IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THE ISSUE OF THE SECURITIES DESCRIBED IN THE ATTACHED PRELIMINARY PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI ICDR REGULATIONS").

IMPORTANT: You must read the following notice before continuing. This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following notice applies to the pre-numbered preliminary placement document cum Application Form (the "**Preliminary Placement Document**") of SRF Limited (the "**Company**") attached to this email, and you are therefore advised to read the following notice carefully before reading, accessing or making any other use of the Preliminary Placement Document. By accessing the Preliminary Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The Preliminary Placement Document is intended for use by the named recipient(s) only and you are not authorised to forward it or deliver it to any other person, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person, except your advisers and others in your company (provided that they are not in the United States or in any jurisdiction where offers or solicitations of the Equity Shares in the Issue (as both terms are defined in the Preliminary Placement Document) are not permitted by law).

The offer is personal to each prospective investor and is being made on a private placement basis and does not constitute, and should not be construed as, an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

The issue and distribution of the Preliminary Placement Document is being done in reliance upon Chapter VI of the SEBI ICDR Regulations, and Section 42 and Section 62 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, each as amended (the "**Companies Act**"). The Preliminary Placement Document has not been and will not be registered as a prospectus or a statement in lieu of prospectus with any registrar of companies in India under the Companies Act, and the Preliminary Placement Document should not be considered an offer document in this regard. The Preliminary Placement Document has been submitted to the Stock Exchanges (as defined in the Preliminary Placement Document). The Preliminary Placement Document has not been and will not be reviewed and approved by any regulatory authority or listing in India or abroad, including the Securities and Exchange Board of India, the Reserve Bank of India, any registrar of companies in India or any stock exchange in India.

The Equity Shares (as defined in the Preliminary Placement Document) offered pursuant to the Preliminary Placement Document have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and they may not be offered or sold in the United States except pursuant to a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**").

NOTHING HEREIN CONSTITUTES AN OFFER OF EQUITY SHARES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

The Preliminary Placement Document does not constitute, and may not be used in connection with, an offer or solicitation of Equity Shares in any jurisdiction where offers or solicitations are not permitted by law. You are reminded that the Preliminary Placement Document has been delivered to you on the basis that you are a person into whose possession the Preliminary Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

You are advised that the information in the attached Preliminary Placement Document is not complete and may be changed at any time without notice.

If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Equity Shares offered pursuant to Preliminary Placement Document.

The Preliminary Placement Document has been made available to you in electronic form. You are reminded that documents transmitted through this medium may be altered or changed during the process of transmission and consequently none of the Company, the BRLMs (as defined in the Preliminary Placement Document) or any of their respective affiliates, directors, officers or employees accepts any liability or responsibility whatsoever in respect of any discrepancies between the Preliminary Placement Document distributed to you in electronic format.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Actions That You May Not Take: You should not reply by e-mail to this message, and you may not purchase any of the Equity Shares in the Issue by doing so. Any reply, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

None of the Company, BRLMs or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever, direct or indirect, for any loss howsoever arising from any use of this e-mail or the attached Preliminary Placement Document or their respective contents or otherwise arising in connection therewith. Access to the Preliminary Placement Document does not constitute a recommendation by the Company, the BRLMs, any of their respective affiliates or any other party to subscribe to or buy or sell the Equity Shares.

If you access the Preliminary Placement Document, you will be deemed to make the following representations, warranties and agreements to the BRLMs:

(1) you are outside the United States (as defined in Regulation S);
(2) you are a resident in a jurisdiction where delivery of the attached Preliminary Placement Document may be lawfully made in accordance with the laws of the applicable jurisdiction;
(3) you are the intended recipient of the attached Preliminary Placement Document and you are a “Qualified Institutional Buyer” as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws and not excluded pursuant to Regulations 179(2)(b) of the SEBI ICDR Regulations;
(4) you are aware that your name will be included in the Placement Document as a proposed allottee along with the number of Equity Shares proposed to be Allotted to you and the percentage of your post-Issue shareholding in the Company and you consent to such disclosure;
(5) you are aware that if you, together with any other Qualified Institutional Buyers belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees, on the website of the Stock Exchanges, and you consent to such disclosure;
(6) you are aware that if you are circulated the Preliminary Placement Document or are Allotted any Equity Shares in the Issue, the Company is required to disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi, and you consent to such disclosures; and
(7) you consent to delivery of the attached Preliminary Placement Document and any amendments or supplements thereto and the final placement document for the Issue by electronic transmission.

