange difference during the year.
- Disposals pertain to intangible assets of discontinued operations. Refer note 40 below.

## 5. Investments

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Investment in equity instruments		
Subsidiary companies	83.60	83.60
Others	4.16	0.11
	<b>87.76</b>	<b>83.71</b>
Aggregate book value of unquoted investments	87.76	83.71
Aggregate amount of impairment in value of investments	4.34	4.34
<b>Current</b>		
Investment in mutual funds	198.50	100.49
	<b>198.50</b>	<b>100.49</b>
Aggregate book value and market value of unquoted investments	198.50	100.49

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 5.1 Investment in subsidiaries (at cost)

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (Non-current)</b>				
Equity shares of ₹ 10 each fully paid up of SRF Holiday Home Limited (A wholly owned subsidiary)	40,00,000	4.00	40,00,000	4.00
Equity shares of Euro 100 each fully paid up of SRF Global BV (A wholly owned subsidiary)	1,28,920	79.60	1,28,920	79.60
Contribution in SRF Employees Welfare Trust	-	*	-	*
		<b>83.60</b>		<b>83.60</b>

\* Amount in absolute ₹ 35,000 (Previous year: ₹ 35,000)

## 5.2 Other equity instruments (at fair value through other comprehensive income)

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (Non-current)</b>				
Equity shares of ₹ 10 each fully paid up of Malanpur Captive Power Limited	42,21,535	4.22	42,21,535	4.22
Less: Impairment in value of investment		(4.22)		(4.22)
Equity shares of ₹ 10 each fully paid up of Vaayu Renewable Energy (Tapti) Private Limited	50,000	0.05	50,000	0.05
Equity Shares of ₹ 10 each fully paid up of Suryadev Alloys & Power Private Limited	13,54,000	4.11	4,000	0.06
Equity shares of ₹ 10 each fully paid up of Sanghi Spinners India Limited	6,70,000	0.12	6,70,000	0.12
Less: Impairment in value of investment		(0.12)		(0.12)
		<b>4.16</b>		<b>0.11</b>

## 5.3 Investment in mutual funds (at fair value through profit and loss)

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (Current)</b>				
ICICI Prudential P1543 Saving Fund-Growth Plan	36,12,365	108.44	36,12,365	100.49
ICICI Prudential P3223 Overnight Fund-Growth Plan	27,93,962	30.06	-	-
UTI Overnight Fund-Growth Plan	2,21,205	60.00	-	-
		<b>198.50</b>		<b>100.49</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 6. Loans

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non- current</b>		
Loans to employees	9.96	7.25
Security deposits		
Related parties (Refer note 32)	3.56	3.70
Other than related parties	30.37	23.10
Others		
Credit impaired	-	0.07
Less : Provision for credit impaired loans	-	(0.07)
	<b>43.89</b>	<b>34.05</b>
<b>Current</b>		
Loans to employees	6.36	5.56
Security deposits		
Other than related parties	2.05	1.77
Others		
Credit impaired	2.74	2.74
Less : Provision for credit impaired loans	(2.74)	(2.74)
	<b>8.41</b>	<b>7.33</b>

## 7. Other Financial Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Derivatives carried at fair value through other comprehensive income		
- Forward exchange contracts used for hedging	-	1.87
- Interest rate swaps used for hedging	-	2.84
Other financial assets carried at amortised cost		
- Government grants and claims recoverable	15.86	-
	<b>15.86</b>	<b>4.71</b>
<b>Current</b>		
Derivatives carried at fair value through profit and loss		
- Forward exchange contracts used for hedging	-	3.40
Derivatives carried at fair value through other comprehensive income		
- Forward exchange contracts used for hedging	-	25.26
- Interest rate swaps used for hedging	-	0.88
Other financial assets carried at amortised cost		
- Contract assets (Refer note 39)	-	25.52
- Recoverable from related parties	-	1.95
- Insurance claim recoverable	5.79	17.22
- Government grants and claims recoverable	163.84	126.79
- Others	0.53	1.29
	<b>170.16</b>	<b>202.31</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 8. Other Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Capital advances	15.16	28.74
Prepaid expenses	0.26	0.50
CENVAT/ Service tax/ Goods and Services Tax/ Sales tax recoverable	12.32	10.79
Prepaid lease*	-	134.04
Claims recoverable under Post EPCG scheme and others	0.22	17.14
	<b>27.96</b>	<b>191.21</b>
<b>Current</b>		
Prepaid expenses	9.92	14.65
CENVAT/ Service tax/ Goods and Services tax/ Sales tax recoverable	119.56	264.70
Export incentives recoverable	63.67	42.40
Deposits with customs and excise authorities	8.13	12.57
Advance to suppliers	49.50	26.68
Prepaid lease*	-	1.73
Others	0.73	1.33
	<b>251.51</b>	<b>364.06</b>

\*Amount of prepaid lease has been reclassified to right-of-use assets in accordance with Ind AS 116 'Leases'. Also refer note 37.

## 9. Inventories

(Valued at lower of cost and net realisable value)

	As at March 31, 2020	As at March 31, 2019
Raw material (including packing material)	465.59	558.02
Stock in progress	152.85	134.09
Finished goods	251.88	179.81
Stores and spares (including fuel)	238.27	224.37
Traded goods	1.73	2.82
	<b>1,110.32</b>	<b>1,099.11</b>
<b>Goods-in-transit included above :</b>		
Raw material (including packing material)	174.54	202.58
Stock in progress	-	0.09
Finished goods	29.48	35.16
Stores and spares (including fuel)	2.59	1.39
Traded goods	0.08	0.11
	<b>206.69</b>	<b>239.33</b>

Notes:

- (i) The cost of inventories recognised as an expense includes ₹ 8.58 Crores (Previous year: ₹ 3.45 Crores) in respect of write-downs of inventory to net realisable value.
- (ii) Refer Note 15.1 for information on inventories pledged as security by the Company.
- (iii) The method of valuation of inventories has been stated in note 1.B.12

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 10. Trade Receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	768.71	856.15
Unsecured, credit impaired	2.46	1.64
Less: Provision for credit impaired receivables	(2.46)	(1.64)
	<b>768.71</b>	<b>856.15</b>

Notes:

(i) The credit period generally allowed on sales varies, on a case to case basis, and from business to business and is based on market conditions. Maximum credit period allowed is upto 120 days.

(ii) Age of receivables:

	As at March 31, 2020	As at March 31, 2019
Within the credit period	573.84	691.94
1 to 180 days past due	182.75	161.03
More than 180 days past due	14.58	4.82
	<b>771.17</b>	<b>857.79</b>

(iii) The Company has entered into receivables purchase agreements with banks to unconditionally and irrevocably sell, transfer, assign and convey all the rights, titles and interest of the Company in the receivables as identified. Receivables sold as on March 31, 2020 are of ₹ 467.60 Crores (Previous year: ₹ 315.41 Crores). The Company has derecognized these receivables as it has transferred its contractual rights to the banks with substantially all the risks and rewards of ownership and retains no control over these receivables as the banks have the right to further sell and transfer these receivables with notice to the Company.

(iv) No customer represents more than 10% (Previous year: Nil) of the total balances of trade receivables.

(v) Refer Note 15.1 for information on trade receivables pledged as security by the Company.

## 11. Cash and Cash Equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
Current accounts	87.97	113.84
Exchange earners foreign currency (EEFC) accounts	9.54	48.48
Cash on hand	0.75	0.48
	<b>98.26</b>	<b>162.80</b>

The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2020.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 12. Bank Balances other than above

	As at March 31, 2020	As at March 31, 2019
Earmarked balances		
- Margin money	2.89	3.44
- Unclaimed dividend accounts	6.04	5.89
Other deposit accounts		
- Deposit accounts with maturity beyond three months upto twelve months	0.10	-
	<b>9.03</b>	<b>9.33</b>

## 13. Share Capital

	As at March 31, 2020	As at March 31, 2019
<b>Authorised share capital:</b>		
120,000,000 (Previous Year - 120,000,000) Equity shares of ₹ 10 each	120.00	120.00
1,000,000 (Previous Year - 1,000,000) Preference shares of ₹ 100 each	10.00	10.00
1,200,000 (Previous Year - 1,200,000) Cumulative Preference shares of ₹ 50 each	6.00	6.00
20,000,000 (Previous Year - 20,000,000) Cumulative Preference shares of ₹ 100 each	200.00	200.00
	<b>336.00</b>	<b>336.00</b>
<b>Issued share capital:</b>		
61,537,255 (Previous Year - 61,537,255) Equity Shares of ₹ 10 each	61.54	61.54
<b>Subscribed capital:</b>		
57,480,500 (Previous Year - 57,480,500) Equity Shares of ₹ 10 each fully paid up	57.48	57.48
Add: Forfeited shares - Amount originally paid up	1.02	1.02
	<b>58.50</b>	<b>58.50</b>

### 13.1 Fully paid equity shares

	Number of shares	Amount
<b>Balance at March 31, 2018</b>	<b>5,74,20,500</b>	<b>57.42</b>
Add : Movement during the year (Refer note 34)	60,000	0.06
<b>Balance at March 31, 2019</b>	<b>5,74,80,500</b>	<b>57.48</b>
Add : Movement during the year	-	-
<b>Balance at March 31, 2020</b>	<b>5,74,80,500</b>	<b>57.48</b>

The Company has bought back Nil equity shares in aggregate in the last five financial years.

#### Terms/ rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 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.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

During the year ended March 31, 2020, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 14 per share (Previous year: ₹ 12 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.

## 13.2 Details of shares held by the holding company

	Number of fully paid ordinary shares
<b>As at March 31, 2020</b>	
KAMA Holdings Limited, the Holding Company	3,00,49,000
<b>As at March 31, 2019</b>	
KAMA Holdings Limited, the Holding Company	3,00,49,000

## 13.3 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Fully paid equity shares</b>				
KAMA Holdings Limited	3,00,49,000	52.28%	3,00,49,000	52.28%
Amansa Holding Private Limited	41,78,636	7.27%	44,42,241	7.73%

## 14. Other Equity

	As at March 31, 2020	As at March 31, 2019
General reserve	573.54	573.54
Retained earnings	3,828.76	2,956.92
Cash flow hedging reserve	(78.56)	28.65
Capital redemption reserve	10.48	10.48
Capital reserve	219.19	219.19
Debenture redemption reserve	75.00	75.00
Employee share based payment reserve	1.56	0.58
Reserve for equity instruments through other comprehensive income	(4.22)	(4.22)
	<b>4,625.75</b>	<b>3,860.14</b>

### 14.1 General Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	573.54	573.54
Increase / (decrease) during the year	-	-
<b>Balance at end of year</b>	<b>573.54</b>	<b>573.54</b>

The general reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income. Items included in general reserve will not be reclassified subsequently to profit and loss.



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 14.2 Retained Earnings

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	2,956.92	2,524.05
Profit for the year	974.18	517.18
Other comprehensive income arising from remeasurement of defined benefit obligation *	(5.33)	(1.16)
Payment of dividend on equity shares	(80.47)	(68.98)
Corporate tax on dividend	(16.54)	(14.17)
<b>Balance at end of year</b>	<b>3,828.76</b>	<b>2,956.92</b>

The amount that can be distributed as dividend by the Company to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013.

\*net of income tax of ₹ 2.86 Crores (Previous year: ₹ 0.62 Crore)

## 14.3 Cash Flow Hedging Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	28.65	(6.81)
Recognised / (released) during the year	(164.79)	54.50
Income tax related to above	57.58	(19.04)
<b>Balance at end of year</b>	<b>(78.56)</b>	<b>28.65</b>

The Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

## 14.4 Capital Redemption Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	10.48	10.48
Increase / (decrease) during the year	-	-
<b>Balance at end of year</b>	<b>10.48</b>	<b>10.48</b>

Capital Redemption Reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares. The reserve is utilised in accordance with the provisions of the Act.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 14.5 Capital Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	219.19	219.19
Increase / (decrease) during the year	-	-
<b>Balance at end of year</b>	<b>219.19</b>	<b>219.19</b>

Capital reserve represents amounts received pursuant to Montreal Protocol Phaseout Programme of refrigerant gases.

## 14.6 Debenture Redemption Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	75.00	75.00
Transfer from retained earnings	-	-
Transfer to general reserve	-	-
<b>Balance at end of year</b>	<b>75.00</b>	<b>75.00</b>

The Company has issued non-convertible debentures. In prior years, the Company has created debenture redemption reserve out of the profits of the Company available for payment of dividend.

## 14.7 Employee Share Based Payment Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	0.58	-
Increase / (decrease) during the year	0.98	0.58
<b>Balance at end of year</b>	<b>1.56</b>	<b>0.58</b>

The Company has allotted equity shares to certain employees under an employee share purchase scheme. The employee share based payment reserve is used to recognise the value of equity settled share based payments provided to such employees as part of their remuneration. Refer note 34 for further details of the scheme.

## 14.8 Reserve for equity instruments through other comprehensive income

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	(4.22)	(4.22)
Net fair value gain on investment in equity instruments at FVTOCI	-	-
<b>Balance at end of year</b>	<b>(4.22)</b>	<b>(4.22)</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

This reserves represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed of.

## 15. Borrowings

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Secured</b>		
3,000 Nos., 7.33% (2019: 3,000 Nos., 7.33%), listed, secured redeemable non-convertible debentures of ₹ 10 lakhs each* (Refer note 15.1.1)	299.97	299.95
Term Loans from banks* (Refer note 15.1.2)	1,338.87	1,522.05
Term Loans from others* (Refer note 15.1.3)	220.78	238.29
Less: Current maturities of long-term borrowings* (Refer note 19)	(742.19)	(365.37)
	<b>1,117.43</b>	<b>1,694.92</b>

\* Above amount of borrowings are net of upfront fees paid ₹ 5.06 Crores (Previous year: ₹ 8.01 Crores)

<b>Current</b>		
<b>Secured</b>		
Cash credits from banks (Refer note 15.1.4.(i))	-	0.36
Term loans from banks (Refer note 15.1.4.(ii))	244.45	335.00
	<b>244.45</b>	<b>335.36</b>
<b>Unsecured</b>		
Term loans from banks#	560.35	707.47
	<b>560.35</b>	<b>707.47</b>
	<b>804.80</b>	<b>1,042.83</b>

# Includes ₹ 200.00 crores (Previous year: ₹ 400.00 crores) for Commercial Paper issued by the Company. The maximum amount due during the year is ₹ 400.00 Crores (Previous year: ₹ 400.00 Crores)

There have been no defaults in repayment of principal and interest on borrowings during the reporting periods.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 15.1 Details of security of the secured loans:

Details of Loan	As at March 31, 2020*	As at March 31, 2019*	Security
1 3,000 (Previous Year 3000), 7.33%, Listed, Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each *	300.00	300.00	Debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralmalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh, Kashipur in the State of Uttarakhand (other than moveable assets of Laminated Fabrics Business) and Dahej in the State of Gujarat (excluding certain assets) and an equitable mortgage of Company's immovable properties, both present and future, situated at Viralmalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand. **
<b>Terms and conditions</b>			
a) Redeemable at face value in one single installment at the end of 3rd year from the date of allotment.			
b) Coupon is payable annually on 30th June every year.			
<b>Moveable property</b>			
2 (i) Term loan from Banks *	1,343.02	1,494.21	(a)(i) Out of the loans as at 2(i), loans aggregating to ₹ 1154.12 Crores (Previous Year – ₹ 1321.47 Crores **) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralmalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur (other than moveable assets of Laminated Fabrics Business) in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets)  (a)(ii) Out of the loans as at 2(i), loans aggregating to ₹ 188.90 Crores (Previous Year – ₹ 172.74 Crores **) is in the process of being secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralmalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur (other than moveable assets of Laminated Fabrics Business) in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets)

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Details of Loan	As at March 31, 2020#	As at March 31, 2019#	Security
			<b>Immoveable property</b>
			(b)(i) Out of the loans as at 2(i) loans aggregating to ₹ 1343.02 Crores (Previous Year – ₹ 928.73 Crores) are secured by equitable Mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu and Kashipur in the State of Uttarakhand
			(b)(ii) Out of the loans as at 2(b)(i) loans aggregating to ₹ 544.56 Crores (Previous Year – ₹ 882.24 Crores) are additionally secured by equitable Mortgage of Company's immoveable properties, both present and future, situated at Jhiwana in the State of Rajasthan.
			(b)(iii) Out of the loans as at 2(b)(i) loans aggregating to ₹ 75.56 Crores (Previous Year – ₹ 170.87 Crores) are additionally 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).
			(b) (iv) Out of the loans as at 2(i), the term loans aggregating to:
			(a) ₹ 565.48 Crores was in the process of being additionally secured by equitable mortgage of immoveable properties at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand in the previous year. Charge against these assets has been created in the current year.
			(b) ₹ 43.50 Crores (Previous Year – ₹ 46.50 Crores) is in the process of being additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Jhiwana in the State of Rajasthan.
(ii) Term loans from banks	-	34.55	Term loans from banks aggregating to Nil (Previous year – ₹ 34.55 Crores) are secured by hypothecation of Company's certain moveable assets situated at Dahej in the State of Gujarat.
3 (i) Term loans from others	221.66	239.54	Loan of ₹ 221.66 Crores (Previous Year – ₹ 239.54 Crores) is secured by the hypothecation and equitable mortgage of Company's moveable and immoveable properties at Dhar in the State of Madhya Pradesh.
4 (i) Cash credit/working capital demand loans	-	0.36	Secured by hypothecation of stocks, stores and book debts (current assets), both present and future at Manali, Viralimalai (other than current assets of Coated Fabrics Business) 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 (other than current assets of Laminated Fabrics Business) in the State of Uttarakhand.
(ii) Term loan from banks	244.45	335.00	

\*Such hypothecation and equitable mortgage as at 1 and 2 rank pari-passu between term loans from banks / others (save and except hypothecation of certain moveable assets at Dahej in the State of Gujarat in favour of a bank as at 2(ii) above) in the previous year.

\*\*Loans representing previous year figures were also secured by the moveable assets at Panthnagar, Uttarakhand, moveable assets of Coated Fabrics at Viralimalai, Tamil Nadu and moveable assets of Laminated Fabrics at Kashipur, Uttarakhand.

#Gross of upfront fees paid ₹ 5.06 Crores (Previous year : ₹ 8.01 Crores)

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 15.2 Terms of Loans As at March 31, 2020 Non Current Borrowings

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2021	Up to March 31, 2022	Up to March 31, 2023	From 2023 to 2027
Redeemable Non-Convertible Debentures	Redeemable at face value on maturity	7.33%	300.00	-	-	-
Rupee term loans	Half yearly payments	Floating rate loan at 9.05%	5.00	6.00	32.50	-
	Quarterly payments	Floating rate loan at 7.40%	16.44	16.44	8.22	-
	Yearly payments	Floating rate loan ranging from 7.65% to 8.25%	106.00	104.00	1.00	1.00
Foreign currency term loans	Quarterly	Fixed Rate of 0.94% and floating rate of Libor plus spread ranging from 0.59% to 0.85% and Euribor plus a spread of 1.10%	201.12	268.16	246.87	239.70
	Half yearly instalments	Libor plus interest rate spread ranging from 1.80% to 1.85%	115.85	40.29	40.29	100.80
	Payable in one instalment on maturity	Fixed Rate of 6.65%	-	-	15.00	-
			<b>744.41</b>	<b>434.89</b>	<b>343.88</b>	<b>341.50</b>

Amounts mentioned above are gross of upfront fees paid of ₹ 5.06 Crores.

### Current Borrowings

Short term borrowings are either payable in one installment within one year or repayable on demand. For short term borrowings in foreign currency, interest rates range from Libor + 43 bps to Libor + 80 bps. For rupee denominated short term loans taken during the year interest rate is at 5.43% to 10.05%.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## As at March 31, 2019

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2020	Up to March 31, 2021	Up to March 31, 2022	From 2022 to 2026
Redeemable Non-Convertible Debentures	Redeemable at face value on maturity	7.33%	-	300.00	-	-
	Half yearly payments	8.80% to 11.45%	4.97	5.00	6.00	32.50
Rupee term loans	Quarterly payments	8.42%	25.05	49.80	49.80	24.90
	Yearly payments	8.60% to 8.90%	8.00	106.00	104.00	2.00
Foreign currency term loans	Quarterly	Fixed rate of 0.94% and floating rate of Libor plus spread ranging from 0.59% to 0.85%	-	162.89	217.18	353.31
	Half yearly instalments	Libor plus spread ranging from 1.30% to 1.85%	171.20	105.94	36.84	129.01
	Payable in one instalment on maturity	Fixed rate of 0.05% and floating rate of Libor plus spread of 1.30%	158.91	-	-	15.00
			<b>368.13</b>	<b>729.63</b>	<b>413.82</b>	<b>556.72</b>

Amounts mentioned above are gross of upfront fees paid of ₹ 8.01 Crores.

### Current Borrowings

Short term borrowings are either payable in one installment within one year or repayable on demand. For short term borrowings in foreign currency, interest rates range from Euribor + 15 bps to Euribor + 18 bps and from Libor to Libor + 25 bps. For rupee denominated short term loans taken during the year interest rate is at 6.58% to 9.30%.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Terms of repayment

- 1) Redeemable non convertible debenture of ₹ 300 Crores are repayable in one bullet instalment in June 2020 (Previous year: ₹ 300 Crores are repayable in one bullet instalment in June 2020).
- 2) Rupee term loans of ₹ 1.97 Crores was repaid in current year (Previous year: ₹ 1.97 Crores repayable in 1 half yearly instalment in September 2019).
- 3) Rupee term loans of ₹ 43.50 Crores are repayable in 5 half yearly instalments from August 2020 (Previous year: ₹ 46.50 Crores repayable in 7 half yearly instalments from August 2019).
- 4) Rupee term loans of ₹ 41.10 Crores are repayable in 10 quarterly instalments from June 2020 (Previous year: ₹ 149.55 Crores repayable in 14 quarterly instalments from June 2019).
- 5) Rupee term loans of ₹ 200.00 Crores are repayable in 2 annual instalments from August 2020 (Previous year: ₹ 200.00 Crores repayable in 2 annual instalments from August 2020).
- 6) Rupee term loans of ₹ 12.00 Crores are repayable in 4 annual instalments from December 2020 (Previous year: ₹ 20.00 Crores repayable in 5 annual instalments from December 2019).
- 7) Foreign currency term loan of ₹ 188.90 Crores are repayable in 8 quarterly instalments from September 2020 (Previous year: ₹ 172.74 Crores repayable in 8 quarterly instalments from September 2020).
- 8) Foreign currency term loan of ₹ 412.90 Crores are repayable in 19 quarterly instalments from August 2020 (Previous year: ₹ 387.90 Crores repayable in 19 quarterly instalments from August 2020).
- 9) Foreign currency term loan of ₹ 188.90 Crores are repayable in 14 quarterly instalments from July 2020 (Previous year: ₹ 172.74 Crores repayable in 14 quarterly instalments from July 2020).
- 10) Foreign currency term loan of ₹ 34.55 Crores was repaid in current year (Previous year: ₹ 34.55 Crores repayable in 2 half yearly instalments from September 2019).
- 11) Foreign currency term loan of ₹ 30.72 Crores was repaid in current year (Previous year: ₹ 30.72 Crores repayable in 2 half yearly instalments from July 2019).
- 12) Foreign currency term loan of ₹ 75.56 Crores are repayable in 2 half yearly instalments from September 2020 (Previous year: ₹ 138.18 Crores repayable in 4 half yearly instalments from September 2019).
- 13) Foreign currency term loan of ₹ 221.66 Crores are repayable in 11 half yearly instalments from April 2020 (Previous year: ₹ 239.54 Crores repayable in 13 half yearly instalments from April 2019).
- 14) Foreign currency term loan of ₹ 158.91 Crores was repaid in current year (Previous year: ₹ 158.91 Crores is repayable in one bullet instalment in April 2019).
- 15) Foreign currency term loan of ₹ 15.00 Crores are repayable in one bullet instalment in June 2022 (Previous year: ₹ 15.00 Crores is repayable in one bullet instalment in June 2022).
- 16) Foreign currency term loan of ₹ 165.16 Crores are repayable in 12 quarterly instalments from July 2020 (Previous year: ₹ Nil).



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 16. Provisions

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Provision for employee benefits		
Provision for compensated absences (Refer note 33.3)	31.79	25.21
Provision for retention pay (Refer note 33.3)	1.49	1.68
	<b>33.28</b>	<b>26.89</b>
<b>Current</b>		
Provision for employee benefits		
Provision for compensated absences (Refer note 33.3)	5.50	5.07
Provision for retention pay (Refer note 33.3)	0.14	0.07
	<b>5.64</b>	<b>5.14</b>

## 17. Deferred Tax (Net)

The following is the analysis of deferred tax assets / (liabilities) presented in balance sheet

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	428.40	348.42
Deferred tax liabilities	(552.82)	(650.65)
<b>Deferred tax liabilities, net</b>	<b>(124.42)</b>	<b>(302.23)</b>

The major components of deferred tax assets / (liabilities) arising on account of temporary differences are as follows:

2019-20	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Expenses deductible in future years	14.74	(0.97)	-	13.77
Provision for credit impaired loans / receivables	0.58	0.03	-	0.61
MAT Credit Entitlement	330.34	36.73	-	367.07
Cash flow hedges	-	-	42.30	42.30
Others	2.76	(0.97)	2.86	4.65
	<b>348.42</b>	<b>34.82</b>	<b>45.16</b>	<b>428.40</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	(625.93)	87.29	-	(538.64)
Investment in mutual funds	(8.24)	0.29	-	(7.95)
Cash flow hedges	(15.28)	-	15.28	-
Others	(1.20)	(5.03)	-	(6.23)
	<b>(650.65)</b>	<b>82.55</b>	<b>15.28</b>	<b>(552.82)</b>
<b>Total</b>	<b>(302.23)</b>	<b>117.37</b>	<b>60.44</b>	<b>(124.42)</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

2018-19	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Expenses deductible in future years	13.84	0.90	-	14.74
Provision for credit impaired loans / receivables	0.39	0.19	-	0.58
MAT Credit Entitlement	243.23	87.11	-	330.34
Others	3.45	(0.69)	-	2.76
	<b>260.91</b>	<b>87.51</b>	<b>-</b>	<b>348.42</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment and intangible assets	(512.97)	(112.96)	-	(625.93)
Investment in mutual funds	(6.00)	(2.24)	-	(8.24)
Cash flow hedges	3.76	-	(19.04)	(15.28)
Others	(1.20)	-	-	(1.20)
	<b>(516.41)</b>	<b>(115.20)</b>	<b>(19.04)</b>	<b>(650.65)</b>
<b>Total</b>	<b>(255.50)</b>	<b>(27.69)</b>	<b>(19.04)</b>	<b>(302.23)</b>

- (i) Section 115BAA of the Income Tax Act, 1961 was introduced by the Taxation Laws (Amendment) Ordinance, 2019. Based on the current estimate of expected timing of exercising of the option under Section 115BAA, the Company has re-measured its deferred tax balances. Consequently, credit of ₹ 136.11 Crores (net of MAT adjustment of ₹ 74.02 Crores) has been recorded in the Statement of Profit and Loss during the year.
- (ii) MAT credit entitlement of ₹ 74.02 Crores (out of total ₹ 87.85 Crores generated during the year) expiring in the financial year ending March 31, 2035 is not recognised in the statement of profit and loss of the current year, due to expected timing of exercising of the option under section 115BAA of Income Tax Act, 1961.
- (iii) As on March 31, 2019 there were capital losses of ₹ 186.32 Crores expiring in the financial year ending March 31, 2023 on which no deferred tax asset was created, due to lack of probability of future capital gains against which such deferred tax assets can be realised. Pursuant to recognition of long term capital gain in the current year, such capital losses have been set-off (Refer note 40).

## 18. Trade Payables

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises <sup>#</sup>	30.36	18.24
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Acceptances <sup>*</sup>	92.59	140.52
- Other than acceptances	834.49	933.39
	<b>957.44</b>	<b>1,092.15</b>

<sup>#</sup>Refer to note 18.1

<sup>\*</sup>Acceptances represent invoices discounted by vendors with banks.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 18.1 Total outstanding dues of micro enterprises and small enterprises

Trade payables 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.

	As at March 31, 2020	As at March 31, 2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount**	35.88	34.42
- Interest due thereon	-	0.01
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
- Interest actually paid under section 16 of MSMED/ settled	1.02	1.18
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	-	0.01
- Interest remaining unpaid as at the end of the year	-	1.02
Interest remaining due and payable even in the succeeding years, until such date when the interest dues are actually paid, for the purpose of disallowance of a deductible expenditure	-	0.01

\*\* including payable to micro enterprises and small enterprises included in other financial liabilities (refer note 19).

## 19. Other Financial Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Derivatives carried at fair value through other comprehensive income		
Forward exchange contracts used for hedging	21.43	-
Interest rate swaps used for hedging	1.44	-
	<b>22.87</b>	<b>-</b>
<b>Current</b>		
Current maturities of long-term borrowings (Refer note 15)	742.19	365.37
Interest accrued but not due on borrowings	22.64	29.40
Unpaid dividends*	6.04	5.89
Security deposits received	6.86	5.95
Payables to capital creditors		
Total outstanding dues of micro enterprises and small enterprises#	5.52	17.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	29.69	72.74
Unearned guarantee commission®	-	2.55

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Derivatives carried at fair value through profit and loss		
Forward exchange contracts used for hedging	0.06	-
Derivatives carried at fair value through other comprehensive income		
Forward exchange contracts used for hedging	44.19	-
Interest rate swaps used for hedging	0.98	-
Others	33.55	11.71
	<b>891.72</b>	<b>510.81</b>

\*Amount will be credited to investor education and protection fund if not claimed within seven years from the date of declaration of dividend.

#Refer to note 18.1

@pertains to guarantees given for subsidiaries

## 20. Tax Assets and Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non - Current tax assets</b>		
Advance tax (net of provision for tax)	35.03	19.00
<b>Current tax liabilities</b>		
Provision for tax (net of advance tax)	9.75	9.83

## 21. Other Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Deferred government grants*	-	2.08
	-	<b>2.08</b>
<b>Current</b>		
Contract liability (Refer note 39)	10.75	14.74
Statutory liabilities	17.77	10.04
Other payables	35.95	33.70
Payable to gratuity trust (Refer note 33.2)	15.82	8.30
	<b>80.29</b>	<b>66.78</b>

\*The Company has recognized grant in respect of duty paid on procurement of capital goods under post EPCG scheme of Central Government which allows refund of such duty in the form of freely transferable duty credit scrips upon meeting of requisite export obligation. The Company has met its export obligations against this grant in the current year (export obligation as on March 31, 2019 was ₹ 25.18 crores).

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 22. Revenue from Operations\*

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of products</b>		
Manufactured goods	6,066.34	5,988.86
Traded goods	120.20	68.83
	<b>6,186.54</b>	<b>6,057.69</b>
<b>Other operating revenues</b>		
Claims	0.25	0.74
Export and other incentives	101.92	111.88
Scrap sales	28.75	34.47
Other operating income	13.38	0.81
	<b>144.30</b>	<b>147.90</b>
	<b>6,330.84</b>	<b>6,205.59</b>

### Reconciliation of Revenue from Sale of Products with the Contracted Price

	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	6,284.35	6,167.95
Less: Discounts, allowances and claims	(97.81)	(110.26)
Sale of products	<b>6,186.54</b>	<b>6,057.69</b>

\* Refer note 40(f)

## 23. Other Income\*

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income		
- from customers	0.08	0.07
- on loans and deposits	1.06	0.93
- on others	11.20	3.33
Net gain on sale/ discarding of property, plant and equipment	12.85	-
Net gain on financial assets measured at fair value through profit and loss	9.38	11.93
Net foreign currency exchange fluctuation gains	1.87	-
Provision/ liabilities no longer required written back	2.86	4.99
Other non-operating income	13.99	20.88
	<b>53.29</b>	<b>42.13</b>

\* Refer note 40(f)

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 24.1 Cost of Materials Consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock of raw materials		
- Continuing operations	530.13	392.17
- Discontinued operations	27.89	28.62
Add: Purchases of raw materials		
- Continuing operations	3,134.31	3,575.26
- Discontinued operations	26.42	195.19
Less: Closing stock of raw materials		
- Continuing operations	465.59	530.13
- Discontinued operations	-	27.89
<b>Cost of materials consumed *</b>		
- Continuing operations	3,198.85	3,437.30
- Discontinued operations	54.31	195.92

\* including packing material

## 24.2 Purchases of Stock in Trade\*

	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of stock in trade	91.40	48.42
	<b>91.40</b>	<b>48.42</b>

\* Refer note 40(f)

## 24.3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year :</b>		
- Continuing operations		
Stock-in-Process	152.85	133.75
Finished goods	251.88	174.15
Traded goods	1.73	2.82
	<b>406.46</b>	<b>310.72</b>
- Discontinued operations		
Stock-in-Process	-	0.34
Finished goods	-	5.66
Traded goods	-	-
	-	<b>6.00</b>
<b>Inventories at the beginning of the year :</b>		
- Continuing operations		
Stock-in-Process	133.75	88.87
Finished goods	174.15	152.69
Traded goods	2.82	1.68
	<b>310.72</b>	<b>243.24</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
- Discontinued operations		
Stock-in-Process	0.34	0.15
Finished goods	5.66	3.49
Traded goods	-	-
	<b>6.00</b>	<b>3.64</b>
<b>Net (increase) / decrease</b>		
- Continuing operations	(95.74)	(67.48)
- Discontinued operations	6.00	(2.36)

## 25. Employee Benefits Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages, including bonus	402.31	337.89
Contribution to provident and other funds	31.70	25.46
Workmen and staff welfare expenses	52.09	46.14
Employee share based payment expense (Refer note 34)	0.98	4.34
	<b>487.08</b>	<b>413.83</b>

\* Refer note 40(f)

## 26. Finance Cost\*

	Year ended March 31, 2020	Year ended March 31, 2019
Interest cost <sup>^</sup>		
- Non-convertible debentures	21.99	21.99
- Term loans and others	130.13	130.87
- Lease liabilities	6.70	-
Other borrowing costs	10.13	11.55
Exchange differences regarded as an adjustment to borrowing costs	13.16	9.37
	<b>182.11</b>	<b>173.78</b>

<sup>^</sup>includes unwinding of deferred payment financial liability and pertains to liabilities measured at amortised cost.

\* Refer note 40(f)

## 27. Depreciation and Amortisation Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	328.99	315.66
Depreciation of right-of-use assets	16.74	-
Amortisation of intangible assets	7.48	9.46
	<b>353.21</b>	<b>325.12</b>

\* Refer note 40(f)

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 28. Other Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Stores and spares consumed	54.10	48.73
Power and fuel	628.87	543.12
Labour production	40.62	34.39
Rent**	13.66	28.24
Repairs and maintenance		
- Buildings	6.07	4.54
- Plant and machinery	151.12	131.06
- Others	34.30	31.03
Insurance	35.07	16.74
Rates and taxes	35.78	34.15
Freight charges	188.92	180.80
Expenditure on corporate social responsibility***	12.00	10.38
Legal and professional charges	31.00	30.98
Travelling and conveyance	17.16	18.84
Directors' sitting fees	0.21	0.21
Selling commission	12.56	15.33
Credit impaired assets provided/ written off	1.74	1.85
Property, plant and equipment provided/ written off	2.88	1.95
Auditor remuneration		
- Audit fees	0.50	0.50
- For limited review of unaudited financial results	0.35	0.36
- For Corporate governance, consolidated financial statements and other certificates	0.09	0.09
- For tax audit	0.06	0.06
- Reimbursement of out of pocket expenses	0.09	0.09
Effluent disposal expenses	77.49	49.38
Net foreign currency exchange fluctuation loss	-	18.33
Miscellaneous expenses^	42.10	46.56
	<b>1,386.74</b>	<b>1,247.71</b>

\* Refer note 40(f)

\*\*Refer to note 37

\*\*\*Refer to note 41(f)

^Including Nil (Previous year: ₹ 3.00 Crores) paid as political contribution

## 29. Income Tax Recognised in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Tax expense related to continuing operations	(13.11)	167.52
Tax expense related to discontinued operations	61.23	8.41
	<b>48.12</b>	<b>175.93</b>



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Tax expense related to continuing operations</b>		
<b>Current tax</b>		
In relation to current year	115.97	141.14
Adjustment in relation to earlier years	(11.71)	(1.31)
	<b>104.26</b>	<b>139.83</b>
<b>Deferred tax</b>		
- MAT credit entitlement		
In relation to current year	(13.83)	(59.70)
Adjustment in relation to earlier years	(22.90)	(27.41)
	<b>(36.73)</b>	<b>(87.11)</b>
- Others		
In relation to current year	(83.09)	113.23
Adjustment in relation to earlier years	2.45	1.57
	<b>(80.64)</b>	<b>114.80</b>
<b>(b) Tax expense related to discontinued operations</b>		
<b>Current tax</b>		
In relation to current year	61.23	8.41
	<b>61.23</b>	<b>8.41</b>

The income tax expenses for the year can be reconciled to the accounting profits as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax from continuing operations	780.48	669.04
Profit before tax from discontinued operations	241.82	24.07
<b>Total profit before tax</b>	<b>1,022.30</b>	<b>693.11</b>
Income Tax Expenses @ 34.944% (Previous year: 34.944%)	357.23	242.20
Effect of deductions (research and development and deductions under chapter VI A of Income Tax Act)	(76.74)	(45.61)
Effect of expenses that are not deductible in determining taxable profit	6.25	5.87
Effect of income taxable at lower rate	(26.00)	-
Effect of credit recognised on set-off of carried forward long term capital losses (Refer note (iii) below)	(43.40)	-
Effect of credit recognised on re-measurement of deferred tax balances pursuant to introduction of Section 115BAA by the Taxation Laws (Amendment) Ordinance, 2019 (Refer note 17(i))	(136.11)	-
Others	(0.95)	0.62
<b>Income tax expenses recognised in statement of profit and loss in relation to current year</b>	<b>80.28</b>	<b>203.08</b>
Income tax credit recognised in statement of profit and loss in relation to earlier years (Refer note (ii) below)	(32.16)	(27.15)
<b>Total Income tax expenses recognised in profit and loss</b>	<b>48.12</b>	<b>175.93</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Notes:

- (i) The tax rate used for the current year reconciliation above is the corporate tax rate of 34.944% (Previous year: 34.944%) payable by corporate entities in India on taxable profits under the Indian tax law.
- (ii) Income tax in relation to earlier years includes tax credit of ₹ 22.58 Crores (Previous year: ₹ 24.76 Crores) which is related to finalization and determination of deduction/allowance claimed for earlier years under Chapter-VIA of the Income-tax Act, 1961, for generation of power from captive power plants which is based on finalization of transfer pricing study /tax audit reports of the earlier years.
- (iii) The Company had ₹ 186.32 Crores of carried forward long term capital losses as per Income Tax Act, 1961, available for set off, on which no deferred tax asset was recognized till previous year. Pursuant to recognition of long term capital gain, a tax credit of ₹ 43.40 Crores has been recognised during the current year in respect of such losses in accordance with Ind AS 12 - "Income Taxes".

## 30. Income Tax Recognised in Other Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Arising on income and expense recognised in other comprehensive income</b>		
Net (gain)/ loss on designated portion of hedging instruments in cash flow hedges	57.58	(19.04)
Remeasurement of defined benefit obligation	2.86	0.62
	<b>60.44</b>	<b>(18.42)</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:</b>		
Items that will be reclassified to profit or loss	57.58	(19.04)
Items that will not be reclassified to profit or loss	2.86	0.62
	<b>60.44</b>	<b>(18.42)</b>

## 31. Contingent Liabilities and Commitments

	As at March 31, 2020	As at March 31, 2019
a. Claims against the Company not acknowledged as debts		
Goods and services tax, excise duty, custom duty and service tax*	21.33	21.39
Sales tax and entry tax**	19.08	46.94
Income tax****	5.79	9.07
Stamp duty@	-	28.82
Others***	11.85	0.94

\*Amount deposited against contingent liability ₹ 2.72 Crores (Previous year: ₹ 6.17 Crores)

\*\*Amount deposited against contingent liability ₹ 4.62 Crores (Previous year: ₹ 2.57 Crores)

\*\*\*Amount deposited against contingent liability ₹ 0.49 Crore (Previous year: ₹ 0.08 Crore)

\*\*\*\*Amount deposited against contingent liability ₹ 5.68 Crores (Previous year: ₹ 7.14 Crores)

@In the matter of a demand for Stamp duty related to Tyrecord Division at Malanpur, Gwalior, Madhya Pradesh, the Division Bench of the Hon'ble High Court of Madhya Pradesh decided in favour of Revenue department during the current year. The Company's petition in the Supreme Court was dismissed. The Company paid the entire duty demand of ₹ 28.82 Crores (including penalty of ₹ 5.09 Crores).

\*\*\*Includes demand by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd. (MPPKVV Ltd) of ₹ 10.06 Crores which is disputed by the Company.

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.

# Notes to the Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

- b. The Company has been served with show cause notices regarding certain transactions as to why additional customs/excise duty / service tax amounting to ₹ 25.61 Crores (Previous year: ₹ 20.10 Crores) 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.

The Company has received a draft assessment order for assessment year 2016-17 in which adjustments amounting to ₹ 367.37 Crores have been proposed on account of transfer pricing adjustments etc. which are pending before Dispute Resolution Panel. Based on the transfer pricing study, facts of the case and applicable case laws, the company is of the view that the proposed adjustments will not sustain.

- c. In February 2019, the Honorable Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company believes that there are interpretative challenges on the application of judgement retrospectively and therefore has applied the judgement on a prospective basis.
- d. Guarantees given to banks and others for repayment of financial facilities availed by wholly owned subsidiaries are as below:

Name of the subsidiary	Currency	Guarantee amount as at				Loan/payable outstanding against the guarantee as at			
		March 31, 2020 <sup>^</sup>		March 31, 2019 <sup>^^</sup>		March 31, 2020 <sup>^</sup>		March 31, 2019 <sup>^^</sup>	
		In Millions	In ₹ Crores	In Millions	In ₹ Crores	In Millions	In ₹ Crores	In Millions	In ₹ Crores
SRF Flexipak South Africa (Pty) Limited	USD	46.00	347.58	46.00	317.84	8.00	60.45	13.00	89.82
	USD	12.00	90.67	12.00	82.91	0.95	7.15	0.49	3.41
	USD	14.95	112.96	14.95	103.30	0.43	3.24	0.58	4.03
	ZAR	80.00	33.92	80.00	38.09	60.24	25.54	3.70	1.76
SRF Global BV	EUR	-	-	11.00	85.34	-	-	10.00	77.58
	EUR	22.00	181.68	-	-	20.00	165.16	-	-
	USD	44.00	332.46	44.00	304.02	8.45	63.85	*	*
	USD	66.00	498.70	66.00	456.03	60.00	453.36	59.51	411.18
SRF Industries (Thailand) Limited	USD	-	-	52.00	359.29	-	-	6.00	41.46
	USD	-	-	6.00	41.46	-	-	*	*
	THB	682.00	156.86	-	-	50.00	11.50	-	-
	EUR	18.00	148.64	-	-	18.00	148.64	-	-
SRF Europe Kft (Hungary)	EUR	22.00	181.68	22.00	170.68	1.50	12.39	17.85	138.48
	EUR	77.00	635.87	-	-	47.92	395.69	-	-

\*The loan under the said guarantee was repaid in March 2019 and the Company was in the process of withdrawing this guarantee.

<sup>^</sup>Converted using closing exchange rate - USD 75.56, Euro 82.580, ZAR 4.24 and THB 2.30

<sup>^^</sup>Converted using closing exchange rate - USD 69.0950, Euro 77.580 and ZAR 4.761

- e. The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## f. Capital and other commitments

	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	153.75	150.15

- (ii) The Company has other commitments, for purchases / 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 long term contracts including derivative contracts for which there will be any material foreseeable losses which have not been provided for.

## 32. Related Party Transactions

### 32.1 Description of related parties under Ind AS - 24 "Related party disclosures"

#### Holding Company

KAMA Holdings Limited

#### Subsidiaries

SRF Holiday Home Limited  
SRF Global BV  
SRF Industries (Thailand) Limited  
SRF Industex Belting (Pty) Limited  
SRF Flexipak (South Africa) (Pty) Limited  
SRF Europe Kft ^  
SRF Employees Welfare Trust ^^

#### Fellow subsidiaries #

KAMA Realty (Delhi) Limited  
Shri Educare Limited

#### Post Employment Benefit Plans Trust

SRF Limited Officers Provident Fund Trust  
SRF Employees Gratuity Trust  
SRF Officers Gratuity Trust

#### KMP of Holding Company #

Rajat Lakhanpal \*

#### Relative of KMP of Holding Company #

Nirmala Kothari \*\*\*\*

#### Key management personnel (KMP)

Arun Bharat Ram  
Ashish Bharat Ram  
Kartik Bharat Ram  
Vinayak Chatterjee \*  
Tejpreet S Chopra  
Lakshman Lakshminarayan  
Vellayan Subbiah  
Pramod Bhasin \*\*  
Meenakshi Gopinath  
Pramod Gopaldas Gujarathi  
Bharti Gupta Ramola \*\*\*  
Yash Gupta \*\*\*\*  
Puneet Yadu Dalmia \*\*\*\*

#### Enterprises over which KMP have significant influence #

SRF Foundation  
Karm Farms LLP  
Srishti Westend Greens Farms LLP  
SRF Welfare Trust

#### Relative of KMP #

Sushil Ramola \*\*\*  
Shanthi Narayan  
Murugappan Vellayan Subbiah

\* upto March 31, 2019

\*\* upto February 4, 2019

\*\*\* from February 4, 2019

\*\*\*\* from April 1, 2019

^ from April 25, 2018

^^ from June 27, 2018 by virtue of management control

# Only with whom the Company had transactions during the year

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 32.2 Transactions with related parties

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of goods to:</b>		
Subsidiaries	29.55	23.39
Enterprises over which KMP have significant influence	0.25	-
	<b>29.80</b>	<b>23.39</b>
<b>Purchase of goods from:</b>		
Subsidiaries	7.74	1.03
	<b>7.74</b>	<b>1.03</b>
<b>Purchase of property, plant &amp; equipment and intangible assets from:</b>		
Holding Company	0.15	-
Subsidiaries	5.85	-
	<b>6.00</b>	<b>-</b>
<b>Sale of property, plant &amp; equipment and intangible assets to:</b>		
Holding Company	0.20	-
	<b>0.20</b>	<b>-</b>
<b>Services rendered to:</b>		
Subsidiaries	7.04	6.88
	<b>7.04</b>	<b>6.88</b>
<b>Rent paid to:</b>		
Fellow Subsidiaries	6.63	6.75
Subsidiaries	0.01	-
Key management personnel	0.29	0.29
Enterprises over which KMP have significant influence	0.27	1.56
	<b>7.20</b>	<b>8.60</b>
<b>Reimbursement of expenses from</b>		
Holding Company	0.01	0.01
Subsidiaries	1.95	1.54
Fellow Subsidiaries	0.05	0.04
	<b>2.01</b>	<b>1.59</b>
<b>Deposits given to</b>		
Subsidiaries	0.02	-
	<b>0.02</b>	<b>-</b>
<b>Deposits received back from</b>		
Fellow Subsidiaries	0.12	-
Enterprises over which KMP have significant influence	0.04	1.20
	<b>0.16</b>	<b>1.20</b>
<b>Donations to</b>		
Enterprises over which KMP have significant influence	12.00	10.38
	<b>12.00</b>	<b>10.38</b>
<b>Contribution to post employment benefit plans</b>		
Post Employment Benefit Plans Trust	24.31	21.20
	<b>24.31</b>	<b>21.20</b>
<b>Employee benefit obligations transferred to</b>		
Holding Company	0.03	-
Fellow Subsidiaries	0.10	-
	<b>0.13</b>	<b>-</b>
<b>Employee benefit obligations transferred from</b>		
Holding Company	0.09	-
	<b>0.09</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Equity dividend paid</b>		
Holding Company	42.07	36.06
Key management personnel	0.06	0.05
Relative of KMP	0.04	0.02
KMP of Holding Company	-	^^
Relative of KMP of Holding Company	^	-
	<b>42.17</b>	<b>36.13</b>
^Amount in absolute ₹ 140 (Previous year: Nil)		
^^Amount in absolute Nil (Previous year: ₹ 972)		
<b>Guarantees issued / renewed</b>		
Subsidiaries*	1,621.74	1,088.35
	<b>1,621.74</b>	<b>1,088.35</b>
<b>Guarantees run-down / released</b>		
Subsidiaries**	1,027.78	555.89
	<b>1,027.78</b>	<b>555.89</b>

\* Converted using closing exchange rate - March 31, 2020 : USD 66 Million @ 75.56, Euro 117 Million @ 82.58 and THB 682 Million @ 2.30 (Previous year: USD 114.95 Million @ 69.0950, Euro 33 Million @ 77.580 and ZAR 80 Million @ 4.761)

\*\* Converted using closing exchange rate - March 31, 2020 : USD 124 Million @ 75.56, Euro 11 Million @ 82.58 (Previous year: USD 74.94 Million @ 69.0950 and ZAR 80 Million @ 4.761)

## 32.3 Outstanding Balances:

	As at March 31, 2020	As at March 31, 2019
<b>Receivables</b>		
Subsidiaries	17.35	8.84
	<b>17.35</b>	<b>8.84</b>
<b>Payables</b>		
Subsidiaries	5.83	1.03
Post Employment Benefit Plans Trust	14.37	9.30
	<b>20.20</b>	<b>10.33</b>
<b>Commission payable</b>		
Key management personnel	10.22	7.00
	<b>10.22</b>	<b>7.00</b>
<b>Security deposits outstanding</b>		
Subsidiaries	0.02	-
Fellow Subsidiaries	3.27	3.39
Key management personnel	0.13	0.13
Enterprises over which KMP have significant influence	0.14	0.18
	<b>3.56</b>	<b>3.70</b>
<b>Equity Investment outstanding</b>		
Subsidiaries	83.60	83.60
	<b>83.60</b>	<b>83.60</b>
<b>Guarantees outstanding</b>		
Subsidiaries***	2,721.01	1,958.95
	<b>2,721.01</b>	<b>1,958.95</b>

\*\*\* Converted using closing exchange rate - March 31, 2020 : USD 182.95 Million @ 75.56, Euro 139 Million @ 82.58, ZAR 80 Million @ 4.24 and THB 682 Million @ 2.30 (Previous year: USD 240.95 Million @ 69.0950, Euro 33 Million @ 77.580 and ZAR 80 Million @ 4.761)

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 32.4 Key management personnel compensation

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits*	22.11	16.95
Post-employment benefits	1.75	1.36
Other long-term benefits	1.25	0.33
	<b>25.11</b>	<b>18.64</b>

\* Includes sitting fees and commission paid/ payable to non executive directors

## 33. Employee Benefits

### 33.1 Defined contribution plans:

Amounts recognized in the statement of profit and loss are as under:

	Year ended March 31, 2020	Year ended March 31, 2019
Superannuation fund (Refer to note (i) below)	0.65	0.58
Provident fund administered through Regional Provident Fund Commissioner (Refer to note (ii) below)	12.58	9.73
Employees' State Insurance Corporation	0.58	1.13
National Pension Scheme	1.99	1.78
	<b>15.80</b>	<b>13.22</b>

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

#### (i) Superannuation fund

The Company makes contributions to a Trust which in turn contributes to ICICI Prudential Life Insurance Company Limited. Apart from being covered under the Gratuity Plan described below, 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 November 1, 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.

#### (ii) Provident fund administered through Regional Provident Fund Commissioner

All employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognised Provident Fund Trust. The Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. For other employees contributions are made to the Regional Provident Fund Commissioners. The Government mandates the annual yield to be provided to the employees on their corpus. This plan is considered as a Defined Contribution Plan. 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 and these are considered as Defined Benefit Plans and are accounted for on the basis of an actuarial valuation.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 33.2 Defined benefit plans

The Company sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by separate funds which are legally separate from the Company. These plans are:

- (a) Gratuity
- (b) Provident fund for certain category of employees administered through a recognised provident fund trust
- (i) **These plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk**

### Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

### Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

### Interest Risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

### Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

- (ii) **The principal assumption used for the purpose of the actuarial valuation were as follows:**

	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Discount Rate	6.77%	6.77%	7.66%	7.66%
Expected statutory interest rate	-	8.50%	-	8.65%
Salary increase	7.00%	-	7.00%	-
Retirement Age (years)	58	58	58	58
Mortality Rates	IALM (2012-14)	IALM (2012-14)	IALM (2006-08)	IALM (2006-08)
Withdrawal rate				
Upto 30 years	20.00%	20.00%	20.00%	20.00%
31 to 44 years	7.00%	7.00%	7.00%	7.00%
Above 44 years	8.00%	8.00%	8.00%	8.00%



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

(iii) Amounts recognised in statement of profit and loss in respect of these benefit plans are as follows:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current Service cost	7.19	6.07	6.00	6.36
Interest expenses (net of expected return on plan assets)	0.64	-	0.52	-
	<b>7.83</b>	<b>6.07</b>	<b>6.52</b>	<b>6.36</b>

The current service cost and the net interest expenses for the year are included in Note 25 "Employee Benefits Expenses" under the head "Contribution to provident and other funds".

(iv) Amounts recognised in Other Comprehensive Income:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Actuarial (gain)/ losses on plan assets	(0.41)	-	(5.71)	-
Actuarial (gain)/ losses arising from changes in financial assumptions	4.54	-	(2.43)	-
Actuarial (gain)/ losses arising from changes in experience adjustments	4.06	-	9.92	-
	<b>8.19</b>	<b>-</b>	<b>1.78</b>	<b>-</b>

(v) The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Present value of funded defined benefit obligation	85.78	137.01	70.66	121.17
Fair value of plan assets	69.96	136.55	62.36	123.07
<b>Surplus/ (Deficit)</b>	<b>(15.82)</b>	<b>(0.46)</b>	<b>(8.30)</b>	<b>1.90</b>
Effect of asset ceiling, if any	-	-	-	(1.90)
<b>Net assets / (liability)</b>	<b>(15.82)</b>	<b>(0.46)</b>	<b>(8.30)</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**(vi) Movements in the present value of defined benefit obligation are as follows:**

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening defined benefit obligation	70.66	121.17	62.22	105.25
Current service cost	7.19	6.07	6.00	6.36
Interest cost	5.41	10.32	4.81	8.01
Actuarial (gain)/ losses arising from changes in financial assumptions	4.54	-	(2.43)	-
Actuarial (gain)/ losses arising from changes in experience adjustments	4.06	-	9.92	-
Benefits paid	(5.04)	(13.88)	(9.86)	(7.87)
Contribution by plan participants/ employees	-	10.00	-	8.78
Settlement/ transfer in	(1.04)	3.33	-	0.64
<b>Closing defined benefit obligation</b>	<b>85.78</b>	<b>137.01</b>	<b>70.66</b>	<b>121.17</b>

**(vii) Movements in the fair value of plan assets are as follows:**

	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening fair value of plan assets	62.36	123.07	55.47	106.83
Return on plan assets (excluding amounts included in net interest expenses)	5.28	10.14	10.00	8.33
Contributions from employer	8.30	6.07	6.75	6.36
Contributions from plan participants	-	10.00	-	8.78
Benefits paid	(5.04)	(13.88)	(9.86)	(7.87)
Settlement/ transfer in	(0.94)	1.15	-	0.64
<b>Closing fair value of plan assets</b>	<b>69.96</b>	<b>136.55</b>	<b>62.36</b>	<b>123.07</b>

**Gratuity:**

Plan assets comprises primarily of investment in HDFC Group Unit Linked Plan fund. The average duration of the defined benefit obligation is 9.08 years (Previous year: 8.99 years). The Company expects to make a contribution of ₹ 8.68 Crores (Previous year: ₹ 7.01 Crores) to the defined benefit plans during the next financial year.

**Provident fund:**

The plan assets have been primarily invested in government securities and corporate bonds.

**(viii) Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

	Year ended March 31, 2020		Year ended March 31, 2019	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
<b>Sensitivity analysis of Gratuity</b>				
Discount rate	(2.62)	2.79	(2.05)	2.18
Expected salary growth	2.72	(2.63)	2.19	(2.07)
<b>Sensitivity analysis of Provident Fund</b>				
Discount rate	(0.01)	0.01	(0.01)	0.01

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 33.3 Other long-term employee benefit

Amounts recognized in the statement of profit and loss in note 25 "Employee Benefits expense" under the head "Salaries and wages, including bonus" are as under:

	Year ended March 31, 2020	Year ended March 31, 2019
Long term retention pay (Refer to note (i) below)	0.14	0.17
Compensated absences	11.26	6.93
	<b>11.40</b>	<b>7.10</b>

### (i) Long Term Retention Pay

The Company has a Long Term Retention Pay Plan which covers employees selected on the basis of their current band and their long term value to the Company. The incentive is payable in three year blocks subject to achievement of certain performance ratings. The Company also has a scheme for talent retention of certain identified employees under which an incentive is payable over a period of three years. Based on actuarial valuation, the Company has accrued the above mentioned amounts.

## 34. Employee Share Based Payments

The Company has an Employee Share Purchase Scheme (SRF Long Term Share Based Incentive Plan) to provide equity settled share based payments to certain employees. The expenses related to the grant of shares under the Scheme are accounted for on the basis of fair value of the share on the grant date (which is the market price of the Company's share on the date of grant less exercise price). The fair value so determined is expensed on a straight line basis over the remaining tenure over which the employees renders their services.

There were no equity shares granted during the current year. The number and fair value of equity shares granted during the previous year are as under:

	Year ended March 31, 2019
Number of equity shares granted during the year	60,000
Market price on the grant date (₹ per equity share)	1,724.73
Exercise price (₹ per equity share)	10.00
Fair value on the grant date (₹ per equity share)	1,714.73

## 35. Segment Reporting

Based on the guiding principles laid down in Indian Accounting Standard (Ind AS) - 108 "Segment Reporting", the Managing Director of the Company is the Chief Operating Decision Maker (CODM) and for the purposes of resource allocation and assessment of segment performance the business of the Company is segregated in the segments below:

- Technical Textiles business: includes nylon tyre cord fabric, belting fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals business: includes refrigerant gases, chloromethane, pharmaceuticals, fluorochemicals & allied products and its research and development.
- Packaging Film business: includes polyester films.
- Others: includes coated fabric, laminated fabric and other ancilliary activities.

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.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

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. These amounts relate to continuing operations, unless otherwise stated. (Refer to note 40 with regard to information in relation to discontinued operations).

## b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, inventories and property plant and equipment and intangible 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.