If you do not agree to the terms contained in this notice, you are unauthorised to access the attached Preliminary Placement Document and you should delete this email and destroy any printed copies of the Preliminary Placement Document

Preliminary Placement Document
Not for circulation
Private and confidential
Serial No.______
Dated October 12, 2020

This Preliminary Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made through this Preliminary Placement Document to the public or any other categories of investors other than the Eligible QIBs. This Preliminary Placement Document is not an offer to sell securities, and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale is not permitted. The information in this Preliminary Placement Document is not complete and may be changed.

SRF LIMITED

*SRF Limited (the "**Company**") was incorporated on January 9, 1970 under the laws of the Republic of India as 'Shriram Fibres Limited' with a certificate of incorporation granted by the Registrar of Companies, Delhi at New Delhi. We obtained a certificate of commencement of business on June 3, 1971. Subsequently, the name of our Company was changed to 'SRF Limited' pursuant to a resolution passed by our Shareholders on March 14, 1990 and a fresh certificate of incorporation dated May 2, 1990, granted by the Registrar of Companies, Delhi and Haryana at New Delhi. For details of the change in the name of our Company, see "**General Information**" on page 218.*

Corporate Identity Number: L18101DL1970PLC005197
Registered Office: The Galleria, DLF Mayur Vihar, Unit No.236 & 237
Second Floor, Mayur Place, Mayur Vihar, Phase-I Extension, New Delhi – 110 091, India
Corporate Office: Block-C, Sector-45, Gurugram 122 003, India
Tel No.: +91 11 4948 2870; **Website:** www.srf.com; **Email:** cs@srf.com

Issue of up to [●] equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "**Issue Price**"), aggregating up to ₹ [●] crore (the "**Issue**"). For further details, see "***Summary of the Issue***" on page 25.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "**SEBI ICDR REGULATIONS**"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "**PAS RULES**"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND THE RULES MADE THEREUNDER (THE "**COMPANIES ACT, 2013**").

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**" and together with NSE, the "**Stock Exchanges**"). The closing prices of the Equity Shares on the NSE and the BSE as on October 9, 2020 were ₹ 4,266.75 and ₹ 4,267.70 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to this Issue, from each of BSE and NSE on October 12, 2020. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO ELIGIBLE QIBs IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN THE SEBI ICDR REGULATIONS ("QIBs"). YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 30 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, National Capital Territory of Delhi and Haryana, at New Delhi ("**RoC**"), each within the stipulated period as required under the Companies Act, 2013 and PAS Rules. This Preliminary Placement Document has not been reviewed by Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, please see "***Issue Procedure***" on page 168. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs to whom this Preliminary Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the websites of our Company or any website directly or indirectly linked to our Company's website, or respective websites of the Book Running Lead Managers (as defined hereinafter) or their respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulations S. For the selling restrictions in certain other jurisdictions, please see "***Selling Restrictions***" on page 183.

BOOK RUNNING LEAD MANAGERS			
Axis Capital Limited	**Ambit Private Limited**	**HDFC Bank Limited**	**Kotak Mahindra Capital Company Limited**

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of our knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to us and the Equity Shares that is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to us and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to us and the Equity Shares to be issued pursuant to the Issue are honestly held, have been reached after considering all relevant circumstances, are based on reasonable assumptions and information presently available to us. There are no other facts in relation to us and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements.

Axis Capital Limited, Ambit Private Limited, HDFC Bank Limited and Kotak Mahindra Capital Company Limited (collectively the "**Book Running Lead Managers**") have not separately verified all the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or by any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with us or the Equity Shares or distribution of this Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and our Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as on any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

Purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the sections "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 4, 183 and 192, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their respective representatives, and those retained by such Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any offering material in connection with the Equity Shares.