## A. Information about operating business segments

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Segment revenue</b>		
a) Technical textiles business (TTB)		
- External sales	1,352.62	1,732.34
- Inter-segment sales	4.93	3.36
<b>Total</b>	<b>1,357.55</b>	<b>1,735.70</b>
b) Chemicals business (CB)		
- External sales	2,984.93	2,446.56
- Inter-segment sales	-	-
<b>Total</b>	<b>2,984.93</b>	<b>2,446.56</b>
c) Packaging films business (PFB)		
- External sales	1,715.03	1,755.08
- Inter-segment sales	0.42	2.31
<b>Total</b>	<b>1,715.45</b>	<b>1,757.39</b>
d) Others		
- External sales	278.26	271.61
- Inter-segment sales	0.08	-
<b>Total</b>	<b>278.34</b>	<b>271.61</b>
<b>Total segment revenue</b>	<b>6,336.27</b>	<b>6,211.26</b>
Less: Inter segment revenue	5.43	5.67
<b>Revenue from operations</b>	<b>6,330.84</b>	<b>6,205.59</b>
Add: Unallocable income	53.29	42.13
<b>Total revenue</b>	<b>6,384.13</b>	<b>6,247.72</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Segment profits</b>		
(Profit before interest and tax from each segment)		
a) Technical textiles business (TTB)	151.52	261.26
b) Chemicals business (CB)	516.11	385.63
c) Packaging films business (PFB)	395.80	275.67
d) Others	31.77	21.81
<b>Total segment results</b>	<b>1,095.20</b>	<b>944.37</b>
Less: i) Interest and finance charges	182.11	173.78
Less: ii) Other unallocable expenses net of income	132.61	101.55
<b>Profit before tax from continuing operations</b>	<b>780.48</b>	<b>669.04</b>
<b>Profit before tax from discontinued operations (Refer to note 40)</b>	<b>241.82</b>	<b>24.07</b>
<b>Total profit before tax</b>	<b>1,022.30</b>	<b>693.11</b>
<b>Capital expenditure</b>		
a) Technical textiles business (TTB)	62.83	49.40
b) Chemicals business (CB)	503.27	836.22
c) Packaging films business (PFB)	41.33	71.77
d) Others	11.67	7.31
e) Unallocated	6.53	6.38
<b>Total</b>	<b>625.63</b>	<b>971.08</b>
<b>Depreciation and amortisation</b>		
a) Technical textiles business (TTB)	34.69	34.95
b) Chemicals business (CB)	245.33	221.61
c) Packaging films business (PFB)	50.86	49.96
d) Others	8.49	8.22
e) Unallocated	13.84	10.38
<b>Total</b>	<b>353.21</b>	<b>325.12</b>

Segment assets and liabilities	As at March 31, 2020	As at March 31, 2019
<b>Segment assets</b>		
a) Technical textiles business (TTB)	1,390.20	1,412.48
b) Chemicals business (CB)	5,233.16	4,913.89
c) Packaging films business (PFB)	1,481.72	1,624.00
d) Others	187.37	298.39
<b>Total</b>	<b>8,292.45</b>	<b>8,248.76</b>
Unallocable assets	527.13	423.54
<b>Total assets</b>	<b>8,819.58</b>	<b>8,672.30</b>
<b>Segment liabilities</b>		
a) Technical textiles business (TTB)	305.82	405.02
b) Chemicals business (CB)	514.46	433.96
c) Packaging films business (PFB)	291.15	375.81
d) Others	43.68	52.05
<b>Total</b>	<b>1,155.11</b>	<b>1,266.84</b>
Unallocable liabilities	2,980.22	3,486.82
<b>Total liabilities</b>	<b>4,135.33</b>	<b>4,753.66</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## B. Information about geographical business segments

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations</b>		
- India	3,639.45	3,889.21
- Germany	525.59	312.48
- USA	372.02	286.02
- Belgium	293.59	263.90
- Switzerland	425.38	210.51
- Others	1,074.81	1,243.47
	<b>6,330.84</b>	<b>6,205.59</b>

	As at March 31, 2020	As at March 31, 2019
<b>Non current segment assets</b>		
- Within India	6,022.14	5,729.25
- Outside India	-	-
	<b>6,022.14</b>	<b>5,729.25</b>

Non-current segment assets includes property, plant and equipments, right-of-use assets, capital work in progress, intangible assets, goodwill and other non current assets.

No single customer contributed 10% or more to the Company's revenue for both 2019-20 and 2018-19.

Revenue from major products	Year ended March 31, 2020	Year ended March 31, 2019
<b>a) Technical textiles business (TTB)</b>		
Nylon tyre cord fabric/ Polyester tyre cord fabric/ Belting fabric	1,178.73	1,500.22
Synthetic filament yarn including industrial yarn/ Twine	162.86	216.14
<b>b) Chemicals business (CB)</b>		
Fluorospecialities chemicals	1,623.83	1,039.13
Fluorochemicals, Refrigerant gases and Allied products	939.06	991.48
Chlorinated solvents and Industrial chemicals	344.89	347.80
Others	1.31	13.54
<b>c) Packaging films business (PFB)</b>		
Packaging films	1,671.53	1,683.83
<b>d) Others</b>		
Laminated fabric, Coated fabric and other ancillary activities	264.33	265.55
	<b>6,186.54</b>	<b>6,057.69</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 36. Earnings Per Share (EPS)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to the equity holders of the Company used in calculating basic earning per share and diluted earning per share:		
- From continuing operations	793.59	501.52
- From discontinued operations	180.59	15.66
- From continuing and discontinued operations	974.18	517.18
Weighted average number of equity shares for the purpose of calculating basic earnings per shares and diluted earnings per share (numbers)	5,74,80,500	5,74,60,445
Basic and diluted earnings per share (₹)		
- From continuing operations	138.06	87.28
- From discontinued operations	31.42	2.73
- From continuing and discontinued operations	169.48	90.01

## 37. Leases

The Company leases various types of assets including land, buildings and plant and equipment. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets	Land*^	Buildings	Plant and equipment	Total
<b>Balance at April 1, 2019</b>	<b>140.02</b>	<b>43.96</b>	<b>21.67</b>	<b>205.65</b>
Additions to right-of-use assets	13.89	1.02	28.96	43.87
Deletion of right-of-use assets	(5.20)	-	-	(5.20)
Depreciation charge for the year	(1.54)	(6.76)	(8.44)	(16.74)
<b>Balance at March 31, 2020</b>	<b>147.17</b>	<b>38.22</b>	<b>42.19</b>	<b>227.58</b>

\*The execution of lease deed of land in respect of 1,149,550 sq. mtrs. (Previous year: 1,081,250 sq. mtrs.) of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

^Including reclassification amounting to ₹ 135.77 Crores from non-current / current assets to right-of-use assets for prepaid lease rentals.

### Lease liabilities

#### Lease liabilities included in the Balance Sheet as at March 31, 2020

	As at March 31, 2020
Current	13.71
Non-current	73.98

#### Amounts recognised in Statement of Profit and Loss

	Year ended March 31, 2020
Interest on lease liabilities	6.70
Depreciation expense	16.74
Expenses relating to short-term leases and leases of low-value assets (Refer note 28)	13.66

#### Amounts recognised in Cash Flow Statement

	Year ended March 31, 2020
Total cash outflow for leases	18.87

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Impact due to change in Accounting Policy

On transition to Ind AS 116, the Company has recognised right-of-use assets and lease liabilities. The impact on transition is summarized below:

Operating lease commitments at March 31, 2019 as disclosed under Ind AS 17	133.99
Lease liabilities discounted using incremental borrowing rate recognised at April 1, 2019	69.88

When measuring lease liabilities for leases that were classified as operating lease, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 8%.

## Operating lease commitments under Ind AS 17

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers/ directors, various offices of the Company, lands and certain equipments. These arrangements are both cancellable and non-cancellable in nature and range between two to ninety nine years. The future minimum lease payments under non-cancellable operating leases are as under:

	<b>As at March 31, 2019</b>
<b>Non-cancellable operating lease commitments</b>	
- Within one year	9.57
- Later than one year and not later than five years	32.90
- Later than five years	91.52
	<b>133.99</b>

	<b>Year ended March 31, 2019</b>
Lease rent recognised in the Statement of profit and loss (Refer note 28) *	28.24

\* Excluding amounts relating to discontinued operations.

## 38. Financial Instruments and Risk Management

### 38.1 Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern and provide reasonable return to the shareholders by maintaining a reasonable balance between debt and equity. The capital structure of the Company consists of net debt (borrowings net of cash and cash equivalents and current investments) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on periodic basis. As part of its review, the management considers the cost of capital and risk associated with each class of capital. The Company also evaluates its gearing measures using Debt Equity Ratio to arrive at an appropriate level of debt and accordingly evolves its capital structure.



# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The following table provides the details of the debt and equity at the end of the reporting periods:

	As at March 31, 2020	As at March 31, 2019
Debt	2,752.12	3,103.12
Cash and cash equivalents	98.26	162.80
Current investments	198.50	100.49
<b>Net debt</b>	<b>2,455.36</b>	<b>2,839.83</b>
<b>Total equity</b>	<b>4,684.25</b>	<b>3,918.64</b>
<b>Net debt to equity ratio</b>	<b>0.52</b>	<b>0.72</b>

During the current year, investment in mutual funds have been considered in computation of net debt considering the short term nature of these investments. The comparative figures have been recomputed and disclosed accordingly.

## 38.2 Financial instruments by category

Financial assets	Level of hierarchy	Notes	Carrying value		Fair value	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Measured at amortised cost</b>						
Trade Receivables		a	768.71	856.15	768.71	856.15
Cash and cash equivalents		a	98.26	162.80	98.26	162.80
Bank balances other than above		a	9.03	9.33	9.03	9.33
Loans		a,b	52.30	41.38	52.30	41.38
Other financial assets		a	186.02	172.77	186.02	172.77
			<b>1,114.32</b>	<b>1,242.43</b>	<b>1,114.32</b>	<b>1,242.43</b>
<b>Measured at Fair value through profit and loss</b>						
Investments in mutual funds	2	d	198.50	100.49	198.50	100.49
Derivative instruments	2	d	-	3.40	-	3.40
			<b>198.50</b>	<b>103.89</b>	<b>198.50</b>	<b>103.89</b>
<b>Measured at Fair value through Other comprehensive income</b>						
Investments in unquoted equity instruments	3	d	4.16	0.11	4.16	0.11
Derivative instruments	2	d	-	30.85	-	30.85
			<b>4.16</b>	<b>30.96</b>	<b>4.16</b>	<b>30.96</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Financial liabilities	Level of hierarchy	Notes	Carrying value		Fair value	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Measured at amortised cost</b>						
Borrowings		a,c	1,922.23	2,737.75	1,922.23	2,737.75
Lease Liabilities		a,c	87.70	-	87.70	-
Trade payables		a	957.44	1,092.15	957.44	1,092.15
Other financial liabilities		a	846.49	508.26	846.49	508.26
			<b>3,813.86</b>	<b>4,338.16</b>	<b>3,813.86</b>	<b>4,338.16</b>
<b>Measured at Fair value through profit and loss</b>						
Financial guarantee contracts	3	d	-	2.55	-	2.55
Derivative instruments	2	d	0.06	-	0.06	-
			<b>0.06</b>	<b>2.55</b>	<b>0.06</b>	<b>2.55</b>
<b>Measured at Fair value through Other comprehensive income</b>						
Derivative instruments	2	d	68.04	-	68.04	-
			<b>68.04</b>	<b>-</b>	<b>68.04</b>	<b>-</b>

The following methods/ assumptions were used to estimate the fair values:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
- The fair value of other long-term borrowings and lease liabilities is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.
- The fair value is determined by using the valuation model/ technique with observable/ non-observable inputs and assumptions.
- Investment value excludes investment in subsidiaries which are shown at cost in balance sheet as per Ind AS 27 "Separate financial statements".

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019.

## Level 1:

Quoted prices in the active market: This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## Level 2:

Valuation techniques with significant observable inputs: This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of over the counter (OTC) derivative contracts and open ended mutual funds.

## Level 3:

Valuation techniques with significant unobservable inputs: This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value is determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are unquoted equity instruments and financial guarantees contracts.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- (i) Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions.
- (ii) Derivative contracts: The Company has entered into various foreign currency contracts and interest rate swaps contracts to manage its exposure to fluctuations in foreign exchange rates and interest rate respectively. These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the authorized dealers banks and forward exchange rates at the balance sheet date.
- (iii) Unquoted equity investments: Fair value is determined based on the recoverable value as per agreement with the investee.
- (iv) Financial guarantee contracts: Financial guarantee contracts are recognised initially as a liability at fair value determined based on comparative quotations from banks for provision of similar guarantees.

Reconciliation of Level 3 fair value measurements	Unlisted equity instruments	Financial Guarantee Contracts
<b>As at March 31, 2018</b>	<b>0.12</b>	<b>5.73</b>
Sale of investment	(0.01)	-
Income recognised in profit and loss	-	(3.18)
<b>As at March 31, 2019</b>	<b>0.11</b>	<b>2.55</b>
Purchase of investment	4.05	-
Income recognised in profit and loss	-	(2.55)
<b>As at March 31, 2020</b>	<b>4.16</b>	<b>-</b>

Sensitivity of the fair value measurement to changes in unobservable inputs for financial instruments in Level 3 level of hierarchy is insignificant.

# Notes to the Financial Statements

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## 38.3 Financial Risk Management

The Company is exposed to various financial risks arising from its underlying operations and finance activities. The Company is primarily exposed to market risk (i.e. interest rate and foreign currency risk) and to credit risk and liquidity risk. The Company's Corporate Treasury function plays the role of monitoring financial risk arising from business operations and financing activities.

Financial risk management within the Company is governed by policies and guidelines approved by the senior management and the Board of Directors. These policies and guidelines cover interest rate risk, foreign currency risk, credit risk and liquidity risk. Company policies and guidelines also cover areas such as cash management, investment of excess funds and the raising of short and long-term debt. Compliance with the policies and guidelines is managed by the Corporate Treasury function within the Company. Review of the financial risk is done on a monthly basis by the Managing Director and on a quarterly basis by the Board of Directors. The objective of financial risk management is to contain, where deemed appropriate, exposures on net basis to the various types of financial risks mentioned above in order to limit any negative impact on the Company's results and financial position.

In accordance with its financial risk management policies, the Company manages its market risk exposures by using specific type of financial instruments duly approved by the Board of Directors as and when deemed appropriate. It is the Company's policy and practice neither to enter into derivative transactions for speculative purpose, nor for any purpose unrelated to the underlying business. The Board of Directors/ Managing Director reviews and approves policies for managing each of the above risks.

### 38.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk. Financial instruments affected by market risk includes loans and borrowings, deposits, investments and derivative financial instruments. The Company enters into derivative contracts as approved by the Board to manage its exposure to interest rate risk and foreign currency risk.

#### A. Foreign Currency Risk Management

Foreign currency risk also known as Exchange Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign currency risk in the Company is attributable to Company's operating activities and financing activities.

In the operating activities, the Company's exchange rate risk primarily arises when revenue / costs are generated in a currency that is different from the reporting currency (transaction risk). In compliance with the Board approved policy, the Company manages the net exposure on a rolling 12 month basis and for exposures between 12 to 36 months, hedging is done based on specific exposure. The information is monitored by the Audit committee and the Board of Directors on a quarterly basis. This foreign currency risk exposure of the Company are mainly in U.S. Dollar (USD), Euro (EUR), Japanese Yen (JPY) and British Pound Sterling (GBP). The Company's exposure to foreign currency changes for all other currencies is not material.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in ₹ are as follows:

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for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Assets		Liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	247.47	321.20	1,483.12	1,825.76
EUR	111.16	128.23	585.07	394.31
JPY	-	-	6.87	6.36
GBP	4.13	4.85	0.14	0.58

## Foreign currency sensitivity analysis

The Company is mainly exposed to changes in USD, EUR, JPY and GBP exchange rates.

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) *				
USD	8.43	(8.43)	11.33	(11.33)
EUR	(1.03)	1.03	(1.12)	1.12
JPY	0.07	(0.07)	0.06	(0.06)
GBP	(0.04)	0.04	(0.04)	0.04

\* Includes sensitivity on long-term foreign currency monetary items on which Para D13 AA of Ind AS 101 has been applied. Accordingly, the exchange loss/ (gain) arising on long term foreign currency monetary items relating to acquisition of depreciable assets will be added to/ deleted from the cost of such assets/ capital work in progress and will be depreciated over the balance useful life of assets.

Impact on equity (Other Comprehensive Income)				
USD	3.78	(3.78)	3.45	(3.45)
EUR	5.78	(5.78)	3.88	(3.88)

## Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Corporate Treasury team manages its foreign currency risk by hedging transactions that are expected to occur within of 1 to 24 months for hedges of forecasted sales, purchases and capital expenditures. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Outstanding Contracts*	No. of Deals		Contract Value of Foreign Currency (In Millions)		Maturity			
					Up to 12 months Nominal Amount* (₹ Crores)		More than 12 months Nominal Amount* (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD / INR Sell forward	196	110	254.56	113.00	1,243.67	780.75	680.78	45.07
EUR / USD Sell forward	4	11	6.00	12.00	50.51	95.51	-	-
EUR / INR Sell forward	27	-	38.00	-	172.65	-	153.78	-

\* Computed using average forward contract rates

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding forward exchange contracts as tabulated above and adjusts their translation at the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) for the year				
USD	0.27	(0.27)	0.98	(0.98)
EUR	0.50	(0.50)	0.51	(0.51)
Impact on equity				
USD	19.60	(19.60)	6.99	(6.99)
EUR	3.31	(3.31)	0.43	(0.43)

## B. Interest Rate Risk Management

Interest rate risk arises from movements in interest rates which could have effects on the Company's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. The Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts, calculated by reference to an agreed principal amount outstanding at the time of inception of the swap. Out of the total long term borrowings, the amount of fixed interest loan is ₹ 838 Crores and floating interest loan is ₹ 1,026 Crores (Previous year: Fixed interest loan ₹ 853 Crores and Floating interest loan ₹ 1215 Crores).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ loans interest rate decreases by 0.50 %	Foreign currency loans interest rate decreases by 0.15 %	₹ loans interest rate decreases by 0.50 %	Foreign currency loans interest rate decreases by 0.15 %
Increase in profit before tax by	1.48	1.09	2.09	1.20

In case of increase in interest rate by above mentioned percentage, there would be a comparable negative impact on the profit before tax as mentioned above.

## Interest Rate Swap Contracts

Under interest rate swap (IRS) contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on the agreed notional principal amounts. Such contracts enables the Company to mitigate the risk of changing interest rates.

The following table details the IRS contracts outstanding at the end of the reporting period:

Outstanding Contracts	No. of Deals		Contract Value of Foreign Currency (In Millions)		Maturity			
					Up to 12 months Nominal Amount* (₹ Crores)		More than 12 months Nominal Amount* (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IRS Contracts*	3	4	15.05	23.13	26.71	54.24	86.99	105.58

\* Sensitivity on the above IRS contracts in respect of interest rate exposure is insignificant

Each of the above trades are in the nature of cash flow hedges and are effective hedges. The mark to market on these trades is therefore routed through Cash flow Hedge Reserve. The interest rate swap and the interest payments on the loan are paid simultaneously and are charged off to the statement of profit and loss.

# Notes to the Financial Statements

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## C. Hedge accounting

### Cash flow hedges

The amounts at the reporting date relating to the item designed as hedge items are as follows:

Hedging instruments	As at March 31, 2020			Year ended March 31, 2020	As at March 31, 2019			Year ended March 31, 2019
	Nominal amount	Carrying amount Assets / (liabilities)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in OCI	Nominal amount	Carrying amount Assets / (liabilities)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in OCI
Foreign exchange contracts	2,224.80	(65.62)	Other financial liabilities (current and non-current)	(92.75)	769.88	27.13	Other financial assets (current and non-current)	22.58
Foreign currency denominated loans	955.86	(955.86)	Non current borrowing	(65.90)	733.38	(733.38)	Non current borrowing	35.25
Interest rate swap contacts	113.70	(2.42)	Other financial liabilities (current and non-current)	(6.14)	159.82	3.72	Other financial assets (current and non-current)	(3.33)

### Fair flow hedges

The amounts at the reporting date relating to the item designed as hedge items are as follows:

Hedging instruments	As at March 31, 2020			Year ended March 31, 2020	As at March 31, 2019			Year ended March 31, 2019
	Nominal amount	Carrying amount Assets / (liabilities)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in statement of profit and loss	Nominal amount	Carrying amount Assets / (liabilities)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in statement of profit and loss
Foreign exchange contracts	76.58	(0.06)	Other financial liabilities (current and non-current)	(3.46)	151.45	3.40	Other financial assets (current and non-current)	1.97



# Notes to the Financial Statements

for the year ended March 31, 2020

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## 38.3.2 Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, loans and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with counterparties who meet the parameters specified in Investment Policy of the Company. The investment policy is reviewed by the Company's Board of Directors on an annual basis and if required, the same may be updated during the year. The investment policy specifies the limits of investment in various categories of products so as to minimize the concentration of risks and therefore mitigate financial loss due to counterparty's potential failure.

### Expected credit loss on financial assets:

To manage credit risk for trade receivables, the Company establishes credit approvals and credit limits, periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties, from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on these financial assets other than as detailed below.

Loss allowance for the following financial assets have been recognised by the Company:

	Note No.	As at March 31, 2020	As at March 31, 2019
Loans - non-current	6	-	0.07
Loans - current	6	2.74	2.74
Trade receivables	10	2.46	1.64
		<b>5.20</b>	<b>4.45</b>

### Movement of loss allowance :

	Loans (current and non current)	Trade receivables
<b>As at March 31, 2018</b>	<b>2.90</b>	<b>1.11</b>
Provided during the year	1.07	0.77
Reversed during the year	(1.16)	(0.24)
<b>As at March 31, 2019</b>	<b>2.81</b>	<b>1.64</b>
Provided during the year	0.31	1.56
Reversed during the year	(0.38)	(0.74)
<b>As at March 31, 2020</b>	<b>2.74</b>	<b>2.46</b>

Other than financial assets mentioned above, none of the Company's financial assets are impaired, as there are no indications that defaults in payments obligation would occur.

# Notes to the Financial Statements

for the year ended March 31, 2020

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## 38.3.3 Liquidity Risk Management

Liquidity risk is the risk of non-availability of financial facilities available to the Company to meet its financial obligations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of money market instruments, bank overdrafts, bank loans, debentures and other types of facilities. The liquidity management is governed by the Board approved liquidity management policy. Any deviation from the policy has to be approved by the Treasury Management comprising of Managing Director, Chief Financial Officer and Treasury Head. The Company assesses the concentration of risk with respect to refinancing its debt, guarantee given and funding of its capital expenditure needs of the future. The Company manages its liquidity by holding appropriate volumes of liquid assets which are available for its disposal on T +1 basis and by maintaining open credit lines with banks / financial institutions.

The table below analyze the Company's financial liabilities into relevant maturity profiles based on their contractual maturities:

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
<b>As at March 31, 2020</b>				
Borrowings*	1,546.99	1,097.22	20.22	2,664.43
Lease Liabilities	13.71	40.96	33.02	87.69
Trade payables	957.44	-	-	957.44
Other financial liabilities	149.53	22.87	-	172.40
	<b>2,667.67</b>	<b>1,161.05</b>	<b>53.24</b>	<b>3,881.96</b>

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
<b>As at March 31, 2019</b>				
Borrowings*	1,408.20	1,557.16	137.76	3,103.12
Lease Liabilities	-	-	-	-
Trade payables	1,092.15	-	-	1,092.15
Other financial liabilities	145.44	-	-	145.44
	<b>2,645.79</b>	<b>1,557.16</b>	<b>137.76</b>	<b>4,340.71</b>

\* including current maturity of non-current borrowings

## 39. Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers:

Contract assets	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	25.52	-
Increase as a result of changes in measure of progress	-	25.52
Transfer from contract assets recognised at the beginning of the year to receivables	25.52	-
	<b>-</b>	<b>25.52</b>

# Notes to the Financial Statements

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(All amounts in ₹ Crores, unless otherwise stated)

Contract liability	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	14.74	28.72
Revenue recognised that was included in the contract liability balance at the beginning of the period	(14.74)	(28.72)
Increase due to cash received, excluding the amount recognised as revenue during the period	10.75	14.74
	<b>10.75</b>	<b>14.74</b>

## 40. Discontinued operations

### (a) Description:

On May 11, 2019, the Company entered into a business transfer agreement for sale of its Engineering Plastics Business, which has been divested with effect from August 1, 2019. The business was reported under "Others segment" in accordance with the requirements of Ind AS 108 – "Operating Segments" in the financial statements till previous year. The relevant financial information of the said business has been disclosed under discontinued operations in terms of Ind AS 105- "Non-current assets held for sale and discontinued operations" as below:

### (b) Financial performance and Cash flow information:

Sl. no.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
I	(a) Sale of products	74.87	252.62
	(b) Other operating revenues	0.26	1.13
	<b>(c) Revenue from operations {I(a)+I(b)}</b>	<b>75.13</b>	<b>253.75</b>
	(d) Other income	-	0.19
	<b>(e) Total income {I(c)+I(d)}</b>	<b>75.13</b>	<b>253.94</b>
	(f) Total expenses	67.05	229.87
	<b>(g) Profit before tax for the period from discontinued operations {I(e)-I(f)}</b>	<b>8.08</b>	<b>24.07</b>
	(h) Tax expense related to discontinued operations	2.82	8.41
	<b>(i) Net Profit after tax for the period from discontinued operations {I(g)-I(h)}</b>	<b>5.26</b>	<b>15.66</b>
II	<b>(a) Profit before tax on disposal of discontinued operations</b>	<b>233.74</b>	-
	(b) Tax expense related to disposal of discontinued operations	58.41	-
	<b>(c) Net Profit after tax on disposal of discontinued operations {II(a)-II(b)}</b>	<b>175.33</b>	-
III	<b>Net Profit after tax for the period from discontinued operations {I(i)+II(c)}</b>	<b>180.59</b>	<b>15.66</b>
IV	Net cash generated from operating activities	17.29	13.06
V	Net cash generated from / (used in) investing activities	268.92	(4.53)
VI	Net cash used in financing activities	(0.14)	(0.87)

# Notes to the Financial Statements

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(All amounts in ₹ Crores, unless otherwise stated)

## (c) Revenue from major products

	Year ended March 31, 2020	Year ended March 31, 2019
Nylon/ PBT/ PC compounding chips	74.87	252.62

## (d) Details of disposal of discontinued operations:

	Year ended March 31, 2020
Proceeds from slump sale of business	315.77
Carrying amount of net assets transferred	(76.32)
Costs incurred on slump sale of business	(5.71)
<b>Profit before tax on disposal of discontinued operations</b>	<b>233.74</b>
Tax expense related to disposal of discontinued operations	(58.41)
<b>Net Profit after tax on disposal of discontinued operations</b>	<b>175.33</b>

## (e) The carrying amounts of assets and liabilities as at the date of sale were as follows:

	As at July 31, 2019
Property, plant and equipment	44.86
Goodwill	0.79
Intangible assets	0.22
Inventory	25.07
Trade receivables	25.27
Other assets	0.42
<b>Total assets</b>	<b>96.63</b>
Trade payables	(19.59)
Other liabilities and provisions	(0.72)
<b>Total liabilities</b>	<b>(20.31)</b>
<b>Net assets transferred</b>	<b>76.32</b>

- (f) Pursuant to requirements of Ind AS 105, the amounts in the statement of profit and loss (and notes 22 to 28) for the current year and the previous year have been presented for continuing operations, as if the operations had been discontinued from the start of the previous year, as applicable, unless otherwise stated.

## 41. Additional Disclosures

### (a) Research and Development Expenditure

The details of research and development expenditure of ₹ 132.77 Crores (Previous year: ₹ 104.40 Crores) included in these financial statements are as under:

	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	33.09	4.06
Revenue expenditure	99.68	100.34
	<b>132.77</b>	<b>104.40</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of material consumed	1.51	2.46
Salaries and wages, including bonus	37.85	34.96
Contribution to provident and other funds	2.45	2.03
Workmen and staff welfare expenses	3.62	3.07
Stores and spares consumed	6.15	8.45
Power and fuel	7.74	7.24
Rent	0.04	1.28
Repairs and maintenance		
- Buildings	-	0.01
- Plant and machinery	10.86	9.33
- Others	1.26	1.55
Insurance	0.87	0.38
Rates and taxes	0.04	0.08
Travelling and conveyance	1.27	1.45
Legal and professional charges	3.95	4.13
Depreciation and amortisation expense	19.09	18.60
Interest cost	0.36	-
Miscellaneous expenses	2.62	5.32
	<b>99.68</b>	<b>100.34</b>

## (b) Managerial Remuneration

i)	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Remuneration to Chairman/ Managing Director/ Deputy Managing Director/ Whole time Director</b>		
Salary and contribution to provident and other funds	11.05	7.44
Value of perquisites	2.26	3.53
Commission	9.50	6.50
<b>Sub-Total</b>	<b>22.81</b>	<b>17.47</b>
<b>(b) Remuneration to Non Executive Directors</b>		
Commission	0.72	0.50
Directors' sitting fees	0.21	0.21
Other fees	0.12	0.13
<b>Sub-Total</b>	<b>1.05</b>	<b>0.84</b>
<b>Total</b>	<b>23.86</b>	<b>18.31</b>

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

ii) Computation of managerial remuneration in accordance with section 197 of the Companies Act, 2013

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxation	1,022.30	693.11
<b>Add:</b>		
Managerial remuneration including commission	23.86	18.31
Loss/ write off of fixed assets as per accounts	2.87	1.53
Provision for doubtful debts/ advances/ investments	0.86	0.55
<b>Sub Total</b>	<b>27.59</b>	<b>20.39</b>
<b>Less:</b>		
Profit on sale of fixed assets as per accounts	12.76	-
Profit on disposal of discontinued operations	233.74	-
Net Gain on financial assets measured at FVTPL	9.38	11.93
Excess Provision written back	2.82	4.99
<b>Sub Total</b>	<b>258.70</b>	<b>16.92</b>
<b>Profit as per section 197 of the Companies Act, 2013</b>	<b>791.19</b>	<b>696.58</b>
Maximum remuneration as commission and/ or salary including perquisites @ 10% of net profit of ₹ 791.19 Crores (Previous year: ₹ 696.58 Crores) which can be paid to Managing Directors/ Whole time Directors under section 197 of the 2013 Act	79.12	69.66
<b>Remuneration paid/ payable to Managing Directors / Whole Time Directors</b>	<b>22.81</b>	<b>17.47</b>
Maximum remuneration payable to Non-Executive Directors @ 1% of net profit of ₹ 791.19 Crores (Previous year: ₹ 696.58 Crores) under section 197 of the 2013 Act	7.91	6.97
<b>Remuneration paid/ payable to Non-Executive Directors</b>	<b>1.05</b>	<b>0.84</b>

(c) The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items as described in Para D13 AA of Ind AS 101. Accordingly, exchange loss/ (gain) arising on all long term monetary items financed or re-financed on or before March 31, 2016 relating to acquisition of following depreciable assets are added to/ adjusted from the cost of such assets/ capital work in progress and will be depreciated over the balance useful life of such assets.

Exchange loss/ (gain) added/ (adjusted)	Year ended March 31, 2020	Year ended March 31, 2019
<b>Property, plant and equipment</b>		
- Plant and equipment	32.97	62.54
	<b>32.97</b>	<b>62.54</b>
<b>Other Intangible Assets</b>		
- Trade marks/ Brands	0.33	1.95
- Technical knowhow	0.19	1.14
- Others	0.09	0.56
	<b>0.61</b>	<b>3.65</b>

The cumulative exchange loss/ (gain) added/ (adjusted) and remaining unamortised as at March 31, 2020 is ₹ 153.11 Crores (Previous year: ₹ 132.49 Crores).

# Notes to the Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

(d) Details of loans and investments given on behalf of other companies are as under: -

Entity	Nature of Guarantee	Purpose
Guarantee details	Refer note 31 (d) above	To secure the financial facilities sanctioned to subsidiaries by banks and other companies.

(e) The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions as well as specified domestic transactions. Based on the transfer pricing regulations/ policy, the transfer pricing study for the year ended March 31, 2020 is to be conducted on or before due date of the filing of return and the Company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

(f) The Company was required to spend ₹ 12.00 Crores (Previous year: ₹ 10.38 Crores) on corporate social responsibility activities under section 135 of the Companies Act, 2013 out of which ₹ 12.00 Crores (Previous year: ₹ 10.38 Crores) has been spent.

(g) In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on March 25, 2020, which has impacted the business activities of the Company. The Company has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments, and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has considered internal and external information available till the date of approval of these financial statements and has assessed its situation.

In that context and based on the current estimates, the Company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these financial statements. The Company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no.  
101248W / W-100022

**Kaushal Kishore**  
Partner  
Membership No.: 090075  
Place : Delhi  
Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Rajat Laxhanpal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram

# Independent Auditors' Report

To the Members of

**SRF Limited**

**Report on the Audit of Consolidated Financial Statements**

## Opinion

We have audited the consolidated financial statements of SRF Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

## The key audit matter

### Accounting for derivatives

An important element of Group's fund-raising strategy involves various types of borrowings including foreign currency denominated borrowings and a combination of fixed and floating interest rates. The Group's operating activities are also exposed to significant foreign exchange risk (refer to note 40 of the consolidated financial statements).

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

## How the matter was addressed in our audit

In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:

- Tested the design, implementation and operating effectiveness of controls over the Group's treasury and other related functions which directly impact the relevant account balances and transactions, including hedge accounting.



### The key audit matter

The Group uses derivative financial instruments to mitigate foreign currency risk and interest rate risk primarily through foreign currency forward exchange contracts and interest rate swaps.

Further, the Group has been using hedge relationship designation as per criteria set out in relevant Indian accounting standards.

Accounting thereof and related presentation and disclosures of these transactions require significant judgement.

Given the significant level of judgement and estimation involved and the quantitative significance, we have determined this to be a key audit matter.

### Impact of adopting the new income tax regime

See notes 9 and 31 to the consolidated financial statements.

With effect from financial year 2019-2020, the Income Tax Act provides an option of paying income taxes at a lower rate subject to complying with certain prescribed conditions ('new tax regime'). The Group has opted to shift to the new tax regime from a financial year in the future.

Accordingly, the deferred tax balances which are expected to reverse subsequent to the Holding Company shifting to the new tax regime in the specified future year were remeasured and the consequential amount was recognised in the Consolidated Statement of Profit and Loss of the current year. This amount is considered to be significant.

The determination of the point in time at which the Holding Company would shift to the new tax regime involves significant judgement and estimation [including, consideration of uncertainties associated with COVID 19 pandemic, refer note 46(e)], regarding forecasting future taxable profits and realisation of MAT credit entitlement (an item of deferred tax assets). Since the impact of remeasurement of deferred tax balances as stated above is sensitive to these judgements and estimates, it affects the amount of deferred tax balances (including MAT credit) that are reversed in the Consolidated Statement of Profit and Loss of the current year.

Given the significant level of judgement involved and the quantitative significance, we have determined this to be a key audit matter.

### How the matter was addressed in our audit

- For selected samples, obtained external confirmations from counterparties of the year end positions as well as agreed to original agreements.
- Performed sample tests of valuation and accounting of these transactions. In doing so we have involved valuation specialists to assist us in carrying out aforesaid procedure, as considered necessary.
- Assessed the adequacy of disclosures in the financial statements in respect of both non-derivative and derivative financial instruments.

In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:

- Examined the implications of the new provisions on the tax position of the Holding Company to assess the impact of adopting the new tax regime from the specified future financial year.
- Obtained budgets/ business plans, underlying the projections prepared by the Holding Company
- Challenged key assumptions used in the projections based on business plans, historical data and trends, based on our knowledge of business.
- Assessed the recoverability of MAT credit entitlement (an item of deferred tax assets) against the forecast future taxable profits.
- Assessed the adequacy of related disclosures in the consolidated financial statements.

## Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors;
- conclude on the appropriateness of Management's and Board of Director's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of such

entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

(a) We did not audit the financial information of seven subsidiaries whose financial information reflect total assets of ₹ 2,813.91 crores (before consolidation adjustments) as at 31 March 2020, total revenues of ₹ 1,009.47 crores (before consolidation adjustments) and net cash flows amounting to ₹ 8.58 crores for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified

in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors

of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act; and

- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

- i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 33 to the consolidated financial statements;
- ii. provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 40 to the consolidated financial statements in respect of such items as it relates to the Group;
- iii. there have been no delays in transferring amounts to the Investor Education and

Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020; and

- iv. the disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of the subsidiary Company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limits laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Kaushal Kishore**

Partner

Place: Delhi

Membership No. 090075

Date: 4 June 2020

UDIN: 20090075AAAAAK9460

## **Annexure A** to the Independent Auditors' report on the consolidated financial statements of SRF Limited for the year ended 31 March 2020

### **Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**[Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]**

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of SRF Limited as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of SRF Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation

and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

**Kaushal Kishore**

Partner

Place: Delhi

Membership No. 090075

Date: 4 June 2020

UDIN: 20090075AAAAAK9460

# Consolidated Balance Sheet

as at March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	6,022.93	5,496.45
Right-of-use assets	43	227.58	-
Capital work-in-progress		1,393.29	753.61
Goodwill	5	0.62	4.08
Other intangible assets	6	116.46	108.86
<b>Financial assets</b>			
(i) Investments	7	4.16	0.11
(ii) Loans	8	43.87	34.05
(iii) Other financial assets	10	15.86	4.71
Deferred tax assets	9	14.26	-
Non current tax assets (net)	22	35.03	19.00
Other non-current assets	11	96.50	294.74
<b>Total non-current assets</b>		<b>7,970.56</b>	<b>6,715.61</b>
<b>Current assets</b>			
Inventories	12	1,201.23	1,224.74
<b>Financial assets</b>			
(i) Investments	7	198.50	100.49
(ii) Trade receivables	13	891.07	1,028.75
(iii) Cash and cash equivalents	14	116.44	189.55
(iv) Bank balances other than above	15	9.03	9.33
(v) Loans	8	25.17	11.18
(vi) Other financial assets	10	170.38	200.38
Current tax assets (net)	22	1.74	-
Other current assets	11	280.80	407.87
<b>Total current assets</b>		<b>2,894.36</b>	<b>3,172.29</b>
<b>Assets classified as held for sale</b>	42	<b>11.84</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>10,876.76</b>	<b>9,887.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	58.50	58.50
Other equity	17	4,874.82	4,070.77
<b>Total equity</b>		<b>4,933.32</b>	<b>4,129.27</b>



# Consolidated Balance Sheet (Contd.)

as at March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	18	2,311.63	2,161.34
(ii) Lease liabilities	43	73.98	-
(iii) Other financial liabilities	21	22.87	-
Provisions	19	37.53	38.10
Deferred tax liabilities (net)	9	175.50	341.98
Other non-current liabilities	23	14.00	18.53
<b>Total non-current liabilities</b>		<b>2,635.51</b>	<b>2,559.95</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	18	955.44	1,127.39
(ii) Lease liabilities	43	13.71	-
(iii) Trade payables	20		
a) Total outstanding dues of micro enterprises and small enterprises		30.36	18.24
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,081.33	1,364.18
(iv) Other financial liabilities	21	1,124.54	602.49
Other current liabilities	23	86.18	70.59
Provisions	19	6.62	5.96
Current tax liabilities (Net)	22	9.75	9.83
<b>Total current liabilities</b>		<b>3,307.93</b>	<b>3,198.68</b>
<b>Total Liabilities</b>		<b>5,943.44</b>	<b>5,758.63</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,876.76</b>	<b>9,887.90</b>

Summary of significant accounting policies

1-3

See accompanying notes to the consolidated financial statements

4 to 46

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no.

101248W / W-100022

**Kaushal Kishore**

Partner

Membership No.: 090075

Place : Delhi

Date : June 4, 2020

**Arun Bharat Ram**

Chairman

DIN - 00694766

Place : Delhi

**Ashish Bharat Ram**

Managing Director

DIN - 00671567

Place : Gurugram

**Kartik Bharat Ram**

Deputy Managing Director

DIN - 00008557

Place : Delhi

**Bharti Gupta Ramola**

Director

DIN - 00356188

Place : Gurugram

**Rahul Jain**

President & CFO

Place : Gurugram

**Rajat Lakhnupal**

Vice President

(Corporate Compliance)  
and Company Secretary

Place : Gurugram

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	24	7,209.41	7,099.59
II Other income	25	49.05	27.97
<b>III Total Income (I + II)</b>		<b>7,258.46</b>	<b>7,127.56</b>
<b>IV Expenses</b>			
Cost of materials consumed	26.1	3,687.39	3,992.61
Purchases of stock-in-trade	26.2	91.40	48.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	26.3	(91.82)	(74.03)
Employee benefits expense	27	541.92	460.79
Finance costs	28	200.68	198.37
Depreciation and amortisation expense	29	388.61	358.17
Other expenses	30	1,525.58	1,374.67
<b>Total Expenses (IV)</b>		<b>6,343.76</b>	<b>6,359.13</b>
<b>V Profit before tax from continuing operations (III - IV)</b>		<b>914.70</b>	<b>768.43</b>
<b>VI Tax expense related to continuing operations</b>	31		
Current tax		104.26	139.83
Deferred tax			
MAT credit entitlement		(36.73)	(87.11)
Others		(68.73)	124.13
<b>Total tax expense related to continuing operations</b>		<b>(1.20)</b>	<b>176.85</b>
<b>VII Profit for the year from continuing operations (V - VI)</b>		<b>915.90</b>	<b>591.58</b>
<b>VIII Profit before tax from discontinued operations</b>	42	<b>155.85</b>	<b>58.46</b>
<b>IX Tax expense of discontinued operations</b>	31	52.66	8.41
<b>X Profit for the year from discontinued operations (VIII - IX)</b>		<b>103.19</b>	<b>50.05</b>
<b>XI Total Profit for the year (VII + X)</b>		<b>1,019.09</b>	<b>641.63</b>
<b>XII Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans	17.2, 36.2	(8.25)	(1.49)
(ii) Income tax relating to items that will not be reclassified to profit or loss	17.2, 32	2.86	0.62
B (i) Items that will be reclassified to profit or loss			
- Exchange differences on translation of foreign operations	17.8	(10.67)	(24.69)
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	17.3	(160.53)	50.25
(ii) Income tax on items that will be reclassified to profit or loss	32	57.58	(19.05)
<b>Total other comprehensive income for the year, net of taxes (A(i+ii) + B(i+ii))</b>		<b>(119.01)</b>	<b>5.64</b>

# Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
<b>XIII Total comprehensive income for the year (X + XI)</b>		<b>900.08</b>	<b>647.27</b>
<b>Basic and Diluted earning per equity share in ₹</b>	39		
From continuing operations		159.34	102.95
From discontinued operations		17.95	8.71
From continuing and discontinued operations		177.29	111.66
Summary of significant accounting policies	1-3		
See accompanying notes to the consolidated financial statements	4 to 46		

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no.  
101248W / W-100022

**Kaushal Kishore**  
Partner  
Membership No.: 090075  
Place : Delhi  
Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Rajat Lakhanpal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram

# Consolidated Cash Flow Statement

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax		
- Continuing Operations	914.70	768.43
- Discontinued Operations	155.85	58.46
Adjustments for:		
Finance costs	201.56	201.60
Interest income	(15.11)	(4.49)
Net (gain) / loss on sale of property, plant and equipment	(12.76)	-
Net gain on financial assets measured at fair value through profit and loss	(9.38)	(11.93)
Credit impaired assets provided / written off	2.18	2.23
Amortisation of grant income	(3.37)	(0.78)
Depreciation and amortisation expense	392.90	366.87
Property, plant and equipment and inventory discarded / provided	74.58	1.95
Provision / liabilities no longer required written back	(4.47)	(11.00)
Amotisation of upfront payment for leasehold land	-	1.48
Net unrealised currency exchange fluctuations loss /(gain)	7.15	(11.06)
Profit on sale of business	(233.74)	-
Employee share based payment expense	0.97	0.64
Adjustments for (increase) /decrease in operating assets :-		
Trade receivables	140.75	(350.33)
Inventories	5.26	(267.34)
Loans (current)	(19.38)	3.28
Loans (non-current)	(9.84)	(3.32)
Other assets (current)	132.80	(32.81)
Other assets (non-current)	10.10	(22.35)
Adjustments for increase / (decrease) in operating liabilities :-		
Trade payables	(272.01)	338.18
Provisions	(1.34)	17.09
Other liabilities (non-current)	(0.17)	(14.95)
Other liabilities (current)	(10.08)	16.02
<b>Cash generated from operations</b>	<b>1,447.15</b>	<b>1,045.87</b>
Income taxes paid (net of refunds)	(142.71)	(150.23)
<b>Net cash generated from operating activities</b>	<b>1,304.44</b>	<b>895.64</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Proceeds/ (purchases) of mutual funds	(88.63)	33.15
Purchase of current investments (others)	(4.05)	-
Proceeds from sale of business	315.77	-
Costs incurred on sale of business	(5.71)	-
Income tax paid on profit from sale of business	(40.84)	-
Interest received	15.56	4.49
Bank balances not considered as cash and cash equivalents	0.52	0.82
Payment for purchase of property, plant, equipment, capital work-in-progress and intangible assets	(1,389.16)	(1,056.38)
Proceeds from disposal of property, plant and equipment	16.21	3.74
<b>Net cash used in investing activities</b>	<b>(1,180.33)</b>	<b>(1,014.18)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	0.06
Proceeds from borrowings (Non-current)	1,277.92	1,182.25
Repayment of borrowings (Non-current)	(957.47)	(914.51)
Net proceeds / (repayment) from borrowings (Current)	(199.75)	285.67
Dividends on equity share capital paid	(80.32)	(69.41)
Corporate dividend tax paid	(16.54)	(14.19)
Payment towards lease liability	(18.87)	-
Finance costs paid	(203.96)	(224.10)
<b>Net cash (used in) / generated from financing activities</b>	<b>(198.99)</b>	<b>245.77</b>

# Consolidated Cash Flow Statement (Contd.)

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>D EFFECT OF EXCHANGE RATE CHANGES</b>	<b>1.77</b>	<b>(24.69)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(73.11)</b>	<b>102.54</b>
Cash and cash equivalents at the beginning of the year	189.55	87.01
<b>Cash and cash equivalents at the end of the year (Refer to note 14)</b>	<b>116.44</b>	<b>189.55</b>

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) -7 on "Statement of Cash Flows"
- During the year, the Company paid in cash ₹ 12.00 crores (Previous year: ₹ 10.38 crores) towards corporate social responsibility (CSR) expenditure.
- For cash flow information of discontinued operations, Refer note 42.
- The following table disclose changes in liabilities arising from historical activities including both cash and non cash changes.

Particulars	As at March 31, 2019	Cash flow from financing activities	Non-cash changes					As at March 31, 2020
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim dividend declared ^	Lease liability recognised	
Equity share capital	58.50	-	-	-	-	-	-	58.50
Non current borrowings*	2,602.80	320.45	3.42	164.71	-	-	-	3,091.38
Current borrowings	1,127.39	(199.75)	-	27.80	-	-	-	955.44
Interest accrued	31.54	(203.96)	-	-	201.56	-	-	29.14
Lease liability	-	(18.87)	-	-	6.70	-	99.87	87.70
Dividend and taxes thereon	5.89	(96.86)	-	-	-	97.01	-	6.04
<b>Total</b>	<b>3,826.12</b>	<b>(198.99)</b>	<b>3.42</b>	<b>192.51</b>	<b>208.26</b>	<b>97.01</b>	<b>99.87</b>	<b>4,228.20</b>

Particulars	As at March 31, 2018	Cash flow from financing activities	Non-cash changes					As at March 31, 2019
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim dividend declared ^		
Equity share capital	58.44	0.06	-	-	-	-	-	58.50
Non current borrowings*	2,291.05	267.74	3.87	40.14	-	-	-	2,602.80
Current borrowings	850.78	285.67	-	(9.06)	-	-	-	1,127.39
Interest accrued	25.08	(224.10)	-	-	230.56	-	-	31.54
Dividend and taxes thereon	6.32	(83.60)	-	-	-	83.17	-	5.89
<b>Total</b>	<b>3,231.67</b>	<b>245.77</b>	<b>3.87</b>	<b>31.08</b>	<b>230.56</b>	<b>83.17</b>		<b>3,826.12</b>

\*including current maturity of long term debts

^Including taxes on dividend

#including amount capitalized

Summary of significant accounting policies 1-3

See accompanying notes to the consolidated financial statements 4 to 46

As per our report of even date attached

For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no.

101248W / W-100022

**Kaushal Kishore**

Partner

Membership No.: 090075

Place : Delhi

Date : June 4, 2020

**Arun Bharat Ram**

Chairman

DIN - 00694766

Place : Delhi

**Ashish Bharat Ram**

Managing Director

DIN - 00671567

Place : Gurugram

**Kartik Bharat Ram**

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**Rahul Jain**

President & CFO

Place : Gurugram

**Rajat Lakhnpal**

Vice President

(Corporate Compliance)

and Company Secretary

Place : Gurugram

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## (a) Equity share capital

	Amount
<b>Balance at March 31, 2018</b>	<b>58.44</b>
Changes in equity share capital during the year	0.06
<b>Balance at March 31, 2019</b>	<b>58.50</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2020</b>	<b>58.50</b>

## (b) Other Equity

	Reserves and Surplus*					Items of other comprehensive income*			
	Capital reserve	General reserve	Capital redemption reserve	Debenture redemption reserve	Employee share based payment reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through other comprehensive income	Effective portion of cash flow hedge
<b>Balance at March 31, 2018</b>	193.77	573.77	10.48	75.00	-	2,643.41	20.69	(4.22)	(6.81)
Profit for the year	-	-	-	-	-	641.63	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(0.87)	(24.69)	-	31.20
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>640.76</b>	<b>(24.69)</b>	<b>-</b>	<b>31.20</b>
Payment of dividend (₹ 12 per share)	-	-	-	-	-	(68.98)	-	-	-
Tax on Dividend	-	-	-	-	-	(14.19)	-	-	-
Transfer from Debenture redemption reserve	-	-	-	-	-	-	-	-	-
Employee share based payments to employees	-	-	-	-	0.58	-	-	-	-
<b>Balance at March 31, 2019</b>	<b>193.77</b>	<b>573.77</b>	<b>10.48</b>	<b>75.00</b>	<b>0.58</b>	<b>3,201.00</b>	<b>(4.00)</b>	<b>(4.22)</b>	<b>24.39</b>
Profit for the year	-	-	-	-	-	1,019.09	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(5.39)	(10.67)	-	(102.95)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013.70</b>	<b>(10.67)</b>	<b>-</b>	<b>(102.95)</b>
Payment of dividend (₹ 14 per share)	-	-	-	-	-	(80.47)	-	-	-
Tax on Dividend	-	-	-	-	-	(16.54)	-	-	-
Employee share based payments to employees	-	-	-	-	0.98	-	-	-	-
<b>Balance at March 31, 2020</b>	<b>193.77</b>	<b>573.77</b>	<b>10.48</b>	<b>75.00</b>	<b>1.56</b>	<b>4,117.69</b>	<b>(14.67)</b>	<b>(4.22)</b>	<b>(78.56)</b>

\* Refer note 17

Summary of significant accounting policies 1-3  
See accompanying notes to the consolidated financial statements 4 to 46

As per our report of even date attached For and on behalf of the Board of Directors

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration no.

101248W / W-100022

**Kaushal Kishore**

Partner

Membership No.: 090075

Place : Delhi

Date : June 4, 2020

**Arun Bharat Ram**

Chairman

DIN - 00694766

Place : Delhi

**Ashish Bharat Ram**

Managing Director

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**Kartik Bharat Ram**

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**Rahul Jain**

President & CFO

Place : Gurugram

**Rajat Lakhnopal**

Vice President

(Corporate Compliance)

and Company Secretary

Place : Gurugram

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 1 CORPORATE INFORMATION

SRF Limited ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's equity shares are listed at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is situated at The Galleria, DLF Mayur Vihar, Unit No. 236 and 237, Second Floor, Mayur Vihar Place, Noida Link Road, Mayur Vihar Phase I Extn, Delhi - 110091. The Company's parent and ultimate holding group is KAMA Holdings Limited.

The principal activities of the Company and its subsidiaries (together the Group) are manufacturing, purchase and sale of technical textiles, chemicals, packaging films and other polymers.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on June 04, 2020.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 ("the Act") as amended thereafter and other relevant provisions of the Act.

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans - plan assets measured at fair value less present value of defined benefit obligation

- Share based payments

The functional currency of the Company is 'INR' and its subsidiaries are their respective local currencies. The financial statements are presented in INR and all values are rounded to the nearest crores, except when otherwise indicated.

The consolidated financial statements incorporate the financial statements of the holding group and its subsidiaries. Control is achieved when the group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the group gains control until the date when the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Necessary adjustments are made in the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies if any.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

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, 2020	Proportion of ownership as at March 31, 2019
<b>Indian Subsidiaries</b>			
SRF Holiday Home Limited	India	100%	100%
SRF Employees Welfare Trust	India	*	*
<b>Foreign Subsidiaries</b>			
SRF Global BV	Netherlands	100%	100%
SRF Europe Kft (100% subsidiary of SRF Global BV)	Hungary	100%	100%
SRF Industries (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 Flexipak (South Africa) (Pty) Limited (100% subsidiary of SRF Global BV)	Republic of South Africa	100%	100%

\*By virtue of management control under Ind As-24 "Related party disclosures"

The group 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 group does not exercise significant influence over Malanpur Captive Power Limited.

The group owns 26.32% (Previous year – 26.32%) in Vaayu Renewable Energy (Tapti) Private Limited and the same has not been considered for the purposes of consolidation, since the group does not exercise significant influence over Vaayu Renewable Energy (Tapti) Private Limited.

**The principal accounting policies are set out below.**

### 2.2 Current versus non-current classification

The group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between acquisition of assets for processing and



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their realisation in cash and cash equivalents, the group has identified twelve months as its operating cycle for the purpose of current / non current classification of assets and liabilities.

### 2.3 Property, plant and equipment (PPE)

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

All items of property plant and equipment have been measured at fair value at the date of transition to Ind AS. The Group have opted such fair valuation as deemed cost at the transition date i.e. April 1, 2015.

Cost of acquisition or construction is inclusive of freight, duties, non recoverable taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for qualifying assets, upto the date of commissioning of the assets

Likewise, when a major inspection for faults is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment and depreciated accordingly.

Assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Capital Work in Progress: Project under which assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the group intends to use these for more than a period of 12 months.

### 2.4 Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation has been provided on the cost of assets less their residual values on straight line method on the basis of estimated useful life of assets determined by the Group which are different from the useful life as prescribed in Schedule II of the 2013 Act. The estimated useful life of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. and are as under:

Roads	40-50 years
Buildings (including temporary structures)	5-60 years
Plant and equipment	2-40 years
Furniture and fixtures	15 years
Office equipment	3-20 years
Vehicles	4-5 years

Freehold land is not depreciated.

Depreciation is calculated on a pro rata basis except, assets costing upto ₹ 5,000 each, which are fully depreciated in the year of purchase.

An item of property, plant and equipment or any significant part initially recognised of such item of property plant and equipment is derecognised

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upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives considered are as follows:

Trademarks / Brand	10-30 years
Technical Knowhow	30-40 years
Software	3 years
Other intangibles	2.5-8 years

The group has elected to continue with the carrying value of all of its intangibles assets recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

The amortisation period and the amortisation method for an intangible asset with a finite useful

life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised on disposal or when no future economic benefit are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### 2.6 Research and development expenditure

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 development costs are capitalised if they can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use or sell the asset.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss

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unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

### 2.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 2.8 Impairment of tangible and intangible assets other than goodwill

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-

generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognised When the carrying amount of an asset or CGU exceeds its recoverable amount. In such cases, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after 5th year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously

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recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### 2.9 Leasing

Effective April 1, 2019, the group has applied Ind AS 116 using modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately, if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 43.

#### Policy applicable from April 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### Group as lessee

The Group accounts for assets taken under lease arrangement in the following manner:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight line method from the

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commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of remaining lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Policy applicable before April 1, 2019

In the comparative period, a lease arrangement is classified as either a finance lease or an

operating lease, based on the substance of the lease arrangement.

### Finance leases

Assets held under finance lease are initially recognised as assets at the fair value at the inception of lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### Operating leases

Lease rental expenses from operating leases is generally recognised on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## 2.10 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs incurred for the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

In case of a specific borrowing taken for the purpose of acquisition, construction or production of a qualifying asset, the borrowing costs capitalised shall be the actual borrowing costs incurred during the period less any interest income earned on temporary investment of specific borrowing pending expenditure on qualifying asset.

In case funds are borrowed generally and such funds are used for the purpose of acquisition, construction or production of a qualifying asset, the borrowing costs capitalised are calculated by applying the weighted average capitalisation rate on general borrowings outstanding during the period, to the expenditures incurred on the qualifying asset.

If any specific borrowing remains outstanding after the related asset is ready for its intended use, that borrowing is considered part of the funds that are borrowed generally for calculating the capitalisation rate.

### 2.11 Foreign Currencies

#### Transaction and balances

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

- (i) Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the

closing rates prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit and Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to exchange differences arising from cash flow hedges to the extent that the hedges are effective and those covered below.

- (ii) Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or before March 31, 2016

Exchange differences on long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance useful life of the assets.

- (iii) Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after April 1, 2016

The exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after April 1, 2016 is treated in accordance with Ind AS 21/ Ind AS 109.

### 2.12 Inventories

Inventories are valued at cost or net realisable value, whichever is lower. The basis of determining the cost for various categories of inventory are as follows:

- (a) Raw materials, packing material and stores and spares including fuel - Cost

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includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. The aforesaid items are valued below cost if the finished products in which they are to be incorporated are expected to be sold at a loss.

- (b) Traded goods, Stock in progress and finished goods- Direct cost plus appropriate share of overheads and excise duty, wherever applicable
- (c) By products - At estimated realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13 Provisions and Contingent Liabilities

#### Provisions

The group recognised a provision when there is a present obligation (legal or constructive) 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.

When the group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The group does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

### 2.14 Revenue recognition

#### a) Sale of goods

Revenue from sale of products is recognised upon transfer of control of products to customers at the time of shipment to or receipt of goods by the customers. Service income is recognised as and when the underlying services are performed. The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time.

Revenues are measured based on the transaction price, which is the consideration, net of tax collected from customers and remitted to government authorities such as sales tax/value added tax and goods and services tax and applicable discounts and allowances.

Any fees including upfront fees received in relation to contract manufacturing arrangements

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is recognised on straight line basis over the period over which the Group satisfies the underlying performance obligations. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash as per contractual terms. Advance from customers ("contract liability") is recognised when the group has received consideration from the customer before it delivers the goods.

### b) Interest and dividend income

Interest income is recognised when it is probable that the economic benefits will flow to the group using the effective interest rate and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

### c) Export incentive

The benefit accrued under the Duty Drawback scheme and other schemes as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "Revenue from Operations" under 'Export and other incentives'.

## 2.15 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

### a) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to

compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss account i.e. in Other comprehensive income or equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### b) Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the group has a legally enforceable right for such set off.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax relating to items recognised outside profit or loss is recognised in other comprehensive income or in equity.



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Deferred tax assets/liabilities are not recognised for below mentioned temporary differences:

- (i) At the time of initial recognition of goodwill;
- (ii) Initial recognition of assets or liabilities (other than in a business combination) at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (iii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the group will pay normal income tax. Accordingly, MAT asset is recognised in the consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the group.

The group considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the group determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. However, if the group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the group reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

### 2.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

A government grant that becomes receivable as compensation for expenses or losses incurred in a previous period. Such a grant is recognised in profit or loss of the period in which it becomes receivable.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to assets are presented in the consolidated balance sheet as deferred income and is recognised in profit or loss on a systematic basis over the expected useful life of the related assets.

### 2.17 Employee benefits

#### Short term employee benefits

Wages and salaries including non monetary benefits that are expected to be settled within the operating cycle after the end of the period in which the related services are rendered and measured at the undiscounted amount expected to be paid

#### Defined contribution plans

Provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund, National pension scheme and Employees' State Insurance Corporation are defined contribution schemes. Contributions to such schemes are charged to the statement of profit and loss in the year when employees have rendered services entitling them to the contributions. The group has no obligation, other than the contribution payable to such schemes.

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### Defined benefit plans

The group has defined benefit plan such as gratuity, provident fund for certain category of employees administered through a recognised provident fund trust and legal severance plans.

Provision for gratuity, provident fund for certain category of employees administered through a recognised provident fund trust and legal severance plans are determined on an actuarial basis at the end of the year and charged to consolidated statement of profit and loss, other than remeasurements. The cost of providing these benefits is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the effect of the asset ceiling, (excluding amounts included in net interest on the net defined benefit liability and return on plan assets), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of profit and loss in subsequent periods.

### Other long term employee benefits

The group also has other long term benefits plan such as compensated absences and retention pay. Provision for compensated absences and long term retention pay are determined on an actuarial basis at the end of the year and charged to consolidated Statement of Profit and Loss. The cost of providing these benefits is determined using the projected unit credit method.

### Share based payments

Equity settled share based payments to employees under SRF Long Term Share Based Incentive Plan (SRF LTIP) are measured at the fair value (which is the market price less exercise price) of the equity instruments on the grant date. This compensation cost relating to

employee stock purchase scheme is amortised over the remaining tenure over which the employees renders their service on a straight line basis.

### 2.18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 2.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A) Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets of the group are classified in three categories:

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- a) At amortised cost
- b) At fair value through profit and loss (FVTPL)
- c) At fair value through other comprehensive income (FVTOCI)

Financial asset is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Financial assets not classified as measured at amortised cost or FVOCI as are measured at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### Equity Investments

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are measured at fair value through profit and loss.

For all other equity instruments, the group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income.

The group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the group has transferred substantially all the risks and rewards of the asset, or (ii) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred

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control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

### **Impairment of financial assets**

The group recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

## **B) Financial liabilities and Equity instruments**

### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, if any.

The group's financial liabilities include borrowings and trade and other payables including derivative financial instruments.

### **Subsequent measurement**

#### **Borrowings**

Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction cost) and the redemption/repayment amount is recognised in profit and loss over the period of the borrowings using the Effective interest rate method.

#### **Trade and other payables**

Trade and other payables represent the liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

#### **Equity Instruments**

Equity Instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Debt or equity instruments issued by the group are classified as either financial liability or as equity in accordance with the substance of

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

contractual arrangements and the definitions of a financial liabilities and an equity instruments.

### 2.21 Derivative financial instruments and hedge accounting

#### Initial recognition and subsequent measurement

The group uses derivative financial instruments (such as forward currency contracts, interest rate swaps) or non derivative financial assets/liabilities to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit and loss when the hedge item affects profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability.
- b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the

risk management objective and strategy for undertaking the hedge. The documentation includes the group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in consolidated profit and loss.

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the consolidated statement of profit and loss.

The Group also designates certain non derivative financial liabilities, such as foreign currency borrowings from banks, as hedging instruments for the hedge of foreign currency risk associated with highly probable transactions and, accordingly, applies cash flow hedge accounting for such relationships.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in other equity until the forecast transaction occurs or the foreign currency firm commitment is met.

### 2.22 Fair value measurement

The group measures some of its financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

- c) Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.23 Foreign Currency translation reserve

On consolidation, the assets and liabilities of foreign operations are translated into Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

### 2.24 Segment reporting

Based on “Management Approach” as defined in Ind AS 108 -Operating Segments, the Chief Operating Decision Maker evaluates the group’s performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices.

Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

### Segment Policies:

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### 2.25 Dividend

The group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 2.26 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The appropriate level of management must be committed to a plan to sell, an active programme to locate a buyer and complete the plan has been initiated, the sale is considered highly probable and is expected within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- a) Represents a separate major line of business or geographical area of operations,
- b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- c) Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of profit and loss.

### 2.27 Applicability of new and revised Ind AS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### 3 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 2.9
- Financial instruments - Note 2.20
- Fair value measurement – Note 2.22
- Assessment of useful life of property, plant and equipment and intangible asset – Note 2.4
- Recognition and estimation of tax expense including deferred tax– Note 2.15
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 2.17
- Estimated impairment of financial assets and non-financial assets – Note 2.20 and Note 2.8
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 2.13



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 4 Property, Plant and Equipment

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>Cost</b>								
Balance at March 31, 2018	358.64	60.82	791.49	4,505.93	25.75	45.89	36.24	5,824.76
Additions/adjustments	-	3.87	61.25	803.83	2.20	13.61	8.91	893.67
Disposals/adjustments	-	-	(0.05)	(4.89)	(0.50)	(1.08)	(5.24)	(11.76)
Effect of foreign currency exchange differences	(0.73)	(0.70)	(8.02)	(33.57)	(0.18)	(0.21)	0.03	(43.38)
<b>Balance at March 31, 2019</b>	<b>357.91</b>	<b>63.99</b>	<b>844.67</b>	<b>5,271.30</b>	<b>27.27</b>	<b>58.21</b>	<b>39.94</b>	<b>6,663.29</b>
Additions/adjustments	26.16	11.68	44.50	910.77	2.70	8.90	9.35	1,014.06
Disposals/adjustments	(1.32)	(0.99)	(48.37)	(93.83)	(0.83)	(2.62)	(7.62)	(155.58)
Effect of foreign currency exchange differences	0.19	(0.46)	(4.52)	(6.14)	(0.13)	(0.19)	0.03	(11.22)
<b>Balance at March 31, 2020</b>	<b>382.94</b>	<b>74.22</b>	<b>836.28</b>	<b>6,082.10</b>	<b>29.01</b>	<b>64.30</b>	<b>41.70</b>	<b>7,510.55</b>
<b>Accumulated depreciation</b>								
Balance at March 31, 2018	-	4.30	66.72	707.74	6.72	20.78	13.74	820.00
<b>Depreciation expenses</b>								
- Continuing operations	-	1.58	22.81	306.35	2.37	8.47	7.13	348.71
- Discontinued operations	-	0.01	3.27	4.55	0.07	0.38	0.19	8.47
Disposals/adjustments	-	-	(0.02)	(2.70)	(0.09)	(0.79)	(3.28)	(6.88)
Effect of foreign currency exchange differences	-	(0.03)	(0.50)	(2.71)	(0.03)	(0.20)	0.01	(3.46)
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>5.86</b>	<b>92.28</b>	<b>1,013.23</b>	<b>9.04</b>	<b>28.64</b>	<b>17.79</b>	<b>1,166.84</b>
<b>Depreciation expenses</b>								
- Continuing operations	-	2.26	23.23	320.83	2.27	8.09	7.71	364.39
- Discontinued operations	-	-	1.70	1.90	0.01	0.62	0.04	4.27
Disposals/adjustments	-	(0.36)	(14.49)	(24.46)	(0.19)	(2.07)	(4.75)	(46.32)
Effect of foreign currency exchange differences	-	(0.02)	(0.20)	(1.23)	(0.00)	(0.13)	0.02	(1.56)
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>7.74</b>	<b>102.52</b>	<b>1,310.27</b>	<b>11.13</b>	<b>35.15</b>	<b>20.81</b>	<b>1,487.62</b>

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
<b>Carrying Amount</b>								
Balance at March 31, 2018	358.64	56.52	724.76	3,798.19	19.04	25.12	22.51	5,004.78
Additions/adjustments	-	3.87	61.25	803.83	2.20	13.61	8.91	893.67
Disposals/adjustments	-	(0.01)	(0.03)	(2.18)	(0.41)	(0.29)	(1.96)	(4.88)
<b>Depreciation expenses</b>								
- Continuing operations	-	(1.58)	(22.81)	(306.35)	(2.37)	(8.47)	(7.13)	(348.71)
- Discontinued operations	-	(0.01)	(3.27)	(4.55)	(0.07)	(0.38)	(0.19)	(8.47)
Effects of foreign currency exchange differences	(0.73)	(0.66)	(7.52)	(30.86)	(0.16)	(0.02)	0.01	(39.94)
<b>Balance at March 31, 2019</b>	<b>357.91</b>	<b>58.13</b>	<b>752.38</b>	<b>4,258.08</b>	<b>18.23</b>	<b>29.57</b>	<b>22.15</b>	<b>5,496.45</b>
Additions/adjustments	26.16	11.68	44.50	910.77	2.70	8.90	9.35	1,014.06
Disposals/adjustments	(1.32)	(0.63)	(33.88)	(69.37)	(0.64)	(0.55)	(2.87)	(109.26)
<b>Depreciation expenses</b>								
- Continuing operations	-	(2.26)	(23.23)	(320.83)	(2.27)	(8.09)	(7.71)	(364.39)
- Discontinued operations	-	-	(1.70)	(1.90)	(0.01)	(0.62)	(0.04)	(4.27)
Effects of foreign currency exchange differences	0.19	(0.44)	(4.32)	(4.91)	(0.13)	(0.06)	0.01	(9.66)
<b>Balance at March 31, 2020</b>	<b>382.94</b>	<b>66.48</b>	<b>733.75</b>	<b>4,771.84</b>	<b>17.88</b>	<b>29.15</b>	<b>20.89</b>	<b>6,022.93</b>

#### Notes:

- Borrowing cost capitalised during the year ₹ 24.30 Crores ( Previous year: ₹ 32.83 Crores) with a capitalisation rate ranging from 0.55% to 9.45% (Previous year: 4.36% to 8.80%)
- Out of the Industrial Freehold land measuring 32.41 acres at the group's plant in Gummidipoondi, the group does not have clear title to 2.43 acres.
- Capital expenditure incurred during the year includes ₹ 33.09 Crores ( Previous year - ₹ 4.06 crores) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 46 (a) below.
- Refer to note 18.1 for information on PPE pledged as security by the group.
- Refer to note 46 (c) for additions/adjustments on account of exchange difference during the year.
- The group accounts for all capitalizations of property, plant and equipment through capital work in progress, and, therefore, the movement in capital work in progress is the difference between closing and opening balance of capital work in progress as adjusted in additions to property, plant and equipment and intangible assets.
- Disposals/adjustments includes property plant and equipment of discontinued operations. Refer note 42 below.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 5. Goodwill

	Amount
<b>Cost</b>	
Balance at March 31, 2018	4.91
Additions	-
Disposals	-
<b>Balance at March 31, 2019</b>	<b>4.91</b>
Additions	-
Disposals	(0.79)
<b>Balance at March 31, 2020</b>	<b>4.12</b>

	Amount
<b>Accumulated impairment losses</b>	
Balance at March 31, 2018	0.83
Additions	-
<b>Balance at March 31, 2019</b>	<b>0.83</b>
Additions	2.67
<b>Balance at March 31, 2020</b>	<b>3.50</b>

Carrying Amount	As at March 31, 2020	As at March 31, 2019
SRF Industries Thailand Limited (Technical textile unit)	-	2.67
Engineering plastics units	-	0.79
Industrial yarn unit	0.62	0.62
	<b>0.62</b>	<b>4.08</b>

The group has allocated goodwill to the above mentioned cash generating units(CGU) and determined recoverable amount of this allocated goodwill using cash flow projections based on financial budget as approved by the directors of the Company.

SRF Industries (Thailand) Limited closed its Technical Textiles Business operations located at Rayong, Thailand in the current year, thus corresponding goodwill has been written off in the statement of consolidated profit and loss. (Previous year : Nil).

Disposals / impairment for the current year pertains to goodwill of discontinued operations. Refer note 42 below.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 6. Other Intangible Assets

Particulars	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
<b>Cost</b>					
Balance at March 31, 2018	75.25	44.53	24.54	18.74	163.06
Additions / adjustments	1.95	1.14	2.17	0.56	5.82
Disposals/adjustments	-	-	-	-	-
<b>Balance at March 31, 2019</b>	<b>77.20</b>	<b>45.67</b>	<b>26.71</b>	<b>19.30</b>	<b>168.88</b>
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals/adjustments	-	(0.99)	(0.35)	-	(1.34)
<b>Balance at March 31, 2020</b>	<b>77.53</b>	<b>55.19</b>	<b>30.75</b>	<b>19.39</b>	<b>182.86</b>
<b>Accumulated amortisation</b>					
Balance at March 31, 2018	11.03	3.71	17.19	18.40	50.33
Amortisation expenses					
- Continuing operations	3.12	1.32	5.02	-	9.46
- Discontinued operations	-	0.20	0.03	-	0.23
Disposals/adjustments	-	-	-	-	-
<b>Balance at March 31, 2019</b>	<b>14.15</b>	<b>5.23</b>	<b>22.24</b>	<b>18.40</b>	<b>60.02</b>
Amortisation expenses					
- Continuing operations	2.61	1.71	3.06	0.10	7.48
- Discontinued operations	-	-	0.02	-	0.02
Disposals/adjustments	-	(0.99)	(0.13)	-	(1.12)
<b>Balance at March 31, 2020</b>	<b>16.76</b>	<b>5.95</b>	<b>25.19</b>	<b>18.50</b>	<b>66.40</b>
<b>Carrying Amount</b>					
Balance at March 31, 2018	64.22	40.82	7.35	0.34	112.73
Additions / adjustments	1.95	1.14	2.17	0.56	5.82
Disposals/adjustments	-	-	-	-	-
Amortisation expenses					
- Continuing operations	(3.12)	(1.32)	(5.02)	-	(9.46)
- Discontinued operations	-	(0.20)	(0.03)	-	(0.23)
<b>Balance at March 31, 2019</b>	<b>63.05</b>	<b>40.44</b>	<b>4.47</b>	<b>0.90</b>	<b>108.86</b>
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals/adjustments	-	-	(0.22)	-	(0.22)
Amortisation expenses					
- Continuing operations	(2.61)	(1.71)	(3.06)	(0.10)	(7.48)
- Discontinued operations	-	-	(0.02)	-	(0.02)
<b>Balance at March 31, 2020</b>	<b>60.77</b>	<b>49.24</b>	<b>5.56</b>	<b>0.89</b>	<b>116.46</b>

Notes:

- Refer note 46 (c) for additions/adjustments on account of exchange difference during the year.
- Disposals/adjustments pertains to intangible assets of discontinued operations. Refer note 42 below.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 7. Investments

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Investment in equity instruments	4.16	0.11
	<b>4.16</b>	<b>0.11</b>
Aggregate book value of unquoted investments	4.16	0.11
Aggregate amount of impairment in value of investments	4.34	4.34
<b>Current</b>		
Investment in mutual funds	198.50	100.49
	<b>198.50</b>	<b>100.49</b>
Aggregate book value and market value of unquoted investments	198.50	100.49

#### 7.1 Investment in equity instruments (at fair value through other comprehensive income)

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (Non-current)</b>				
Equity shares of ₹ 10 each fully paid up of Malanpur Captive Power Limited	42,21,535	4.22	42,21,535	4.22
Less: impairment in value of investments		(4.22)		(4.22)
Equity Share of ₹ 10 each fully paid of Vaayu Renewable Energy (Tapti) Private Limited	50,000	0.05	50,000	0.05
Equity Shares of ₹ 10 each fully paid of Suryadev Alloys & Power Private Limited	13,54,000	4.11	4,000	0.06
Equity shares of ₹ 10 each fully paid up of Sanghi Spinners India Limited	6,70,000	0.12	6,70,000	0.12
Less: impairment in value of investments		(0.12)		(0.12)
		<b>4.16</b>		<b>0.11</b>

#### 7.2 Investment in mutual funds (at fair value through profit and loss)

	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
<b>Unquoted investments (Current)</b>				
ICICI Prudential P1543 Saving Fund-Growth Plan	36,12,365	108.44	36,12,365	100.49
ICICI Prudential P3223 Overnight Fund-Growth Plan	27,93,962	30.06		-
UTI Overnight Fund - Regular Growth Plan	2,21,205	60.00		-
		<b>198.50</b>		<b>100.49</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 8. Loans

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Loans to employees	9.96	7.25
Security deposits		
Related parties (Refer note 35)	3.54	3.70
Other than related parties	30.37	23.10
Others		
Credit impaired	-	0.07
Less : Provision for credit impaired loans	-	(0.07)
	<b>43.87</b>	<b>34.05</b>
<b>Current</b>		
Loans to employees	6.88	6.38
Security deposits		
Other than related parties	18.29	4.80
Others		
Credit impaired	2.74	2.74
Less : Provision for credit impaired loans	(2.74)	(2.74)
	<b>25.17</b>	<b>11.18</b>

### 9. Deferred Tax (Net)

The following is the analysis of deferred tax assets (liabilities) presented in balance sheet.

	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	469.92	380.47
Deferred tax liabilities	(631.16)	(722.45)
<b>Deferred tax liabilities, net</b>	<b>(161.24)</b>	<b>(341.98)</b>
Net Deferred tax assets after set off	14.26	-
Net Deferred tax liabilities after set off	175.50	341.98

The major components of deferred tax assets/(liabilities) arising on account of temporary differences are as follows:

2019-20	Opening balance	Recognised in statement of profit and loss		Recognised in other comprehensive income	FCTR for the year	Closing Balance
		Continuing operations	Discontinued operations			
<b>Deferred tax assets</b>						
Expenses deductible in future years	30.49	(1.07)	-	-	(1.72)	27.70
Provision for credit impaired loans / receivables	0.80	0.10	-	-	-	0.90
MAT Credit Entitlement	330.34	36.73	-	-	-	367.07
Cash flow hedges	-	-	-	42.29	-	42.29
Unabsorbed carried forward losses	10.62	3.98	8.57	-	(0.19)	22.98
Others	8.22	(1.54)	-	2.86	(0.56)	8.98
	<b>380.47</b>	<b>38.20</b>	<b>8.57</b>	<b>45.15</b>	<b>(2.47)</b>	<b>469.92</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

2019-20	Opening balance	Recognised in statement of profit and loss		Recognised in other comprehensive income	FCTR for the year	Closing Balance
		Continuing operations	Discontinued operations			
<b>Deferred tax liabilities</b>						
Property plant and equipment and intangible assets	(697.77)	72.01	-	-	8.74	(617.02)
Investment in mutual funds	(8.24)	0.29	-	-	-	(7.95)
Cash flow hedges	(15.29)	-	-	15.29	-	-
Others	(1.15)	(5.04)	-	-	-	(6.19)
	(722.45)	67.26	-	15.29	8.74	(631.16)
<b>Total</b>	<b>(341.98)</b>	<b>105.46</b>	<b>8.57</b>	<b>60.44</b>	<b>6.27</b>	<b>(161.24)</b>

2018-19	Opening balance	Recognised in statement of profit and loss		Recognised in other comprehensive income	FCTR for the year	Closing Balance
		Continuing operations	Discontinued operations			
<b>Deferred tax assets</b>						
Expenses deductible in future years	30.01	0.54	-	-	(0.06)	30.49
Provision for credit impaired loans / receivables	0.77	0.04	-	-	(0.01)	0.80
MAT Credit Entitlement	243.23	87.11	-	-	-	330.34
Unabsorbed carried forward losses	17.96	(5.15)	-	-	(2.19)	10.62
Others	4.29	6.52	-	-	(2.59)	8.22
	<b>296.26</b>	<b>89.06</b>	<b>-</b>	<b>-</b>	<b>(4.85)</b>	<b>380.47</b>
<b>Deferred tax liabilities</b>						
Property plant and equipment and intangible assets	(584.25)	(123.84)	-	-	10.32	(697.77)
Investment in mutual funds	(6.00)	(2.24)	-	-	-	(8.24)
Cash flow hedges	3.76	-	-	(19.05)	-	(15.29)
Others	(1.15)	-	-	-	-	(1.15)
	(587.64)	(126.08)	-	(19.05)	10.32	(722.45)
<b>Total</b>	<b>(291.38)</b>	<b>(37.02)</b>	<b>-</b>	<b>(19.05)</b>	<b>5.47</b>	<b>(341.98)</b>

Notes:

- (i) At March 31, 2020, there was no recognised deferred tax liability ( Previous year : Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.
- (ii) Section 115BAA of the Income Tax Act, 1961 was introduced by the Taxation Laws (Amendment) Ordinance, 2019. Based on the current estimate of expected timing of exercising of the option under Section 115BAA, the Company has re-measured its deferred tax balances. Consequently, credit of ₹ 136.11 Crores (net of MAT adjustment of ₹ 74.02 crores) has been recorded in the Statement of consolidated Profit and Loss during the year.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

- (iii) MAT credit entitlement of ₹ 74.02 Crores (out of total ₹ 87.85 Crores generated during the year) expiring in the financial year ending March 31, 2035 is not recognised in the statement of profit and loss of the current year, due to expected timing of exercising of the option under section 115BAA of Income Tax Act, 1961.
- (iv) As on March 31, 2019 there were capital losses of ₹ 186.32 Crores expiring in the financial year ending March 31, 2023 on which no deferred tax asset was created, due to lack of probability of future capital gains against which such deferred tax assets can be realised. Pursuant to recognition of long term capital gain in the current year, such capital losses have been set-off. Also refer note 42(A).

### 10. Other Financial Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Derivatives carried at fair value through Other comprehensive income		
- Forward exchange contracts used for hedging	-	1.87
- Interest rate swaps used for hedging	-	2.84
Other financial assets carried at amortised cost		
- Government grant and claims recoverable	15.86	-
	<b>15.86</b>	<b>4.71</b>
<b>Current</b>		
Derivatives carried at fair value through profit and loss		
- Forward exchange contracts used for hedging	0.08	3.42
Derivatives carried at fair value through Other comprehensive income		
- Forward exchange contracts used for hedging	-	25.26
- Interest rate swaps used for hedging	-	0.88
Other financial assets carried at amortised cost		
- Contract assets (Refer note 41)	-	25.52
- Insurance claim recoverable	5.79	17.22
- Government grant and claims recoverable	163.84	126.79
- Others	0.67	1.29
	<b>170.38</b>	<b>200.38</b>

### 11. Other Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Capital advances	83.70	132.27
Prepaid expenses	0.26	0.50
Cenvat/Service tax/Goods and Services Tax/ sales tax recoverable	12.32	10.79
Prepaid lease*	-	134.04
Claims recoverable under Post EPCG scheme and others	0.22	17.14
	<b>96.50</b>	<b>294.74</b>
<b>Current</b>		
Prepaid expenses	10.24	15.18
Cenvat/Service tax/ Goods and Services Tax/ sales tax recoverable	136.42	290.46
Export incentives recoverable	63.67	42.40

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Deposits with customs and excise authorities	8.29	12.62
Advance to suppliers	61.30	43.35
Prepaid lease*	-	2.35
Others	0.88	1.51
	<b>280.80</b>	<b>407.87</b>

\*Amount of prepaid lease has been reclassified to Right-of-use assets in accordance with IND AS 116 'Leases'. Also refer Note 43

### 12. Inventories

(Valued at lower of cost and net realisable value)

	As at March 31, 2020	As at March 31, 2019
Raw material (including packing material)	512.59	608.11
Stock in progress	156.45	147.60
Finished goods	281.24	225.86
Stores and spares (including fuel)	243.93	238.17
Traded goods	7.02	5.00
	<b>1,201.23</b>	<b>1,224.74</b>
<b>Goods-in-transit, included above :</b>		
Raw material (including packing material)	183.33	214.29
Stock in progress	-	0.09
Finished goods	35.83	48.78
Stores and spares (including fuel)	2.59	1.41
Traded goods	2.02	2.08
	<b>223.77</b>	<b>266.65</b>

Notes:

- (i) The cost of inventories recognised as an expense includes ₹ 10.56 Crores (Previous year : ₹ 4.43 Crores) in respect of write-downs of inventory to net realisable value.
- (ii) Refer Note 18.1 for information on inventories pledged as security by the group.
- (iii) The method of valuation of inventory has been stated in note 2.12

### 13. Trade Receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	891.07	1,028.75
Unsecured, credit impaired	3.61	2.49
Less: Provision for credit impaired receivables	(3.61)	(2.49)
	<b>891.07</b>	<b>1,028.75</b>

Notes:

- (i) The credit period generally allowed on sales varies, on a case to case basis, business to business and based on market conditions. Maximum credit period allowed is upto 120 days



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

(ii) Age of receivables:

	As at March 31, 2020	As at March 31, 2019
Within the credit period	691.32	846.36
1 to 180 days past due	187.54	179.21
More than 180 days past due	15.82	5.67
	<b>894.68</b>	<b>1,031.24</b>

(iii) The group has entered into receivables purchase agreements with banks to unconditionally and irrevocably sell, transfer, assign and convey all the rights, titles and interest of the group in the receivables as identified. Receivables sold as on March 31, 2020 are of ₹ 502.55 Crores (Previous year: ₹ 315.41 Crores). The group has derecognized these receivables as it has transferred its contractual rights to the banks with substantially all the risks and rewards of ownership and retains no control over these receivables as the banks have the right to further sell and transfer these receivables with notice to the group.

(iv) There are no major customer who represent more than 10% (Previous year - Nil) of the total balances of trade receivables.

(v) Refer Note 18.1 for information on trade receivables pledged as security by the group.

### 14. Cash and Cash Equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with Banks		
Current accounts	102.87	129.66
Savings account	-	0.29
Exchange Earners Foreign Currency (EEFC) accounts	9.54	48.49
Deposit accounts with maturity of three months or less	2.91	10.56
Cash on hand	1.12	0.55
	<b>116.44</b>	<b>189.55</b>

The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 30, 2016 have not been made since the requirement does not pertain to financial Year ended March 31, 2020.

### 15. Bank Balances other than above

	As at March 31, 2020	As at March 31, 2019
Earmarked balances		
- Margin money	2.89	3.44
- Unclaimed dividend accounts	6.04	5.89
Deposit accounts with maturity beyond three months upto twelve months	0.10	-
	<b>9.03</b>	<b>9.33</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 16. Share Capital

	As at March 31, 2020	As at March 31, 2019
<b>Authorised share capital:</b>		
120,000,000 (Previous Year - 120,000,000) Equity shares of ₹ 10 each	120.00	120.00
1,000,000 (Previous Year - 1,000,000) Preference shares of ₹ 100 each	10.00	10.00
1,200,000 (Previous Year - 1,200,000) Cumulative Preferences shares of ₹ 50 each	6.00	6.00
20,000,000 (Previous Year - 20,000,000) Cumulative Preferences shares of ₹ 100 each	200.00	200.00
	<b>336.00</b>	<b>336.00</b>
<b>Issued capital:</b>		
61,537,255 (Previous Year - 61,537,255) Equity Shares of ₹ 10 each	<b>61.54</b>	<b>61.54</b>
<b>Subscribed capital:</b>		
57,480,500 (Previous Year - 57,480,500) Equity Shares of ₹ 10 each fully paid up	57.48	57.48
Add: Forfeited shares - Amount originally paid up	1.02	1.02
	<b>58.50</b>	<b>58.50</b>

#### 16.1 Fully paid equity shares

	Number of shares	Amount
<b>Balance at March 31, 2018</b>	<b>5,74,20,500</b>	<b>57.42</b>
Add : Movement during the year ( Refer note 37)	60,000	0.06
<b>Balance at March 31, 2019</b>	<b>5,74,80,500</b>	<b>57.48</b>
Add : Movement during the year	-	-
<b>Balance at March 31, 2020</b>	<b>5,74,80,500</b>	<b>57.48</b>

The Company has bought back Nil equity shares in aggregate in the last five financial years.

#### Terms/ rights attached to equity shares :

The parent has only one class of equity shares having a par value of ₹ 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 group.

During the Year ended March 31, 2020, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 14 per share (Previous year : ₹ 12 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.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 16.2 Details of shares held by the holding Group

	Number of fully paid ordinary shares
<b>As at March 31, 2020</b>	
KAMA Holdings Limited, the Holding group	3,00,49,000
<b>As at March 31, 2019</b>	
KAMA Holdings Limited, the Holding group	3,00,49,000

### 16.3 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Fully paid equity shares				
KAMA Holdings Limited	3,00,49,000	52.28%	3,00,49,000	52.28%
Amansa Holding Private Limited	41,78,636	7.27%	44,42,241	7.73%

### 17. Other Equity

	As at March 31, 2020	As at March 31, 2019
General reserve	573.77	573.77
Retained earnings	4,117.69	3,201.00
Cash flow hedging reserve	(78.56)	24.39
Capital redemption reserve	10.48	10.48
Capital reserve	193.77	193.77
Debenture redemption reserve	75.00	75.00
Foreign currency translation reserve	(14.67)	(4.00)
Reserve for equity instruments through other comprehensive income	(4.22)	(4.22)
Employee share based payment reserve	1.56	0.58
	<b>4,874.82</b>	<b>4,070.77</b>

#### 17.1 General Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	573.77	573.77
Increase/(decrease) during the year	-	-
<b>Balance at end of year</b>	<b>573.77</b>	<b>573.77</b>

The general reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income. Items included in general reserve will not be reclassified subsequently to profit and loss.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 17.2 Retained Earnings

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	3,201.00	2,643.41
Profit for the year	1,019.09	641.63
Other comprehensive income arising from measurement of defined benefit obligation*	(5.39)	(0.87)
Payments of dividend on equity shares	(80.47)	(68.98)
Corporate tax on dividend	(16.54)	(14.19)
<b>Balance at end of year</b>	<b>4,117.69</b>	<b>3,201.00</b>

The amount that can be distributed as dividend by the parent to its equity shareholders is determined based on the separate financial statements of the parent company and also considering the requirements of the Companies Act, 2013.

\*net of income tax of ₹ 2.86 crore (Previous year : ₹ 0.62 crores)

## 17.3 Cash Flow Hedging Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	24.39	(6.81)
Recognized/(reclassified) during the year	(160.53)	50.25
Income tax related to above	57.58	(19.05)
<b>Balance at end of year</b>	<b>(78.56)</b>	<b>24.39</b>

The Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

## 17.4 Capital Redemption Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	10.48	10.48
Increase/(decrease) during the year	-	-
<b>Balance at end of year</b>	<b>10.48</b>	<b>10.48</b>

Capital Redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares. The reserve is utilised in accordance with the provision of the Act.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 17.5 Capital Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	193.77	193.77
Increase/(decrease) during the year	-	-
<b>Balance at end of year</b>	<b>193.77</b>	<b>193.77</b>

Capital reserve represents amounts received pursuant to Montreal Protocol Phase-out Programme of refrigerant gases.

### 17.6 Debenture Redemption Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	75.00	75.00
Increase/(decrease) during the year	-	-
<b>Balance at end of year</b>	<b>75.00</b>	<b>75.00</b>

The Company has issued non-convertible debentures. In prior years, the Company has created debenture redemption reserve out of the profits of the Company available for payment of dividend.

### 17.7 Reserve for equity instruments through other comprehensive income

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	(4.22)	(4.22)
Increase/(decrease) during the year	-	-
<b>Balance at end of year</b>	<b>(4.22)</b>	<b>(4.22)</b>

This reserves represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed of.

### 17.8 Foreign Currency Translation Reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	(4.00)	20.69
Exchange differences arising on translation of foreign operations	(10.67)	(24.69)
<b>Balance at end of year</b>	<b>(14.67)</b>	<b>(4.00)</b>

Exchange differences relating to translation of the results and net assets of the group's foreign operations from their functional currency in to group presentation currency (i.e. ₹) are recognized in Other Comprehensive Income and accumulated in foreign currency translation reserve. Exchange differences previously accumulated in foreign currency translation reserve in respect of foreign operations are reclassified to statement of profit and loss on disposal of foreign operation.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 17.9 Employee share based payment reserve

	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year	0.58	-
Increase/(decrease) during the year	0.98	0.58
<b>Balance at end of year</b>	<b>1.56</b>	<b>0.58</b>

The group has allotted equity shares to certain employees under an employee share purchase scheme. The share based payment reserve is used to recognise the value of equity-settled share based payments provided to the such employees as part of their remuneration. Refer note 37 for further details of the scheme.

## 18. Borrowings

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Secured</b>		
3,000 Nos., 7.33% (2010: 3000 Nos. 7.33%), listed, secured redeemable non-convertible debentures of ₹ 10 lakhs each* (Refer note 18.1.1)	299.97	299.95
Term Loans from banks* (Refer note 18.1.2)	1,890.89	1,522.05
Term Loans from others*(Refer note 18.1.3)	281.59	369.65
Less: Current maturities of long term borrowings *(Refer note 21)	(779.75)	(441.46)
	<b>1,692.70</b>	<b>1,750.19</b>
<b>Unsecured</b>		
Term Loans from Banks *	618.93	411.15
	<b>618.93</b>	<b>411.15</b>
	<b>2,311.63</b>	<b>2,161.34</b>
<b>Current</b>		
<b>Secured</b>		
Cash credits from banks (Refer note 18.1.4.(iv))	10.00	7.29
Term loans from banks (Refer note 18.1.4.(ii and (iii)))	256.84	335.00
	<b>266.84</b>	<b>342.29</b>
<b>Unsecured</b>		
Cash credits from banks	-	-
Term loans from banks #	688.60	785.10
	<b>688.60</b>	<b>785.10</b>
	<b>955.44</b>	<b>1,127.39</b>

\*Above amount of borrowings are net of upfront fees paid ₹ 9.40 Crores (Previous year : ₹ 8.29 Crores)

#Includes ₹ 200.00 crores (Previous year : ₹ 400.00 crores) for Commercial Paper issued by the Company. The maximum amount due during the year is ₹ 400.00 Crores (Previous year : ₹ 400.00 Crores)

There have been no defaults in repayment of principal and interest on borrowings during the reporting periods.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 18.1 Details of security of the secured loans:

Details of Loan	As at March 31, 2020*	As at March 31, 2019#	Security
1 3,000 (Previous Year 3000), 7.33%, Listed, Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each * Terms and conditions	300.00	300.00	Debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh, Kashipur in the State of Uttarakhand (other than moveable assets of Laminated Fabrics Business) and Dahej in the State of Gujarat (excluding certain assets) and an 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.**
a) Redeemable at face value in one single installment at the end of 3 <sup>rd</sup> year from the date of allotment.			
b) Coupon is payable annually on 30th June every year.			
2 (i) Term loan from Banks *	1343.02	1494.21	<b>Moveable property</b> (a)(i) Out of the loans as at 2(i), loans aggregating to ₹ 1154.12 Crores (Previous Year – ₹ 1321.47 Crores **) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur (other than moveable assets of Laminated Fabrics Business) in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets) (a)(ii) Out of the loans as at 2(i), loans aggregating to ₹ 188.90 Crores (Previous Year – ₹ 172.74 Crores **) are in the process of being secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai (other than moveable assets of Coated Fabrics Business) and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur (other than moveable assets of Laminated Fabrics Business) in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets)
			<b>Immovable property</b> (b)(i) Out of the loans as at 2(i) loans aggregating to ₹ 1343.02 Crores (Previous Year – ₹ 928.73 Crores) are secured by equitable Mortgage of Company's immovable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu and Kashipur in the State of Uttarakhand (b)(ii) Out of the loans as at 2(b)(i) loans aggregating to ₹ 544.56 Crores (Previous Year – ₹ 882.24 Crores) are additionally secured by equitable Mortgage of Company's immovable properties, both present and future, situated at Jhiwana in the State of Rajasthan. (b)(iii) Out of the loans as at 2(b)(i) loans aggregating to ₹ 75.56 Crores (Previous Year – ₹ 170.87 Crores) are additionally 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).

# Notes to the Consolidated Financial Statements

for the year ended **March 31, 2020**

(All amounts in ₹ Crores, unless otherwise stated)

Details of Loan	As at March 31, 2020#	As at March 31, 2019#	Security
			(b)(iv)Out of the loans as at 2(i), the term loans aggregating to:
			(a) ₹ 565.48 Crores was in the process of being additionally secured by equitable mortgage of immovable properties at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the state of Rajasthan and Kashipur in the State of Uttarakhnad in the previous year. Charge against these assets has been created in the current year.
			(b) ₹ 43.50 crores (Previous Year – ₹ 46.50 Crores) is in the process of being additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Jhiwana in the State of Rajasthan.
(ii) Term loans from banks	-	34.55	Term loans from banks aggregating to Nil (Previous year – ₹ 34.55 Crores) are secured by hypothecation of Company's certain moveable assets situated at Dahej in the State of Gujarat.
(iii) Term loans from banks	395.69	-	Term loan is secured by pledge of 85% of the share capital of SRF Europe Kft held by SRF Global BV, mortgage of land and building of SRF Europe Kft and exclusive charge over the fixed assets of SRF Europe Kft.
(iv) Term loans from banks	161.00	-	Term loan is secured by mortgage of land, building and/or any construction in future of Packaging film Factory (SRF Industries (Thailand) Ltd).
3 (i) Term loan from others	-	41.83	Term loan availed from International Finance Corporation, Washington was secured by pledge of the machineries and by mortgage on land and building of SRF Industries (Thailand) Limited.
(ii) Term loans from Others	60.48	89.82	Term loan availed from International Finance Corporation, Washington is secured by continuing coverage mortgage bond over the land, special notarial bond and general notarial bond over the property of SRF Flexipak (South Africa) (Pty) Limited.
(iii) Term loans from others	221.66	239.54	Loan of ₹ 221.66 Crores (Previous Year – ₹ 239.54 Crores) is secured by the hypothecation and equitable mortgage of Company's moveable and immovable properties at Dhar in the State of Madhya Pradesh.
4 (i) Cash credit/working capital demand loans	-	0.36	Secured by hypothecation of stocks, stores and book debts (current assets), both present and future at Manali, Viralimalai (other than current assets of Coated Fabrics Business) 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 (other than current assets of Laminated Fabrics Business) in the State of Uttarakhnad.
(ii) Term loan from banks	244.45	335.00	
(iii) Working capital facilities	12.39	-	Working capital facilities is secured by pledge of 85% of the share capital of SRF Europe Kft held by SRF Global BV and pledge over receivables arising out of trade agreements
(iv) Working capital facilities	10.00	6.93	Working capital facilities availed by SRF Flexipak (South Africa) (Pty) Ltd. are secured by cession of debtors and limited cession and pledge of credit balances

\*Such hypothecation and equitable mortgage as at 1 and 2 rank pari-passu between term loans from banks / others (save and except hypothecation of certain moveable assets at Dahej in the State of Gujarat in favour of a bank as at 2(ii) above) in previous year.

\*\*Loans representing previous year figures were also secured by the moveable assets at Pantnagar, Uttarakhnad, moveable assets of Coated Fabrics at Viralimalai, Tamil Nadu and moveables assets of Laminated Fabrics at Kashipur, Uttarakhnad

# Gross of upfront fees paid ₹ 9.40 Crores (Previous year - ₹ 8.29 Crores)



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 18.2 Terms of Loans

As at March 31, 2020

### Non Current Borrowings

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2021	Up to March 31, 2022	Up to March 31, 2023	From 2023 to 2026
Redeemable Non-Convertible Debentures	Redeemable at face value in one instalment at the end of third year	7.33%	300.00	-	-	-
Rupee term loans	Half yearly instalment	Floating rate loan at 9.05%	5.00	6.00	32.50	-
	Quarterly Instalment	Floating rate loan at 7.40%	16.44	16.44	8.22	-
	Yearly payments	Floating rate loan ranging from 7.65% to 8.25%	106.00	104.00	1.00	1.00
Foreign currency term loans	Quarterly	Fixed Rate of 0.94% to floating Libor plus a spread ranging from 0.59% to 0.85% and EURIBOR plus 1.10% to uncapped EURIBOR plus 0.95%	201.12	275.09	279.52	595.86
	Half yearly instalments	Libor plus interest rate spread ranging from 1.80 % to 2.00% and MLR minus 3.775%	153.65	103.27	80.60	181.42
	Bullet	Fixed ranging from 0.97% to 6.65% to Libor plus interest rate spread ranging from 0.95% to 1.35%	-	226.68	406.97	-
			<b>782.21</b>	<b>731.48</b>	<b>808.81</b>	<b>778.28</b>

Amounts mentioned above are gross of upfront fees paid of ₹ 9.40 crores

### Current Borrowings

Short term borrowings are either payable in one installment within one year or repayable on demand. For short term borrowings in foreign currency, interest rates range from EURIBOR + 65 bps to EURIBOR + 80 bps, from LIBOR + 43 bps to LIBOR + 105 bps, from 2.02% to 2.18% for THB and 8.75% to 9.25% for ZAR loans . For rupee denominated short term loans taken during the year interest rate is at 5.43 % to 10.05 %.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 18.2 Terms of Loans (contd.)

As at March 31, 2019

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2020	Up to March 31, 2021	Up to March 31, 2022	From 2022 to 2026
Redeemable Non-Convertible Debentures	Redeemable at face value in one instalment at the end of third year	7.33%	-	300.00	-	-
Rupee term loans	Half yearly instalment	8.80% to 11.45%	4.97	5.00	6.00	32.50
	Quarterly Instalment	8.42%	25.05	49.80	49.80	24.90
	Yearly payments	8.60% to 8.90%	8.00	106.00	104.00	2.00
Foreign currency term loans	Quarterly	Fixed rate of 0.94% and floating rates of LIBOR plus spread ranging from 0.59% to 0.85%	-	162.89	217.18	353.31
	Half yearly instalments	Floating rate of LIBOR plus spread ranging from 1.30 % to 2.00%	247.56	140.48	57.57	129.01
	Bullet	Fixed rate of 0.05% to LIBOR plus spread ranging from of 1.03% to 1.30%	158.91	-	411.16	15.00
			<b>444.49</b>	<b>764.17</b>	<b>845.71</b>	<b>556.72</b>

Amounts mentioned above are gross of upfront fees paid of ₹ 8.29 crores

### Current Borrowings

Short term borrowings are payable in one instalment within one year. For short term borrowings in foreign currency, interest rates range from EURIBOR +15 bps to EURIBOR +18 bps & from LIBOR +50 bps. For rupee denominated short term loans taken during the year interest rate is at 6.28% to 8.25%.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### Terms of repayment

- 1) Redeemable non convertible debenture of ₹ 300 Crores are repayable in one bullet instalment in June 2020. (Previous year: ₹ 300 Crores are repayable in one bullet instalment in June 2020)
- 2) Rupee term loans of ₹ 1.97 Crores was repaid in current year (Previous year: ₹ 1.97 Crores repayable in one half yearly instalment in Sep 19).
- 3) Rupee term loans of ₹ 43.50 Crores are repayable in 5 half yearly instalments from August 2020 ((Previous year: ₹ 46.50 Crores repayable in 7 half yearly instalments from August 2019).
- 4) Rupee term loans of ₹ 41.10 Crores (Previous year: ₹ 149.55 Crores repayable in 14 quarterly instalments from June 2019) are repayable in 10 quarterly instalments from June 2020.
- 5) Rupee term loans of ₹ 200.00 Crores are repayable in 2 annual instalments from August 2020 (Previous year: ₹ 200.00 Crores repayable in 2 annual instalments from August 2020).
- 6) Rupee term loans of ₹ 12.00 Crores are repayable in 4 annual instalments from December 2020 (Previous year: ₹ 20.00 Crores repayable in 5 annual instalments from December 2019).
- 7) Foreign currency term loan of ₹ 188.90 Crores are repayable in 8 quarterly instalments from September 2020 (Previous year: ₹ 172.74 Crores repayable in 8 quarterly instalments from September 2020).
- 8) Foreign currency term loan of ₹ 412.90 Crores are repayable in 19 quarterly instalments from August 2020 (Previous year: ₹ 387.90 Crores repayable in 19 quarterly instalments from August 2020).
- 9) Foreign currency term loan of ₹ 188.90 Crores are repayable in 14 quarterly instalments from July 2020 (Previous year: ₹ 172.74 Crores repayable in 14 quarterly instalments from July 2020).
- 10) Foreign currency term loan of ₹ 34.55 Crores was repaid in current year (Previous year: ₹ 34.55 Crores repayable in 2 half yearly instalments from September 2019).
- 11) Foreign currency term loan of ₹ 30.72 Crores was repaid in current year (Previous year: ₹ 30.72 Crores repayable in 2 half yearly instalments from July 2019)
- 12) Foreign currency term loan of ₹ 75.56 Crores are repayable in 2 half yearly instalments from September 2020 (Previous year: ₹ 138.18 Crores repayable in 4 half yearly instalments from September 2019).
- 13) Foreign currency term loan of ₹ 221.66 Crores are repayable in 11 half yearly instalments from April 2020 (Previous year: ₹ 239.54 Crores repayable in 13 half yearly instalments from April 2019).
- 14) Foreign currency term loan of ₹ 158.91 Crores was repaid in current year (Previous year: ₹ 158.91 Crores is repayable in one bullet instalment in April 2019)
- 15) Foreign currency term loan of ₹ 15.00 Crores are repayable in one bullet instalment in June 2022 (Previous year: ₹ 15.00 Crores is repayable in one bullet instalment in June 2022).
- 16) Foreign currency term loan of ₹ 165.16 Crores are repayable in 12 quarterly instalments from July 2020 (Previous year: Nil)
- 17) Foreign currency term loan of ₹ 226.68 Crores are repayable in one bullet instalment in December 2021(Previous year: Nil).
- 18) Foreign currency term loan of ₹ 226.68 Crores are repayable in one bullet instalment in December 2022 (Previous year: Nil).
- 19) Foreign currency term loan of ₹ 165.34 Crores are repayable in one bullet instalment in December 2022 ((Previous year: Nil).
- 20) Foreign currency term loan of ₹ 60.45 Crores are repayable in 4 half yearly instalments from May 2020 (Previous year: ₹ 89.82 Crores repayable in 6 half yearly instalments from May 2019).
- 21) Foreign currency term loan of ₹ 395.69 Crores are repayable in 20 quarterly instalments from March 2022 (Previous year Nil).
- 22) Foreign currency term loan of ₹ 161.26 Crores are repayable in 8 half yearly instalments from September 2021 (Previous year Nil).
- 23) Foreign currency term loan of ₹ 411.12 Crores was repaid in current year (Previous year: ₹ 411.12 Crores is repayable in one bullet instalment in March 22)
- 24) Foreign currency term loan of ₹ 41.85 Crores was repaid in current year (Previous year: ₹ 41.85 Crores is repayable in 2 half yearly instalment from June 2019)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 19. Provisions

	As at March 31, 2020	As at March 31, 2019
<b>Non-Current</b>		
Provision for compensated absence (Refer note 36.3)	32.94	26.69
Provision for retention pay (Refer note 36.3)	1.49	9.42
Other employee benefits	3.10	1.99
	<b>37.53</b>	<b>38.10</b>
<b>Current</b>		
Provision for compensated absence (Refer note 36.3)	6.48	5.89
Provision for retention pay (Refer note 36.3)	0.14	0.07
	<b>6.62</b>	<b>5.96</b>

### 20. Trade Payables

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises#	30.36	18.24
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Acceptances*	92.59	140.52
- Other than acceptances	988.74	1,223.66
	<b>1,111.69</b>	<b>1,382.42</b>

#Refer to note 20.1

\*Acceptances represent invoices discounted by vendors with banks.

#### 20.1 Total outstanding dues of micro enterprises and small enterprises

Trade Payables 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.

	As at March 31, 2020	As at March 31, 2019
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount **	35.88	34.42
- Interest due thereon	-	0.01
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	-
- Interest actually paid under section 16 of MSMED /settled	1.02	1.18
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	-	0.01
- Interest remaining unpaid as at the end of the year	-	1.02
Interest remaining due and payable even in the succeeding years, until such date when the interest dues are actually paid, for the purpose of disallowance of a deductible expenditure	-	0.01

\*\* including payable to micro enterprise and small enterprise included in other financial liabilities (refer note 21)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 21. Other Financial Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Current maturities of long term borrowings (Refer note 18)	779.75	441.46
Interest accrued but not due on borrowings	29.14	31.54
Unpaid dividends*	6.04	5.89
Security deposits received	6.88	5.96
Payables to capital creditors		
Total outstanding dues of micro enterprises and small enterprises#	5.52	17.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	215.90	84.43
Derivatives carried at fair value through other comprehensive income		
- Forward exchange contracts used for hedging	44.19	4.26
- Interest rate swaps used for hedging	0.98	-
Derivatives carried at fair value through profit and loss		
- Forward exchange contracts used for hedging	2.58	-
Others	33.56	11.75
	<b>1,124.54</b>	<b>602.49</b>

\*Amount will be credited to investor education and protection fund if not claimed within seven years from the date of declaration of dividend.

#Refer to note 20.1

	As at March 31, 2020	As at March 31, 2019
<b>Non Current</b>		
Derivatives carried at fair value through other comprehensive income		
- Forward exchange contracts used for hedging	21.43	-
- Interest rate swaps used for hedging	1.44	-
	<b>22.87</b>	<b>-</b>

### 22. Tax Assets and Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Non Current tax assets</b>		
Advance tax (net of provisions for tax )	<b>35.03</b>	<b>19.00</b>
<b>Current tax assets</b>		
Advance tax (net of provisions for tax )	<b>1.74</b>	<b>-</b>
<b>Current tax liabilities</b>		
Provisions for tax (net of advance tax )	<b>9.75</b>	<b>9.83</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 23. Other Liabilities

	As at March 31, 2020	As at March 31, 2019
Non-current		
Deferred government grants*	14.00	18.53
	<b>14.00</b>	<b>18.53</b>
Current		
Contract liability (Refer note 41)	12.68	16.69
Statutory liabilities	21.73	11.89
Other taxes payables	35.95	33.71
Payable to gratuity trust (Refer note 36.2)	15.82	8.30
	<b>86.18</b>	<b>70.59</b>

\*The Company has recognized grant in respect of duty paid on procurement of capital goods under post EPCG scheme of Central Government which allows refund of such duty in the form of freely transferable duty credit scrips upon meeting of requisite export obligation. The Company has met the its export obligations against this grant in the current year. Export obligation as on March 31, 2019 was ₹ 25.18 crores.

Further, the group has received financial assistance from the Industrial Development Corporation of South Africa for the development of the clothing and textiles competitiveness programme - RCF in respect of its property, plant and equipment.

The unamortised grant amount as on March 31, 2020 is ₹ 14.00 crores (Previous year : ₹ 18.53 crores).

### 24. Revenue from Operations\*

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of products</b>		
Manufactured goods	6,941.92	6,882.20
Traded goods	120.20	67.69
	<b>7,062.12</b>	<b>6,949.89</b>
<b>Other operating revenues</b>		
Claims	0.25	1.27
Export and other incentives	102.87	112.38
Scrap sales	30.07	34.46
Other operating income	14.10	1.59
	<b>147.29</b>	<b>149.70</b>
	<b>7,209.41</b>	<b>7,099.59</b>

#### Reconciliation of Revenue from Sale of Products with the Contracted Price

	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	7,162.59	7,079.76
Less: Discounts, allowances and claims	(100.47)	(129.87)
<b>Sale of products</b>	<b>7,062.12</b>	<b>6,949.89</b>

\* Refer note 42(C)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 25. Other Income\*

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income		
- from customers	0.08	0.10
- on loans and deposits	1.09	0.95
- on others	13.93	3.41
Net gain on sale/discarding of property, plant and equipment	12.85	-
Net gain on financial assets measured at fair value through profit and loss	9.38	11.93
Provision / liabilities no longer required written back	2.86	5.12
Other non-operating income	8.86	6.46
	<b>49.05</b>	<b>27.97</b>

\* Refer note 42(C)

### 26.1 Cost of Materials Consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock of raw materials		
- Continuing operations	573.01	436.51
- Discontinued operations	35.10	45.44
Add: Purchases of raw materials		
- Continuing operations	3,626.97	4,129.11
- Discontinued operations	81.24	379.19
	<b>4,316.32</b>	<b>4,990.25</b>
Less: Closing stock of raw materials		
- Continuing operations	512.59	573.01
- Discontinued operations	-	35.10
<b>Cost of materials consumed*</b>		
- Continuing operations	<b>3,687.39</b>	<b>3,992.61</b>
- Discontinued operations	<b>116.34</b>	<b>389.53</b>

\* Including packing material

### 26.2 Purchases of Stock in Trade\*

	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of stock in trade	91.40	48.55
	<b>91.40</b>	<b>48.55</b>

\* Refer note 42(C)

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

## 26.3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year:</b>		
- Continuing operations		
Stock-in-Process	156.45	139.65
Finished goods	281.24	209.49
Traded goods	7.02	5.00
	<b>444.71</b>	<b>354.14</b>
- Discontinued operations		
Stock-in-Process	-	7.95
Finished goods	-	16.37
	<b>-</b>	<b>24.32</b>
<b>Effect of changes in exchange currency rates</b>		
- Continuing operations		
Stock-in-Process	(0.14)	1.86
Finished goods	(1.11)	(5.39)
	<b>(1.25)</b>	<b>(3.53)</b>
- Discontinued operations		
Stock-in-Process	0.40	0.51
Finished goods	0.57	0.49
	<b>0.97</b>	<b>1.00</b>

## Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the beginning of the year:</b>		
- Continuing operations		
Stock-in-Process	139.65	98.96
Finished goods	209.49	180.67
Traded goods	5.00	4.01
	<b>354.14</b>	<b>283.64</b>
- Discontinued operations		
Stock-in-Process	-	12.01
Finished goods	7.95	14.29
Traded goods	16.37	-
	<b>24.32</b>	<b>26.30</b>
<b>Net (increase) / decrease</b>		
- Continuing operations	<b>(91.82)</b>	<b>(74.03)</b>
- Discontinued operations	<b>25.29</b>	<b>2.98</b>

## 27. Employee Benefits Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages, including bonus	446.79	378.13
Contribution to provident and other funds	35.79	27.53
Workmen and staff welfare expenses	58.36	50.79
Share based payment expense (Refer note 37)	0.98	4.34
	<b>541.92</b>	<b>460.79</b>

\* Refer note 42(C)



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 28. Finance Cost\*

	Year ended March 31, 2020	Year ended March 31, 2019
Interest cost ^		
- Non convertible debentures	21.99	21.99
- Term loans and others	145.96	151.88
- Lease liabilities	6.70	-
Other borrowing costs	12.87	15.13
Exchange differences regarded as an adjustment to borrowing cost	13.16	9.37
	<b>200.68</b>	<b>198.37</b>

^includes unwinding of deferred payment financial liability and pertains to liabilities measured at amortised cost.

\*Refer note 42(C)

### 29. Depreciation and Amortisation Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment	364.39	348.71
Amortisation of intangible assets	7.48	9.46
Depreciation of Right of use assets	16.74	-
	<b>388.61</b>	<b>358.17</b>

\* Refer note 42(C)

### 30. Other Expense\*

	Year ended March 31, 2020	Year ended March 31, 2019
Credit impaired assets provided / written off	2.05	2.49
Labour production	44.92	39.14
Directors' sitting fees	0.26	0.21
Expenditure on corporate social responsibility**	12.00	10.38
Property, plant and equipment provided/ written off	5.55	1.95
Freight charges	223.31	209.90
Insurance	39.06	20.20
Power and fuel	672.55	585.09
Legal and professional charges	34.53	33.47
Rates and taxes	36.37	34.72
Rent***	14.78	29.34
Repairs and maintenance		
- Buildings	6.37	4.91
- Plant and machinery	158.44	137.05
- Other maintainces	38.93	35.44
Selling commission	21.02	24.01
Stores and spares consumed	66.47	58.87
Travelling and conveyance	19.05	20.81

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Auditor remuneration#		
- Audit Fees	1.12	0.80
- For limited review of unaudited financial results	0.40	0.49
- For Corporate governance, consolidated financial statements and other certificates	0.12	0.12
- For tax audit	0.06	0.06
- Reimbursement of out of pocket expenses	0.16	0.17
Exchange currency fluctuation (net)	3.50	23.89
Effluent disposal expenses	77.52	49.40
Miscellaneous expenses^	47.04	51.76
	<b>1,525.58</b>	<b>1,374.67</b>

\* Refer note 42(C)

\*\*Refer to note 46(d)

\*\*\*Refer to note 43

^Miscellaneous expenses include Nil (Previous year : ₹ 3.00 crores) as political contribution.

#including fees paid to auditors of subsidiary companies

### 31. Income Tax Recognised in Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Tax expense related to continuing operations	(1.20)	176.85
Tax expense related to discontinued operations	52.66	8.41
	<b>51.46</b>	<b>185.26</b>
<b>a) Tax expense related to continuing operations</b>		
<b>Current tax</b>		
In relation to current year	115.97	141.14
Adjustment in relation to earlier years	(11.71)	(1.31)
	<b>104.26</b>	<b>139.83</b>
<b>Deferred tax</b>		
- MAT credit entitlement		
In relation to current year	(13.83)	(59.70)
Adjustment in relation to earlier years	(22.90)	(27.41)
	<b>(36.73)</b>	<b>(87.11)</b>
- Others		
In relation to current year	(75.63)	122.56
Adjustment in relation to earlier years	6.90	1.57
	<b>(68.73)</b>	<b>124.13</b>
<b>b) Tax expense related to discontinued operations</b>		
<b>Current tax</b>		
In relation to current year	61.23	8.41
<b>Deferred tax</b>		
- Others		
In relation to current year	(8.57)	-
	<b>52.66</b>	<b>8.41</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The income tax expenses for the year can be reconciled to the accounting profits as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit before tax</b>		
From continuing operations	914.70	768.43
From discontinued operations	155.85	58.46
<b>Total Profit before tax</b>	<b>1,070.55</b>	<b>826.89</b>
Income Tax Expenses @ 34.944% (Previous year @ 34.944%)	374.09	288.95
Effect of deductions (research and development and deductions under Chapter - VIA of Income Tax Act)	(76.74)	(45.61)
Effect of expenses that are not deductible in determining taxable profits	6.25	5.87
Effect of income taxable at lower rate	(26.00)	-
Effect of credit recognised on set-off of carried forward long term capital losses (Refer note (iii) below)	(43.40)	-
Effect of credit recognised on re-measurement of deferred tax balances pursuant to introduction of Section 115BAA by the Taxation Laws (Amendment) Ordinance, 2019 Refer to note 9(ii)	(136.11)	-
Effect of Nil tax/exemption of overseas subsidiaries	(8.66)	(17.01)
Effect of Deffered tax created on past accumulated losses	(11.24)	-
Effect of lower tax rates in overseas subsidiaries	4.27	(19.89)
Others	(3.29)	0.10
<b>Income tax expenses recognised in profit and loss in relation to current year</b>	<b>79.17</b>	<b>212.41</b>
Income tax expenses recognised in profit and loss in relation to earlier years (Refer note (ii) below)	(27.71)	(27.15)
<b>Total Income tax expenses recognised in profit and loss</b>	<b>51.46</b>	<b>185.26</b>

### Notes:

- The tax rate used for the current year reconciliation above is the corporate tax rate of 34.944% (2019: 34.944%) payable by corporate entities in India on taxable profits under the Indian tax law.
- Income tax in relation to earlier years includes tax credit of ₹ 22.58 crores (Previous year ₹ 24.76 crores) which is related to finalization and determination of deduction/allowance claimed for earlier years under Chapter-VIA of the Income-tax Act, 1961, for generation of power from captive power plants which is based on finalization of transfer pricing study /tax audit reports of the earlier years.
- The Company had ₹ 186.32 Crores of carried forward long term capital losses as per Income Tax Act, 1961, available for set off, on which no deferred tax asset was recognized till previous year. Pursuant to recognition of long term capital gain, a tax credit of ₹ 43.40 Crores has been recognised during the current year in respect of such losses in accordance with Ind AS 12 - "Income Taxes".

## 32. Income Tax Recognised in Other Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Arising on income and expense recognised in other comprehensive income</b>		
Net (gain)/ loss on designated portion of hedging instruments in cash flow hedges	57.58	(19.05)
Remeasurement of defined benefit obligation	2.86	0.62
	<b>60.44</b>	<b>(18.43)</b>
<b>Bifurcation of the income tax recognised in other comprehensive income into:</b>		
Items that will be reclassified to profit or loss	57.58	(19.05)
Items that will not be reclassified to profit or loss	2.86	0.62
	<b>60.44</b>	<b>(18.43)</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 33. Contingent Liabilities

	Year ended March 31, 2020	Year ended March 31, 2019
<b>a. Claims against the group not acknowledged as debts :</b>		
Goods and Services tax, excise duty, custom duty and service tax*	21.33	21.39
Sales tax and entry tax**	19.08	46.94
Income tax***	5.79	9.07
Stamp duty****	-	28.82
Others***	11.85	0.94

\*Amount deposited against contingent liability ₹ 2.72 Crores (Previous year: ₹ 6.17 Crores)

\*\*Amount deposited against contingent liability ₹ 4.62 Crores (Previous year: ₹ 2.57 Crores)

\*\*\*Amount deposited against contingent liability ₹ 0.49 Crores (Previous year: ₹ 0.08 Crore)

\*\*\*\*Amount deposited against contingent liability ₹ 5.68 Crores (Previous year: ₹ 7.14 Crores)

\*\*\*\*\*In the matter of a demand for Stamp duty related to Tyrecord Division at Malanpur, Gwalior, Madhya Pradesh, the Division Bench of the Hon'ble High Court of Madhya Pradesh decided in favour of Revenue department during the year. The Company's petition in the Supreme Court was dismissed. The Company has paid the entire duty demand of ₹ 28.82 crores (including penalty of ₹ 5.09 crores) during the year.

\*\*Includes demand by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd. (MPPKV Ltd) of ₹ 10.06 Crores which is disputed by the Company .

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 group.

b The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty / service tax amounting to ₹ 25.61 Crores (Previous year: ₹ 20.10 Crores) 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.

The Company has received a draft assessment order for assessment year 2016-17 in which adjustments amounting to ₹ 367.37 Crores have been proposed on account of transfer pricing adjustments etc. which are pending before Dispute Resolution Panel. Based on the transfer pricing study, facts of the case and applicable case laws, the company is of the view that the proposed adjustments will not sustain.

c In February 2019, the Honorable Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company believes that there are interpretative challenges on the application of judgement retrospectively and therefore has applied the judgement on a prospective basis.

d The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the group or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made.

### 34. Capital and Other Commitments

	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	362.95	626.49
(ii) The group has other commitments, for purchases / 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 group does not have any long term contracts including derivative contracts for which there will be any material foreseeable losses which have not been provided for.		

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 35. Related Party Transactions

#### 35.1 Description of related parties under Ind As-24 "Related party disclosures"

Holding Company	Key management personnel (KMP)
KAMA Holdings Limited	Arun Bharat Ram
	Ashish Bharat Ram
<b>Fellow subsidiaries #</b>	Kartik Bharat Ram
KAMA Realty (Delhi) Limited	Vinayak Chatterjee *
Shri Educare Limited	Tejpreet S Chopra
	Lakshman Lakshminarayan
	Vellayan Subbiah
	Pramod Bhasin **
<b>Post employment benefit plans trust</b>	Meenakshi Gopinath
SRF Limited Officers Provident Fund Trust	Pramod Gopaldas Gujarathi
SRF Employees Gratuity Trust	Bharti Gupta Ramola ***
SRF Officers Gratuity Trust	Yash Gupta ****
	Puneet Yadu Dalmia ****
<b>Relatives of KMP #</b>	<b>Enterprises over which KMP have significant influence #</b>
Sushil Ramola ***	SRF Foundation
Shanthy Narayan	Karm Farms LLP
Murugappan Vellayan Subbiah	Srishti Westend Greens Farms LLP
	SRF Welfare Trust
<b>KMP of Holding Company #</b>	<b>Relatives of KMP of Holding Company #</b>
Rajat Lakhanpal *	Nirmala Kothari ****

\* upto March 31, 2019

\*\* upto February 4, 2019

\*\*\* from February 4, 2019

\*\*\*\* from April 1, 2019

#Only with whom the Company had transactions during the year

#### 35.2 Transactions with related parties

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Purchase of property, plant &amp; equipment and intangible assets from</b>		
Holding company	0.15	-
	<b>0.15</b>	-
<b>Sale of property, plant &amp; equipment and intangible assets to</b>		
Holding company	0.20	-
	<b>0.20</b>	-
<b>Sale of goods to</b>		
Enterprises over which KMP have significant influence	0.25	-
	<b>0.25</b>	-

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Rent paid</b>		
Fellow Subsidiaries	6.63	6.75
Key management personnel	0.29	0.29
Enterprises over which KMP have significant influence	0.27	1.56
	<b>7.19</b>	<b>8.60</b>
<b>Reimbursement of expenses from</b>		
Holding Company	0.01	0.01
Fellow Subsidiaries	0.05	0.04
	<b>0.06</b>	<b>0.05</b>
<b>Deposits received back from</b>		
Fellow Subsidiaries	0.12	-
Enterprises over which KMP have significant influence	0.04	1.20
	<b>0.16</b>	<b>1.20</b>
<b>Donations to</b>		
Enterprises over which KMP have significant influence	12.00	10.38
	<b>12.00</b>	<b>10.38</b>
<b>Contribution to post employment benefit plans</b>		
Post employment benefit plans trust	24.31	21.20
	<b>24.31</b>	<b>21.20</b>
<b>Employee benefit obligations transferred to</b>		
Holding Company	0.03	-
Fellow Subsidiaries	0.10	-
	<b>0.13</b>	<b>-</b>
<b>Employee benefit obligations transferred from</b>		
Holding Company	0.09	-
	<b>0.09</b>	<b>-</b>
<b>Equity dividend paid</b>		
Holding Company	42.07	36.06
Key management personnel	0.06	0.05
Relatives of KMP	0.04	0.02
KMP of Holding Company	-	@
Relatives of KMP of Holding Company	^	-
	<b>42.17</b>	<b>36.13</b>

^ Amount in absolute ₹ 140 (Previous year : Nil)

@ Amount in absolute Nil (Previous year : ₹ 972)

### 35.3 Outstanding Balances:

	As at March 31, 2020	As at March 31, 2019
<b>Commission payable</b>		
Key management personnel	10.22	7.00
	<b>10.22</b>	<b>7.00</b>
<b>Payable</b>		
Post employment benefit plans trust	14.37	9.30
	<b>14.37</b>	<b>9.30</b>
<b>Security deposits outstanding</b>		
Fellow Subsidiaries	3.27	3.39
Key management personnel	0.13	0.13
Enterprises over which KMP have significant influence	0.14	0.18
	<b>3.54</b>	<b>3.70</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 35.4 Key management personnel compensation

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	22.11	16.95
Post-employment benefits	1.75	1.36
Other long-term benefits	1.25	0.33
	<b>25.11</b>	<b>18.64</b>

## 36. Employee Benefits

### 36.1 Defined contribution plans:

Amounts recognized in the statement of profit and loss are as under:

Indian entities	Year ended March 31, 2020	Year ended March 31, 2019
Superannuation fund (Refer to note (i) below)	0.65	0.58
Provident fund administered through Regional Provident Fund Commissioner (Refer to note (ii) below)	12.58	9.73
Employees' State Insurance Corporation	0.58	1.13
National Pension Scheme	1.99	1.78
	<b>15.80</b>	<b>13.22</b>

Foreign subsidiaries	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to provident fund	1.24	2.01
Skill, development and Social Security Fund	0.78	1.43
Pension fund	1.05	1.03
	<b>3.07</b>	<b>4.47</b>

The expenses incurred on account of the above defined contribution plans have been included in Note 27 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

#### (i) Superannuation fund

The Company makes contributions to a Trust which in turn contributes to ICICI Prudential Life Insurance Company Limited. Apart from being covered under the Gratuity Plan described below, 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 November 1, 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.

#### (ii) Provident fund administered through Regional Provident Fund Commissioner

All employees are entitled to Provident Fund benefits as per the law. For certain category of employees the group administers the benefits through a recognized Provident Fund Trust. For other employees contributions are made to the Regional Provident Fund Commissioners. The Government mandates the annual yield to be provided to the employees on their corpus. This plan is considered as a Defined Contribution Plan. For the first category of employees (covered by the Trust), the group has an obligation to make good for the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government and these are considered as Defined Benefit Plans and are accounted for on the basis of an actuarial valuation.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 36.2 Defined benefit plans

The group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by separate funds which are legally separate from the group. These plans are:

- Gratuity
- Provident fund for certain category of employees administered through a recognized provident fund trust.
- Legal Severance pay & Health care (Unfunded) as applicable with respect to foreign entities

- (i) **These plans typically expose the group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.**

#### Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

#### Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

#### Interest Risk

The plan exposes the group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of the providing the above benefits and will thus result an increase in value of the liability.

#### Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after the employment. An increase in the life expectancy of plan participants will increase the plan's liability.

- (ii) **The principal assumption used for the purpose of the actuarial valuation were as follows:**

Indian entities	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Discount Rate	6.77%	6.77%	7.66%	7.66%
Expected statutory interest rate	-	8.50%	-	8.65%
Salary increase	7.00%	-	7.00%	-
Retirement Age (years)	58.00	58.00	58.00	58.00
Mortality Rates	IALM (2012-14)	IALM (2012-14)	IALM (2006-08)	IALM (2006-08)
<b>Withdrawal Rate</b>				
Upto 30 years	20.00%	20.00%	20.00%	20.00%
31 to 44 years	7.00%	7.00%	7.00%	7.00%
Above 44 years	8.00%	8.00%	8.00%	8.00%

Foreign subsidiaries	Legal Severance Pay (unfunded)	
	As at March 31, 2020	As at March 31, 2019
Discount Rate	1.74%	2.97%/3.05%
Salary increase	6.00%	6.5%/5.00%
In service mortality	TMO	TMO
Retirement Age	2017	2017
<b>Withdrawal Rate</b>		
- up to 20 years	20	55/25
- 21-30	16	30/15
- 31-40	10	11/12
- 41-50	3	3.5/3
- 51 onwards	2	2.5/2



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date.

The present value of defined benefit obligation and the related current service cost and past service cost were measured using projected unit credit method.

### (iii) Amounts recognized in statement of profit and loss in respect of these benefit plans are as follows:

Indian entities	Year ended March 31, 2020		Year ended March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current Service cost	7.19	6.07	6.00	6.36
Interest expenses (net of expected return on plan assets)	0.64	-	0.52	-
	<b>7.83</b>	<b>6.07</b>	<b>6.52</b>	<b>6.36</b>

Foreign subsidiaries	Legal Severance Pay (unfunded)	
	As at March 31, 2020	As at March 31, 2019
Current/past Service cost *	15.27	1.60
Net interest expenses	0.40	0.26
	<b>15.67</b>	<b>1.86</b>

\* The above includes impact of discontinued operations.

The current service cost and the net interest expenses for the year are included in Note 27 "Employee Benefits Expenses" under the head Contribution to provident and other funds

### (iv) Amount recognized in other comprehensive income:

Indian entities	Gratuity	
	As at March 31, 2020	As at March 31, 2019
Actuarial (gain)/losses on plan assets	(0.41)	(5.71)
Actuarial (gain)/losses arising from changes in financial assumptions	4.54	(2.43)
Actuarial (gain)/losses arising from changes in experience adjustments	4.06	9.92
	<b>8.19</b>	<b>1.78</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Foreign subsidiaries	Legal Severance Pay (unfunded)	
	As at March 31, 2020	As at March 31, 2019
Actuarial (gain)/losses arising from changes in financial assumptions	0.71	0.16
Actuarial (gain)/losses arising from changes in experience adjustments and demographic assumption	(0.65)	(0.45)
	<b>0.06</b>	<b>(0.29)</b>

- (v) The amount included in consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Indian entities	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Present value of funded defined benefit obligation	85.78	137.01	70.66	121.17
Fair value of plan assets	69.96	136.55	62.36	123.07
<b>Surplus / (deficit)</b>	<b>(15.82)</b>	<b>(0.46)</b>	<b>(8.30)</b>	<b>1.90</b>
Effect of asset ceiling, if any	-	-	-	(1.90)
<b>Net assets / (liability)</b>	<b>(15.82)</b>	<b>(0.46)</b>	<b>(8.30)</b>	<b>-</b>

Foreign subsidiaries	Legal Severance Pay (unfunded)	
	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	3.99	9.72
Fair value of plan assets	-	-
<b>Net asset / (liability)</b>	<b>(3.99)</b>	<b>(9.72)</b>

- (vi) Movements in the present value of defined benefit obligation are as follows:

Indian entities	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening defined benefit obligation	70.66	121.17	62.22	105.25
Current Service Cost	7.19	6.07	6.00	6.36
Interest Cost	5.41	10.32	4.81	8.01
Actuarial (gain)/losses arising from changes in financial assumptions	4.54	-	(2.43)	-
Actuarial (gain)/losses arising from changes in experience adjustments	4.06	-	9.92	-
Benefits paid	(5.04)	(13.88)	(9.86)	(7.87)
Contribution by plan participants / employees	-	10.00	-	8.78
Settlement / transfer in	(1.04)	3.33	-	0.64
<b>Closing defined benefit obligation</b>	<b>85.78</b>	<b>137.01</b>	<b>70.66</b>	<b>121.17</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Foreign subsidiaries	Legal Severance Pay (unfunded)	
	As at March 31, 2020	As at March 31, 2019
Opening defined benefit obligation	9.72	8.09
Current Service Cost	15.27	1.60
Interest Cost	0.40	0.26
Actuarial (gain)/losses arising from changes in financial assumptions	0.71	0.16
Actuarial (gain)/losses arising from changes in experience adjustments and demographic assumption	(0.65)	(0.45)
Exchange difference on foreign plans	0.37	0.38
Benefits paid/Settled*	(21.83)	(0.32)
<b>Closing defined benefit obligation</b>	<b>3.99</b>	<b>9.72</b>

\* Benefits paid to employees due to discontinuation of business

### (vii) Movements in the fair value of plan assets are as follows:

Indian entities	As at March 31, 2020		As at March 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening fair value of plan assets	62.36	123.07	55.47	106.83
Return on plan assets (excluding amounts included in net interest expenses)	5.28	10.14	10.00	8.33
Contributions from employer	8.30	6.07	6.75	6.36
Contributions from plan participants	-	10.00	-	8.78
Benefits paid	(5.04)	(13.88)	(9.86)	(7.87)
Settlement / Transfer in	(0.94)	1.15	-	0.64
<b>Closing fair value of plan assets</b>	<b>69.96</b>	<b>136.55</b>	<b>62.36</b>	<b>123.07</b>

#### Gratuity:

Plan assets comprises primarily of investment in HDFC Group Unit Linked Plan fund. The weighted average duration of the defined benefit obligation is 9.08 years ( Previous year : 8.99 years). The group expects to make a contribution of ₹ 8.68 Crores ( Previous year : ₹ 7.01 Crores) to the defined benefit plans during the next financial year.

#### Provident fund:

The plan assets have been primarily invested in government securities and corporate bonds.

### (viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Indian entities	Year ended March 31, 2020		Year ended March 31, 2019	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
<b>Sensitivity analysis of gratuity</b>				
Discount rate	(2.62)	2.79	(2.05)	2.18
Expected salary growth	2.72	(2.63)	2.19	(2.07)
<b>Sensitivity analysis of Provident Fund</b>	(0.01)	0.01	(0.01)	0.01

Foreign subsidiaries	Year ended March 31, 2020		Year ended March 31, 2019	
	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
<b>Sensitivity analysis of legal severance pay (unfunded)</b>				
Discount rate	(0.34)	0.40	(0.87)	1.00
Expected salary growth	0.37	(0.32)	1.01	(0.89)

Sensitivity due to mortality and withdrawals are insignificant and hence ignored

### 36.3 Other long-term employee benefit

Amounts recognised in the statement of profit and loss in note 27 "Employee benefits expenses" under the head "Salaries and wages, including bonus"

	Year ended March 31, 2020	Year ended March 31, 2019
Long term retention pay (Refer to note (i) below)	0.14	0.17
Compensated absences	11.26	6.93
	<b>11.40</b>	<b>7.10</b>

#### (i) Long Term Retention Pay

The group has a Long Term Retention Pay Plan which covers employees selected on the basis of their current band and their long term value to the Company. The incentive is payable in three year blocks subject to achievement of certain performance ratings. The Company also has a scheme for talent retention of certain identified employees under which an incentive is payable over a period of three years. Based on actuarial valuation, the Company has accrued the above mentioned amounts.

### 37. Employee Share Based Payments

The Company has an Employee Share Purchase Scheme (SRF Long Term Share Based Incentive Plan) to provide equity settled share based payments to certain employees. The expenses related to the grant of shares under the Scheme are accounted for on the basis of fair value of the share on the grant date (which is the market price of the Company's share on the date of grant less exercise price). The fair value so determined is expensed on a straight line basis over the remaining tenure over which the employees renders their services.

There were no equity shares granted during the current year. The number and fair value of equity shares granted during the previous year are as under:

	Year ended March 31, 2019
Number of equity shares granted during the year	60,000.00
Market price on the grant date (₹ per equity share)	1,724.73
Exercise price (₹ per equity share)	10.00
Fair value on the grant date (₹ per equity share)	1,714.73

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 38. Segment Reporting

Based on the guiding principles laid down in Indian Accounting Standard (Ind AS) - 108 "Segment Reporting", the Managing Director of the group is the Chief Operating Decision Maker (CODM) and for the purposes of resource allocation and assessment of segment performance the business of the group is segregated in the segments below:

- Technical Textiles business: includes nylon tyre cord fabric, belting fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals business: includes refrigerant gases, chloromethane, pharmaceuticals, fluorochemicals & allied products and its research and development.
- Packaging Film business: includes polyester films.
- Others: includes coated fabric, laminated fabric and other ancilliary activities

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. These amounts relate to continuing operations, unless otherwise stated. (Refer to note 42 with regard to information in relation to discontinued operations).

#### b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, inventories and property plant and equipment and intangible assets, net of allowances and provisions, which are reported as direct offsets in the consolidated 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.

### A. Information about operating business segments

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Segment revenue</b>		
a) Technical textiles business (TTB)		
- External sales	1,352.62	1,731.53
- Inter-segment sales	4.93	3.36
<b>Total</b>	<b>1,357.55</b>	<b>1,734.89</b>
b) Chemicals and polymers (CPB)		
- External sales	2,974.96	2,445.42
- Inter-segment sales	-	-
<b>Total</b>	<b>2,974.96</b>	<b>2,445.42</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
c) Packaging films business (PFB)		
- External sales	2,603.58	2,651.03
- Inter-segment sales	0.41	2.31
<b>Total</b>	<b>2,603.99</b>	<b>2,653.34</b>
d) Others		
- External sales	278.26	271.61
- Inter-segment sales	0.08	-
<b>Total</b>	<b>278.34</b>	<b>271.61</b>
<b>Total segment revenue</b>	<b>7,214.84</b>	<b>7,105.26</b>
Less: Inter Segment revenue	5.43	5.67
<b>Revenue from operations</b>	<b>7,209.41</b>	<b>7,099.59</b>
Add: unallocable income	49.05	27.97
<b>Total revenue</b>	<b>7,258.46</b>	<b>7,127.56</b>

Segment Profits	Year ended March 31, 2020	Year ended March 31, 2019
Profit before interest and tax from each segment		
a) Technical textiles business (TTB)	151.49	261.48
b) Chemicals and polymers (CPB)	511.48	384.25
c) Packaging films business (PFB)	555.62	411.48
d) Others	31.77	21.81
<b>Total segment results</b>	<b>1,250.36</b>	<b>1,079.02</b>
Less: i) Interest and finance Charges	200.68	198.37
Less: ii) Other unallocable expenses net of income	134.98	112.22
<b>Profit before tax from continuing operations</b>	<b>914.70</b>	<b>768.43</b>
<b>Profit before tax from discontinuing operations (Refer note 42)</b>	<b>155.85</b>	<b>58.46</b>
<b>Total Profit before tax</b>	<b>1,070.55</b>	<b>826.89</b>
<b>Capital Expenditure</b>		
a) Technical textiles business (TTB)	63.18	52.08
b) Chemicals and polymers (CPB)	503.27	841.49
c) Packaging films business (PFB)	1,098.49	187.00
d) Others	11.67	7.31
e) Unallocated	6.53	6.41
<b>Total</b>	<b>1,683.14</b>	<b>1,094.29</b>
<b>Depreciation and amortisation</b>		
a) Technical textiles business (TTB)	34.69	34.94
b) Chemicals and polymers (CPB)	245.33	221.61
c) Packaging films business (PFB)	86.26	83.01
d) Others	8.49	8.23
e) Unallocated	13.84	10.38
<b>Total</b>	<b>388.61</b>	<b>358.17</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Segment assets and liabilities	As at March 31, 2020	As at March 31, 2019
<b>Segment assets</b>		
a) Technical textiles business (TTB)	1,385.06	1,539.71
b) Chemicals and polymers (CPB)	5,247.50	4,925.43
c) Packaging films business (PFB)	3,582.77	2,776.14
d) Others	187.37	298.39
<b>Total</b>	<b>10,402.70</b>	<b>9,539.67</b>
Unallocable assets	462.22	348.23
Assets classified as held for sale	11.84	
<b>Total Assets</b>	<b>10,876.76</b>	<b>9,887.90</b>
<b>Segment Liabilities</b>		
a) Technical textiles business (TTB)	303.71	396.23
b) Chemicals and polymers (CPB)	515.33	448.98
c) Packaging films business (PFB)	664.05	710.00
d) Others	43.68	52.05
<b>Total</b>	<b>1,526.77</b>	<b>1,607.26</b>
Unallocable Liabilities	4,416.67	4,151.37
<b>Total Liabilities</b>	<b>5,943.44</b>	<b>5,758.63</b>

### B. Information about geographical business segments

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations</b>		
- India	3,654.63	3,753.22
- South Africa	363.06	344.26
- Singapore	13.04	70.92
- Germany	525.59	312.48
- USA	426.94	341.49
- Thailand	140.74	187.02
- Switzerland	425.38	210.51
- Belgium	293.59	263.90
- Others	1,366.44	1,615.79
	<b>7,209.41</b>	<b>7,099.59</b>

	As at March 31, 2020	As at March 31, 2019
<b>Non current segment assets</b>		
- Within India	6,022.14	5,729.25
- Outside India	1,835.25	928.49
	<b>7,857.39</b>	<b>6,657.73</b>

Non current segment assets includes property, plant and equipment, right of use assets, capital work in progress, intangible assets, Goodwill and other non current assets.

No single customer contributed 10% or more to the Group's revenue for both 2019-20 and 2018-19

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Revenue from major products	Year ended March 31, 2020	Year ended March 31, 2019
<b>a) Technical Textiles Business (TTB)</b>		
Nylon tyre cord fabric/ Polyester tyre cord fabric / Belting fabric	1,178.73	1,500.22
Synthetic filament yarn including Industrial yarn //Twine	162.86	216.14
<b>b) Chemicals Business (CB)</b>		
Fluorospecialities chemicals	1,623.83	1,039.13
Fluorochemicals, Refrigerant Gases and allied products	929.08	989.68
Chlorinated solvents and industrial chemicals	344.89	347.80
Waste/others	1.31	13.55
<b>c) Packaging Films Business (PFB)</b>		
Packaging Films	2,557.09	2,577.82
<b>d) Others</b>		
Coated fabric, laminated fabric and other ancillary activities	264.33	265.55
	<b>7,062.12</b>	<b>6,949.89</b>

### 39. Earnings Per Share (EPS)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit attributable to equity holders of the group used in calculating basic earning per share and diluted earning per share:		
- From continuing operations	915.90	591.58
- From discontinued operations	103.19	50.05
- From continuing and discontinued operations	1,019.09	641.63
Weighted average number of equity shares of the group used in calculating basic earning per share and diluted earning per share (nos.)	5,74,80,500	5,74,60,445
Basic and diluted earnings per share (₹)		
- From continuing operations	159.34	102.95
- From discontinued operations	17.95	8.71
- From continuing and discontinued operations	177.29	111.66

### 40. Financial Instruments and Risk Management

#### 40.1 Capital Management

The group manages its capital to ensure that it will be able to continue as a going concern and provide reasonable return to the shareholders by maintaining a reasonable balance between debt and equity. The capital structure of the group consists of net debt (borrowings net of cash and cash equivalents and current investments) and total equity of the group. The group is not subject to any externally imposed capital requirements. The group's management reviews the capital structure of the group on periodic basis. As part of its review, the management considers the cost of capital and risk associated with each class of capital. The group also evaluates its gearing measures using Debt Equity Ratio to arrive at an appropriate level of debt and accordingly evolves its capital structure.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The following table provides the details of the debt and equity at the end of the reporting periods:

	As at March 31, 2020	As at March 31, 2019
Debt	4,134.51	3,730.19
Cash and cash equivalents	116.44	189.55
Current investments	198.50	100.49
<b>Net debt</b>	<b>3,819.57</b>	<b>3,440.15</b>
<b>Total equity</b>	<b>4,933.32</b>	<b>4,129.27</b>
<b>Net debt to equity ratio</b>	<b>0.77</b>	<b>0.83</b>

During the current year, investment in mutual funds have been considered in computation of net debt considering the short term nature of these investments. The comparative figures have been recomputed and disclosed accordingly.

### 40.2 Financial instruments by category

Financial assets	Level of hierarchy	Notes	Carrying value		Fair value	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Measured at amortised cost</b>						
Trade Receivables		a	891.07	1,028.75	891.07	1,028.75
Cash and cash equivalents		a	116.44	189.55	116.44	189.55
Bank balances other than above		a	9.03	9.33	9.03	9.33
Loans		a,b	69.04	45.23	69.04	45.23
Other financial assets		a	186.16	170.82	186.16	170.82
			<b>1,271.74</b>	<b>1,443.68</b>	<b>1,271.74</b>	<b>1,443.68</b>
<b>Measured at Fair value through profit and loss</b>						
Investments in mutual funds	2	d	198.50	100.49	198.50	100.49
Derivative instruments	2	d	0.08	3.42	0.08	3.42
			<b>198.58</b>	<b>103.91</b>	<b>198.58</b>	<b>103.91</b>
<b>Measured at Fair value through Other comprehensive income</b>						
Investments in unquoted equity instruments	3	d	4.16	0.11	4.16	0.11
Derivative instruments	2	d	-	30.85	-	30.85
			<b>4.16</b>	<b>30.96</b>	<b>4.16</b>	<b>30.96</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Financial liabilities	Level of hierarchy	Notes	Carrying value as at		Fair value as at	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Measured at amortised cost</b>						
Borrowings		a,c	3,267.07	3,288.73	3,267.07	3,288.73
Lease Liabilities		a,c	87.70	-	87.70	-
Trade Payables		a	1,111.69	1,382.42	1,111.69	1,382.42
Other financial liabilities		a	1,076.78	598.23	1,076.78	598.23
			<b>5,543.24</b>	<b>5,269.38</b>	<b>5,543.24</b>	<b>5,269.38</b>
<b>Measured at Fair value through profit and loss</b>						
Derivative instruments	2	d	2.58	-	2.58	-
			<b>2.58</b>	<b>-</b>	<b>2.58</b>	<b>-</b>
<b>Measured at Fair value through other comprehensive income</b>						
Derivative instruments	2	d	68.04	4.26	68.04	4.26
			<b>68.04</b>	<b>4.26</b>	<b>68.04</b>	<b>4.26</b>

The following methods / assumptions were used to estimate the fair values:

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
- Fair value of other long-term borrowings and lease liabilities is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.
- The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

There are no transfers between Level 1, Level 2 and Level 3 during the Year ended March 31, 2020 and March 31, 2019

### Level 1:

Quoted prices in the active market: This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

### Level 2:

Valuation techniques with significant observable inputs: This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of over the counter (OTC) derivative contracts and open ended mutual funds.

### Level 3:

Valuation techniques with significant unobservable inputs: This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value is determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

from observable current market transactions in the same instruments nor based on available market data. The main item in this category are unquoted equity instruments

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- (i) Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions.
- (ii) Derivative contracts: The group has entered into various foreign currency contracts and interest rate swaps contracts to manage its exposure to fluctuations in foreign exchange rates and interest rate respectively. These financial exposures are managed in accordance with the group's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the authorized dealers banks and forward exchange rates at the balance sheet date.
- (iii) Unquoted equity investments: Fair value is determined based of the recoverable value as per agreement with the investee

Reconciliation of Level 3 fair value measurements	Unlisted equity instruments
<b>As at March 31, 2018</b>	<b>0.12</b>
Sale of investment	(0.01)
<b>As at March 31, 2019</b>	<b>0.11</b>
Purchases of investment	4.05
<b>As at March 31, 2020</b>	<b>4.16</b>

Sensitivity of the fair value measurement to changes in unobservable inputs for financial instruments in Level 3 level of hierarchy is insignificant.

### 40.3 Financial Risk Management

The group is exposed to various financial risks arising from its underlying operations and finance activities. The group is primarily exposed to market risk (i.e. interest rate and foreign currency risk) and to credit risk and liquidity risk. The Group's Corporate Treasury function plays the role of monitoring financial risk arising from business operations and financing activities.

Financial risk management within the group is governed by policies and guidelines approved by the senior management and the Board of Directors. These policies and guidelines cover interest rate risk, foreign currency risk, credit risk and liquidity risk. Group policies and guidelines also cover areas such as cash management, investment of excess funds and the raising of short and long-term debt. Compliance with the policies and guidelines is managed by the Corporate Treasury function within the group. Review of the financial risk is done on a monthly basis by the Managing Director and on a quarterly basis by the Board of Directors. The objective of financial risk management is to contain, where deemed appropriate, exposures on net basis to the various types of financial risks mentioned above in order to limit any negative impact on the group's results and financial position.

In accordance with its financial risk management policies, the group manages its market risk exposures by using specific type of financial instruments duly approved by the Board of Directors as and when deemed

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

appropriate. It is the group's policy and practice neither to enter into derivative transactions for speculative purpose, nor for any purpose unrelated to the underlying business. The Board of Directors / Managing Director reviews and approves policies for managing each of the above risks.

### 40.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk. Financial instruments affected by market risk includes loans and borrowings, deposits, investments and derivative financial instruments. The group enters into derivative contracts as approved by the Board to manage its exposure to interest rate risk and foreign currency risk.

#### A. Foreign Currency Risk Management

Foreign currency risk also known as Exchange Currency Risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign currency risk in the group is attributable to group's operating activities and financing activities.

In the operating activities, the group's exchange rate risk primarily arises when revenue / costs are generated in a currency that is different from the reporting currency (transaction risk). In compliance with the Board approved policy, the Group manages the net exposure on a rolling 12 month basis and for exposures between 12 to 36 months, hedging is done based on specific exposure. The information is monitored by the Audit committee and the Board of Directors on a quarterly basis. This foreign currency risk exposure of the group are mainly in U.S. Dollar (USD), Euro (EUR), Japanese Yen (JPY) and British pound sterling (GBP). The group's exposure to foreign currency changes for all other currencies is not material.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in ₹ are as follows:

	Assets		Liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	280.30	383.87	1,576.55	2,009.90
EUR	114.34	128.48	813.85	475.72
JPY	-	-	6.87	7.72
GBP	4.13	4.85	0.26	0.58

#### Foreign currency sensitivity analysis

The group is mainly exposed to changes in USD, EURO, JPY and GBP exchange rates.

The following table details the group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) *				
USD	9.18	(9.18)	12.54	(12.54)
EUR	1.21	(1.21)	(0.31)	0.31
JPY	0.07	(0.07)	0.08	(0.08)
GBP	(0.04)	0.04	(0.05)	0.05

\*Includes sensitivity on long-term foreign currency monetary items on which Para D13 AA of Ind AS 101. Accordingly, the exchange loss/ (gain) arising on long term foreign currency monetary items relating to acquisition of depreciable assets will be added to/deducted from the cost of such assets/capital work-in-progress and will be depreciated over the balance useful life of assets.

Impact on equity (Other Comprehensive Income)				
USD	3.78	(3.78)	3.45	(3.45)
EUR	5.78	(5.78)	3.88	(3.88)

### Foreign exchange derivative contracts

The group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The group's Corporate Treasury team manages its foreign currency risk by hedging transactions that are expected to occur within 1 to 24 months for hedges of forecasted sales, purchases and capital expenditures. When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Outstanding Contracts*	No. of Deals		Contract Value of Foreign Currency (In Millions)		Maturity			
					Up to 12 months Nominal Amount* (₹ Crores)		More than 12 months Nominal Amount* (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD/INR Sell forward	196	110	254.56	113.00	1,243.67	780.75	680.78	45.07
EUR/INR sell forward	27	-	38.00	-	172.65	-	153.78	-
EUR/USD Sell forward	4	11	6.00	12.00	50.51	95.51	-	-
EUR/THB Buy forward	-	12	-	17.50	-	142.16	-	-
USD/THB Buy forward	-	1	-	0.50	-	3.44	-	-
EUR/USD Buy forward	9	-	15.14	-	110.33	-	-	-
USD/ZAR Buy forward	1	-	0.40	-	2.51	-	-	-
USD/ZAR Sell forward	1	-	0.40	-	2.60	-	-	-

\* Computed using average forward contract rates

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

The following table details the group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding forward exchange contracts as tabulated above and adjusts their translation at the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) for the year				
USD	1.38	(1.38)	0.92	(0.92)
EUR	0.50	(0.50)	0.51	(0.51)
Impact on equity				
USD	19.60	(19.60)	6.99	(6.99)
EUR	3.31	(3.31)	(0.95)	0.95

### B. Interest Rate Risk Management

Interest rate risk arises from movements in interest rates which could have effects on the group's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

The group manages its interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. The group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed principal amount outstanding at the time of inception of the swap. Out of the total long term borrowings, the amount of fixed interest loan is ₹ 995.04 Crores and floating interest loan is ₹ 2,096.36 Crores (Previous year : Fixed interest loan ₹ 853 Crores and Floating interest loan ₹ 1,757 Crores)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

	Year ended March 31, 2020		Year ended March 31, 2019	
	₹ loans interest rate decreases by 0.50 %	Foreign currency loans interest rate decreases by 0.15 %	₹ loans interest rate decreases by 0.50 %	Foreign currency loans interest rate decreases by 0.15 %
Increase in profit before tax by	1.48	2.70	2.09	2.01

In case of increase in interest rate by above mentioned percentage, there would be a comparable negative impact on the profit before tax as mentioned above.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### Interest Rate Swap Contracts

Under interest rate swap (IRS) contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on the agreed notional principal amounts. Such contracts enables the group to mitigate the risk of changing interest rates.

The following table details the IRS contracts outstanding at the end of the reporting period:

Outstanding Contracts	No. of Deals		Contract Value of Foreign Currency (In Millions)		Maturity			
					Up to 12 months Nominal Amount* (₹ Crores)		More than 12 months Nominal Amount* (₹ Crores)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IRS Contracts*	3	4	15.05	23.13	26.71	54.24	86.99	105.58

Each of the above trades are in the nature of cash flow hedges and are effective hedges. The mark to market on these trades is therefore routed through Cash flow Hedge Reserve. The interest rate swap and the interest payments on the loan are paid simultaneously and are charged to statement of profit and loss.

\*Sensitivity on the above IRS contracts in respect of interest rate exposure is insignificant

## C. Hedge accounting

### Cash flow hedges

The amounts at the reporting date relating to the item designed as hedge items are as follows:

Hedging instruments	As at March 31, 2020			Year ended March 31, 2020	As at March 31, 2019			Year ended March 31, 2019
	Nominal amount (₹ Crores)	Carrying amount Assets / (liabilities) (₹ Crores)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in OCI (₹ Crores)	Nominal amount (₹ Crores)	Carrying amount Assets / (liabilities) (₹ Crores)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in OCI (₹ Crores)
Foreign exchange contracts	2,224.80	(65.62)	Other financial assets/ liabilities (current and non - current)	(88.50)	912.03	22.88	Other financial assets/ liabilities (current and non - current)	18.33
Foreign currency denominated loans	955.86	(955.86)	Non current borrowing	(65.90)	733.38	(733.38)	Non current borrowing	35.25
Interest rate swap contracts	113.70	(2.42)	Other financial assets/ liabilities (current and non - current)	(6.14)	159.82	3.72	Other financial assets/ liabilities (current and non - current)	(3.33)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### Fair value hedges

The amounts at the reporting date relating to the item designed as hedge items are as follows:

Hedging instruments	As at March 31, 2020			Year ended March 31, 2020	As at March 31, 2019			Year ended March 31, 2019
	Nominal amount (₹ Crores)	Carrying amount Assets / (liabilities) (₹ Crores)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in consolidated statement of profit and loss (₹ Crores)	Nominal amount (₹ Crores)	Carrying amount Assets / (liabilities) (₹ Crores)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in consolidated statement of profit and loss (₹ Crores)
Foreign exchange contracts	192.01	(2.50)	Other financial assets/ liabilities (current and non-current)	(3.13)	154.89	3.42	Other financial assets/ liabilities (current and non-current)	2.00

### 40.3.2 Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables, loans and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is managed by the group's treasury department in accordance with the group's policy. Investments of surplus funds are made only with counterparties who meet the parameters specified in Investment Policy of the groups. The investment policy is reviewed by the group's Board of Directors on an annual basis and if required, the same may be updated during the year. The investment policy specifies the limits of investment in various categories of products so as to minimize the concentration of risks and therefore mitigate financial loss due to counterparty's potential failure.

#### Expected credit loss on financial assets:

To manage credit risk for trade receivables, the group establishes credit approvals and credit limits, periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties, from which these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on these financial assets other than as detailed below.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Loss allowance for the following financial assets have been recognised by the group:

	Note No.	As at March 31, 2020	As at March 31, 2019
Loans - non-current	8	-	0.07
Loans - current	8	2.74	2.74
Trade receivables	13	3.61	2.49
		<b>6.35</b>	<b>5.30</b>

### Movement of loss allowance :

	Loans (current and non current)	Trade receivables
<b>As at March 31, 2018</b>	<b>2.89</b>	<b>15.84</b>
Provided during the year	1.37	0.86
Reversed during the year	(1.45)	(14.22)
<b>As at March 31, 2019</b>	<b>2.81</b>	<b>2.49</b>
Provided during the year	0.17	1.88
Reversed during the year	(0.24)	(0.76)
<b>As at March 31, 2020</b>	<b>2.74</b>	<b>3.61</b>

Other than financial assets mentioned above, none of the group's financial assets are impaired, as there are no indications that defaults in payments obligation would occur.

### 40.3.3 Liquidity Risk Management

Liquidity risk is the risk of non-availability of financial facilities available to the group to meet its financial obligations. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of money market instruments, bank overdrafts, bank loans, debentures and other types of facilities. The liquidity management is governed by the Board approved liquidity management policy. Any deviation from the policy has to be approved by the Treasury Management comprising of Managing Director, Chief Financial Officer and Treasury Head. The group assesses the concentration of risk with respect to refinancing its debt, guarantee given and funding of its capital expenditure according to needs of the future. The group manages its liquidity by holding appropriate volumes of liquid assets which are available for its disposal on T +1 basis and by maintaining open credit lines with banks / financial institutions.

The table below analyze the group's financial liabilities into relevant maturity profiles based on their contractual maturities:

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
<b>As at March 31, 2020</b>				
Borrowings*	1,735.18	2,033.21	278.43	4,046.82
Lease Liabilities	13.71	40.96	33.02	87.69
Trade payables	1,111.69	-	-	1,111.69
Other financial liabilities	344.79	22.87	-	367.66
	<b>3,205.37</b>	<b>2,097.04</b>	<b>311.45</b>	<b>5,613.86</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
<b>As at March 31, 2019</b>				
Borrowings*	1,568.85	2,023.58	137.76	3,730.19
Trade payables	1,382.42	-	-	1,382.42
Other financial liabilities	161.03	-	-	161.03
	<b>3,112.30</b>	<b>2,023.58</b>	<b>137.76</b>	<b>5,273.64</b>

\* including current maturity of non-current borrowings

### 41. Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers:

Contract assets	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	25.52	-
Increase as a result of changes in measure of progress	-	25.52
Transfer from contract assets recognised at the beginning of the year to receivables	25.52	-
	<b>-</b>	<b>25.52</b>

Contract liability	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	16.69	33.12
Revenue recognised that was included in the contract liability balance at the beginning of the period	(16.69)	(33.12)
Increase due to cash received, excluding the amount recognised as revenue during the period	12.68	16.69
	<b>12.68</b>	<b>16.69</b>

### 42. Non-current assets held for sale and Discontinued operations

#### A. Engineering Plastics Business

##### (a) Description:

On May 11, 2019, the Company entered into a business transfer agreement for sale of its Engineering Plastics Business, which has been divested with effect from August 1, 2019. The business was reported under "Others segment" in accordance with the requirements of Ind AS 108 – "Operating Segments" in the consolidated financial statements till previous year. The relevant financial information of the said business has been disclosed under discontinued operations in terms of Ind AS 105- "Non-current assets held for sale and discontinued operations" as below.

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### (b) Financial performance and Cash flow information:

Sl. no.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
I	(a) Sale of Products	74.87	252.62
	(b) Other operating Revenues	0.26	1.13
	<b>(c) Revenue from operations {I(a)+I(b)}</b>	<b>75.13</b>	<b>253.75</b>
	(d) Other income	-	0.19
	<b>(e) Total income {I(c)+I(d)}</b>	<b>75.13</b>	<b>253.94</b>
	(f) Total expenses	67.05	229.87
	<b>(g) Profit before tax for the period from discontinued operations {I(e)-I(f)}</b>	<b>8.08</b>	<b>24.07</b>
	(h) Tax expense related to discontinued operations	2.82	8.41
	<b>(i) Net Profit after tax for the period from discontinued operations {I(g)-I(h)}</b>	<b>5.26</b>	<b>15.66</b>
II	<b>(a) Profit before tax on disposal of discontinued operations</b>	<b>233.74</b>	-
	(b) Tax expense related to disposal of discontinued operations	58.41	-
	<b>(c) Net Profit after tax on disposal of discontinued operations {II(a)-II(b)}</b>	<b>175.33</b>	-
III	<b>Net Profit after tax for the period from discontinued operations {I(i)+II (c)}</b>	<b>180.59</b>	<b>15.66</b>
IV	Net cash generated from operating activities	17.29	13.06
V	Net cash generated from / (used in) investing activities	268.92	(4.53)
VI	Net cash used in financing activities	(0.14)	(0.87)

### (c) Revenue from major products:

	Year ended March 31, 2020	Year ended March 31, 2019
Nylon/PBT/PC compounding chips	74.87	252.62

### (d) Details of disposal of discontinued operations:

	Year ended March 31, 2020
Proceeds from sale of business	315.77
Carrying amount of net assets transferred	(76.32)
Costs incurred on sale of business	(5.71)
<b>Profit before tax on disposal of discontinued operations</b>	<b>233.74</b>
Tax expense related to disposal of discontinued operations	(58.41)
<b>Net Profit after tax on disposal of discontinued operations</b>	<b>175.33</b>

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### (e) The carrying amounts of assets and liabilities as at the date of sale were as follows:

	As at July 31, 2019
Property, plant and equipment	44.86
Goodwill	0.79
Intangible assets	0.22
Inventory	25.07
Trade receivables	25.27
Other assets	0.42
<b>Total assets</b>	<b>96.63</b>
Trade payables	(19.59)
Other liabilities and provisions	(0.72)
<b>Total liabilities</b>	<b>(20.31)</b>
<b>Net assets transferred</b>	<b>76.32</b>

## B. Technical Textiles Business of SRF Industries(Thailand) Limited

### (a) Description:

SRF Industries(Thailand) Limited closed its Technical Textiles Business operations located at Rayong, Thailand w.e.f. October 21, 2019. The business was reported as part of Technical Textiles Business as per requirements of Ind AS 108 – “Operating Segments” in the consolidated financial results till last year. The financial information of the said business have been classified as Discontinued Operations as per requirements of INDAS 105 - “Non -current assets held for sale and discontinued operations”. The relevant assets and liabilities have been recognised at estimated fair value and all future realizations / settlements of said assets / liabilities will continue to be shown under discontinued operations. The particulars of said discontinued operations are as under:

### (b) Financial performance and cash flow information

Sl. no.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
I	(a) Sale of Products	133.59	338.86
	(b) Other operating Revenues	0.52	0.48
	(c) <b>Total revenue from operations {I(a)+I(b)}</b>	<b>134.11</b>	<b>339.34</b>
	(d) Other income	1.81	11.99
	(e) <b>Total income {I(c)+I(d)}</b>	<b>135.92</b>	<b>351.33</b>
	(f) Total expenses excluding point no.(g)	151.60	316.94
	(g) Impact on account of fair value measurement loss / (gain) on assets/liabilities	70.29	-
	(h) <b>Profit / (loss) before tax from discontinued operations {I(e)-I(f)-I(g)}</b>	<b>(85.97)</b>	<b>34.39</b>
	(i) Tax expense / (gain) related to discontinued operations	(8.57)	-
II	<b>Net Profit / (loss) after tax from discontinued operations{I(h)-I(i)}</b>	<b>(77.40)</b>	<b>34.39</b>
III	Net cash generated from operating activities	(4.11)	53.91
IV	Net cash generated from investing activities	(2.56)	(1.28)
V	Net cash used in financing activities	(0.55)	(31.62)

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### (c) Revenue from major products

	Year ended March 31, 2020	Year ended March 31, 2019
Nylon tyre cord fabric/ Polyester tyre cord fabric / Belting fabric	133.59	338.86

### (d) Assets classified as held for sale

	As at March 31, 2020
Property plant and equipment	11.84

- C. Pursuant to requirements of Ind AS 105, the amounts in the consolidated statement of profit and loss (and related notes) for the current year and the previous year have been presented for continuing operations, as if the operations had been discontinued from the start of the previous year, as applicable, unless otherwise stated.

### 43. Leases

The group leases various types of assets including land, buildings and Plant & Machinery. Information about leases for which the group is a lessee is presented below.

Right-of-use assets	Land <sup>*^</sup>	Buildings	Plant and equipment	Total
<b>Balances at April 1, 2019</b>	<b>141.57</b>	<b>43.96</b>	<b>21.67</b>	<b>207.20</b>
Additions to right-of-use assets	13.89	1.02	28.96	43.87
Deletion of right-of-use assets	(6.75)	-	-	(6.75)
Depreciation charge for the year	(1.54)	(6.76)	(8.44)	(16.74)
<b>Balances at March 31, 2020</b>	<b>147.17</b>	<b>38.22</b>	<b>42.19</b>	<b>227.58</b>

\* The execution of lease deed of land in respect of 11,49,550 sq. mtrs. ( Previous year : 1,081,250 sq. mtrs) of leasehold land allotted to the group by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

^ Including reclassification amounting to ₹ 136.39 Crores from non-current / current assets to right-of-use assets for prepaid lease rentals.

### Lease liabilities

#### Lease liabilities included in the Balance Sheet as at March 31, 2020

	As at March 31, 2020
Current	13.71
Non-current	73.98

#### Amounts recognised in Statement of Profit and Loss

	Year ended March 31, 2020
Interest on lease liabilities	6.70
Depreciation expense	16.74
Expenses relating to short-term leases and leases of low-value assets ( Refer note 30)	14.78

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### Amounts recognised in Cash Flow Statement

	Year ended March 31, 2020
Total cash outflow for leases	18.87

### Impact due to change in Accounting Policy

On transition to Ind AS 116, the group has recognised right-of-use assets and lease liabilities. The impact on transition is summarized below:

Operating lease commitments at March 31, 2019 as disclosed under Ind AS 17	135.74
Lease liabilities discounted using incremental borrowing rate recognised at April 1, 2019	70.81

When measuring lease liabilities for leases that were classified as operating lease, the group discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted average rate applied is 8%.

### Operating lease commitments under Ind AS 17

The group has entered into operating lease agreements for various premises taken for accommodation of group's officers / directors, various offices of the group, lands and certain equipment's. These arrangements are both cancellable and non-cancellable in nature and range between two to ninety nine years. The future minimum lease payments under non-cancellable operating leases are as under:

	As at March 31, 2019
<b>Non-cancellable operating lease commitments</b>	
- Within one year	10.75
- Later than one year and not later than five years	33.47
- Later than five years	91.52
	<b>135.74</b>

	Year ended March 31, 2019
Lease rent recognized in the statement of profit and loss (Refer note 30) *	29.34

\* Excluding amounts relating to discontinued operations.

## 44. Group Information

Name	Principal activities	Country of incorporation	% equity interest	
			March 31, 2020	March 31, 2019
SRF Holiday Home Limited	Development and lease of Industrial, commercial and residential complexes	India	100%	100%
SRF Employees Welfare Trust	Implementation and operationalisation of long term incentive plans of the Company	India	*	*

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Name	Principal activities	Country of incorporation	% equity interest	
			March 31, 2020	March 31, 2019
SRF Global BV	Investment company	Netherlands	100%	100%
SRF Flexipak (South Africa) (Pty) Limited (subsidiary of SRF Global BV)	Manufacture of BOPP and metallized BOPP films	Republic of South Africa	100%	100%
SRF EUROPE Kft (subsidiary of SRF Global BV)	Manufacture of Polyester film and metallized Polyester film	Hungary	100%	100%
SRF Industries (Thailand) Limited (subsidiary of SRF Global BV)	Manufacture of Tyre cord fabric, Polyester film and metallized Polyester film & trading of chemical products	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (subsidiary of SRF Global BV)	Trading of chemical products	Republic of South Africa	100%	100%

\*By virtue of management control under Ind As-24 "Related party disclosures"

### 45. Additional information as required by Paragraph 2 of General Instructions for preparation of consolidated financial statements to the Schedule III to the Companies Act, 2013

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss <sup>^</sup>		Share in other comprehensive income <sup>^</sup>		Share in total comprehensive income <sup>^</sup>	
	As % of consolidated net assets	Amount (₹ Crores)	As % of consolidated Share in profit or loss	Amount (₹ Crores)	As % of consolidated other comprehensive income	Amount (₹ Crores)	As % of total consolidated comprehensive income	Amount (₹ Crores)
I Parent - SRF Limited	95%	4,684.24	96%	974.18	95%	(112.54)	96%	861.64
II Subsidiaries:								
<b>A Indian</b>								
1. SRF Holiday Home Limited	-	3.74	-	(0.04)	-	-	-	(0.04)
2. SRF Employees Welfare Trust	-	*	-	**	-	-	-	**
<b>B. Foreign</b>								
1. SRF Global BV (Consolidated)	7%	342.80	4%	42.71	5%	(6.47)	4%	36.24
Adjustments arising out of consolidation	(2%)	(97.46)	-	2.24	-	-	-	2.24
<b>Total</b>	<b>100%</b>	<b>4,933.32</b>	<b>100%</b>	<b>1,019.09</b>	<b>100%</b>	<b>(119.01)</b>	<b>100%</b>	<b>900.08</b>
<b>Non-controlling Interests in all subsidiaries</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

\* Amount in absolute ₹ 35, 957 (Previous year - ₹ 18,383)

\*\* Amount in absolute ₹ (7,426) (Previous year - (16,617))

<sup>^</sup> Includes discontinued operations

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

### 46. Additional Disclosures

#### (a) Research and Development Expenditure

The details of research and development expenditure of ₹ 132.77 crores (Previous Year - ₹ 104.40 crores) included in these financials statements are as under:

	Year ended March 31, 2020	Year ended March 31, 2019
Capital expenditure	33.09	4.06
Revenue expenditure	99.68	100.34
	<b>132.77</b>	<b>104.40</b>

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

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of material consumed	1.51	2.46
Salaries and wages, including Bonus	37.85	34.96
Contribution to provident and other funds	2.45	2.03
Workmen and staff welfare expenses	3.62	3.07
Stores and spares consumed	6.15	8.45
Power and fuel	7.74	7.24
Rent	0.04	1.28
Repairs and maintenance		
- Buildings	-	0.01
- Plant and machinery	10.86	9.33
- Others	1.26	1.55
Insurance	0.87	0.38
Rates and taxes	0.04	0.08
Travelling and conveyance	1.27	1.45
Legal and professional charges	3.95	4.13
Depreciation and amortisation expense	19.09	18.60
Interest cost	0.36	-
Miscellaneous expenses	2.62	5.32
	<b>99.68</b>	<b>100.34</b>

#### (b) Managerial Remuneration

i)	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Remuneration to Chairman/ Managing Director/ Deputy Managing Director/ Whole time Director</b>		
Salary and contribution to provident and other funds	11.05	7.44
Value of perquisites	2.26	3.53
Commission	9.50	6.50
<b>Sub-Total</b>	<b>22.81</b>	<b>17.47</b>
<b>(b) Remuneration to Non Executive Directors</b>		
Commission	0.72	0.50
Directors' sitting fees	0.21	0.21
Other fees	0.12	0.13
<b>Sub-Total</b>	<b>1.05</b>	<b>0.84</b>
<b>Total</b>	<b>23.86</b>	<b>18.31</b>

(c) The Group has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items as described in Para D13 AA of Ind AS 101. Accordingly, exchange loss/ (gain) arising on all long term monetary items financed or re-financed on or before March 31, 2016 relating to acquisition of following depreciable assets are added to/ adjusted from the cost of such assets/ capital work in progress and will be depreciated over the balance useful life of such assets.



# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Exchange loss/ (gain) added/ (adjusted)	Year ended March 31, 2020	Year ended March 31, 2019
<b>Property, plant and equipment</b>		
- Roads	0.66	0.79
- Buildings	8.86	10.55
- Plant and equipment	61.44	97.69
- Furniture and fixtures	0.18	0.21
- Office equipment	0.03	0.06
	<b>71.17</b>	<b>109.30</b>
<b>Other Intangible Assets</b>		
- Trade marks/ Brands	0.33	1.95
- Technical knowhow	0.19	1.14
- Others	0.09	0.56
	<b>0.61</b>	<b>3.65</b>

The cumulative exchange loss/ (gain) added/ (adjusted) and remaining unamortised as at March 31, 2020 is ₹ 299.84 Crores (Previous year: ₹ 256.03 Crores).

- (d) The group was required to spend ₹ 12.00 Crores (Previous year: ₹ 10.38 Crores) on corporate social responsibility activities under section 135 of the Companies Act, 2013 out of which ₹ 12.00 Crores (Previous year: ₹ 10.38 Crores) has been spent.
- (e) In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lockdown on March 25, 2020, which has impacted the business activities of the group. The group has assessed the impact that may result from this pandemic on its liquidity position; carrying amounts of receivables; inventories; tangible and intangible assets; investments; and other assets/liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the group has considered internal and external information available till the date of approval of these financial statements and has assessed its situation.

In that context and based on the current estimates, the group believes that COVID - 19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at the date of approval of these financial statements. The group would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant periods.

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration no.  
101248W / W-100022

**Kaushal Kishore**  
Partner  
Membership No.: 090075  
Place : Delhi  
Date : June 4, 2020

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Rajat Lakhnupal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram

**Statement pursuant to first proviso to sub section(3) of section 129 of Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in prescribed form AOC-1 relating to subsidiaries/associates companies/joint ventures**

**A Statement showing salient features of the financial statements of subsidiaries**

**Indian Subsidiaries**

S. No.	Name of the subsidiary	SRF Holiday Home Limited (₹ Crores)
(a)	Reporting Period	1 April 2019 to 31 March, 2020
(b)	Date since when subsidiary was acquired/formed	30.01.2008
(c)	Reporting Currency	INR
(d)	Exchange Rate	-
(e)	Share Capital	4.00
(f)	Reserves and Surplus	(0.26)
(g)	Total Assets	3.76
(h)	Total Liabilities(external liabilities)	0.02
(i)	Investment	-
(j)	Turnover	-
(k)	Profit/(Loss) Before Taxation	(0.04)
(l)	Tax expense / (income)	-
(m)	Profit/(Loss) After Taxation	(0.04)
(n)	Proposed Dividend	-
(o)	% of shareholding	100%

**Foreign Subsidiaries**

S. No.	Name of the subsidiary	SRF Global BV# (subsidiary of SRF Limited)		SRF Flexipak (South Africa)(Pty) Limited# (subsidiary of SRF Global BV)	
		USD	₹ Crores	Rand	₹ Crores
(a)	Reporting Period	1 April 2019 to 31 March, 2020		1 April 2019 to 31 March, 2020	
(b)	Date since when subsidiary was acquired/formed	20.10.2008		26.10.2011	
(c)	Reporting Currency	USD	₹ Crores	Rand	₹ Crores
(d)	Exchange Rate	75.56		4.24	
(e)	Share Capital	1,83,15,664	138.39	100	0.00
(f)	Reserves and Surplus	(2,31,79,110)	(175.14)	10,57,97,049	44.86
(g)	Total Assets	8,60,14,536	649.93	80,99,93,477	343.44
(h)	Total Liabilities(external liabilities)	9,08,77,982	686.67	70,41,96,328	298.58
(i)	Investment	*	*	-	-
(j)	Turnover	-	-	92,98,78,943	394.27
(k)	Profit/(Loss) Before Taxation	(14,33,060)	(10.83)	5,59,50,250	23.72
(l)	Tax expense / (income)	-	-	1,57,51,234	6.68
(m)	Profit/(Loss) After Taxation	(14,33,060)	(10.83)	4,01,99,016	17.04
(n)	Proposed Dividend	-	-	-	-
(o)	% of shareholding	100%		100%	

\* Investment in subsidiary USD 95,26,513 (Equivalent to ₹ 71.98 crores)

S. No.	Name of the subsidiary	SRF Industries (Thailand) Limited# (subsidiary of SRF Global BV)		SRF Industex Belting (Pty) Limited# (subsidiary of SRF Global BV)	
		THB	₹ Crores	Rand	₹ Crores
(a)	Reporting Period	1 April 2019 to 31 March, 2020		1 April 2019 to 31 March, 2020	
(b)	Date since when subsidiary was acquired/formed	08.09.2008		13.06.2008	
(c)	Reporting Currency	THB	₹ Crores	Rand	₹ Crores
(d)	Exchange Rate	2.3		4.24	
(e)	Share Capital	10,00,00,300	23.00	1,33,20,202	5.65
(f)	Reserves and Surplus	1,22,52,50,311	281.81	(5,95,83,305)	(25.26)
(g)	Total Assets	4,32,25,93,759	994.20	1,49,49,839	6.34
(h)	Total Liabilities (external liabilities)	2,99,73,43,148	689.39	6,12,12,942	25.95
(i)	Investment	-	-	-	-
(j)	Turnover	2,58,31,23,395	594.12	79,73,770	3.38
(k)	Profit/(Loss) Before Taxation	(9,06,69,202)	(20.85)	(1,85,84,578)	(7.88)
(l)	Tax expense / (income)	(8,82,79,699)	(20.30)	-	-
(m)	Profit/(Loss) After Taxation	(23,89,503)	(0.55)	(1,85,84,578)	(7.88)
(n)	Proposed Dividend	-	-	-	-
(o)	% of shareholding	100%		100%	

S. No.	Name of the subsidiary	SRF Europe Kft# (subsidiary of SRF Global BV)	
		EURO	₹ Crores
(a)	Reporting Period	1 April 2019 to 31 March, 2020	
(b)	Date since when subsidiary was acquired/formed	25.04.2018	
(c)	Reporting Currency	EURO	₹ Crores
(d)	Exchange Rate	82.58	
(e)	Share Capital	10,10,000	8.34
(f)	Reserves and Surplus	(6,91,208)	(5.71)
(g)	Total Assets	8,39,21,942	693.03
(h)	Total Liabilities(external liabilities)	8,36,03,150	690.39
(i)	Investment	-	-
(j)	Turnover	-	-
(k)	Profit/(Loss) Before Taxation	(5,19,079)	(4.29)
(l)	Tax expense / (income)	61	0.00
(m)	Profit/(Loss) After Taxation	(5,19,140)	(4.29)
(n)	Proposed Dividend	-	-
(o)	% of shareholding	100%	

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

(i)	1 USD = ₹ 75.56
(ii)	1 Baht = ₹ 2.30
(iii)	1 Rand = ₹ 4.24
(iv)	1 Euro = ₹ 82.58

**B Statement containing salient features of the financial statements of associates companies/ joint ventures**

<b>Name of Associate Companies/Joint Ventures#</b>	<b>Malanpur Captive Power Ltd.</b>	<b>Vaayu Renewable Energy(Tapti) Pvt. Ltd.</b>
Latest audited Balance Sheet date	31.03.2019	31.03.2019
Share of Associate Companies held by the Company on the year end	4.22	0.05
Date on which the Associate was associated or acquired	09.01.2007	29.05.2013
Shares of associate held by the company on the year end (Number of shares)	42,21,535	50,000
Amount of investment in Associate Companies	4.22	0.05
Extent of holding (%)	22.60%	26.32%
Description of how there is significant influence	Due to control of at least 20% of total share capital as envisaged in Sec. 2(6) of the Companies Act, 2013	Due to control of at least 20% of total share capital as envisaged in Sec. 2(6) of the Companies Act, 2013
Reason why the associate company is not consolidated	*	*
Net worth attributable to shareholding as per latest Audited Balance Sheet	(6.81)	11.81
Profit & loss for the year		
(i) Considered in Consolidation	Nil	Nil
(ii) Not considered in Consolidation	(9.81)	0.58

#The company has no joint venture

\*Investment in both these group captive power companies are held by the company as a consumer in accordance with the requirements of the Electricity Act, 2005. The company does not exercise significant influence as defined under IND AS over these companies and therefore their annual accounts are not consolidated with the annual accounts of the company.

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman  
DIN - 00694766  
Place : Delhi

**Ashish Bharat Ram**  
Managing Director  
DIN - 00671567  
Place : Gurugram

**Kartik Bharat Ram**  
Deputy Managing Director  
DIN - 00008557  
Place : Delhi

**Bharti Gupta Ramola**  
Director  
DIN - 00356188  
Place : Gurugram

**Rahul Jain**  
President & CFO  
Place : Gurugram

**Rajat Laxhanpal**  
Vice President  
(Corporate Compliance)  
and Company Secretary  
Place : Gurugram









### **Registered Office**

Unit No. 236 & 237, 2<sup>nd</sup> Floor, DLF Galleria, Mayur Place,  
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### **Corporate Office**

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