The distribution of this Preliminary Placement Document and the offering of the Equity Shares may be restricted by law in certain countries or jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States (as defined in Regulation S) in reliance on Regulations S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions, see "***Selling Restrictions***" on page 183.

In making an investment decision, prospective investors must rely on their own examination of our Company, our Subsidiaries and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document or the Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsels and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor, subscriber, offeree or purchaser of the Equity Shares regarding the legality or suitability of an investment in the Equity Shares by such investor, subscriber, offeree or purchaser under applicable laws or regulations. Prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each investor, subscriber, offeree or purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, and is not prohibited by SEBI or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities, including the Equity Shares.

The information available on or through our Company's website (www.srf.com), any website directly or indirectly linked to the website of our Company, or the respective websites of the Book Running Lead Managers, or their respective affiliates, neither constitutes nor forms part of this Preliminary Placement Document and prospective investors should not rely on the information contained in or available through any such websites. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

Information to Distributors (as defined below) in the European Economic Area and the United Kingdom

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) ("**Distributors**") should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By bidding and/or subscribing to any Equity Shares under this Issue, you are deemed to have made the representations, warranties, acknowledgements and agreements set forth in the sections "***Notice to Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 2, 183 and 192, respectively, and to have represented, warranted and acknowledged to and agreed with our Company and the Book Running Lead Managers as follows:

1. You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations / making necessary filings, if any, with appropriate regulatory authorities including RBI, in connection with this Issue or otherwise in relation to accessing the capital markets;

2. You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended ("**FEMA Non-Debt Rules**") and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise in relation to accessing capital markets in India;

3. If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the FEMA Non-Debt Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

4. You will provide the information as required under the Companies Act, 2013 and the PAS Rules and applicable SEBI regulations and rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details;

5. If you are Allotted Equity Shares pursuant to this Issue, you shall not sell the Equity Shares for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges;

6. You are aware that this Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations, or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document has not been reviewed, verified or affirmed by the SEBI, the RBI, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document and the Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company, and the Stock Exchanges;

7. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents and approvals, governmental or otherwise, and authorisations and complied and shall comply with all necessary formalities, to enable you to commit to, and to, participate in this Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

8. Neither our Company, the Book Running Lead Managers nor any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with this Issue and your participation in this Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Book Running Lead

Managers. Neither the Book Running Lead Managers nor any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

9. You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to us or this Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that, to the best of your knowledge, you have not been provided any material information relating to us and this Issue that was not publicly available;

10. All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. None of our Company, the Book Running Lead Managers or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

11. You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis in the manner set forth herein and are not being offered to the general public, and the Allotment of the same shall be on a discretionary basis;

12. You are aware that the Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares, including the right to receive all dividend and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares, as applicable;

13. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including in particular the "***Risk Factors***" and "***Transfer Restrictions***" on pages 30 and 192, respectively;

14. In making your investment decision, you have (i) relied on your own examination of our Company and our Subsidiaries and the terms of this Issue, including the merits and risks involved, (ii) made your own assessment of our Company and our Subsidiaries, the Equity Shares and the terms of this Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in this Issue;

15. Neither our Company nor the Book Running Lead Managers or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any

of their affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to this Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or any of the Book Running Lead Managers or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

16. You are seeking to subscribe to/acquire the Equity Shares in this Issue for your own investment and not with a view to resale or distribute. You are aware that Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public. Eligible QIBs do not have the right of renunciation with respect to Equity Shares, proposed to be issued;

17. You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or any of the Book Running Lead Managers or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with this Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investments in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the securities in the near future. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

18. If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

19. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations), and are not a person related to any of the Promoters, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any of our Promoters or Promoter Group of our Company or persons or entities related thereto. In terms of Regulation 179(2)(b) of the SEBI ICDR Regulations, a person related to any of the Promoters shall mean a QIB who has: (a) rights under a shareholders' agreement or voting agreement entered into with any of our Promoters or Promoter Group of our Company; (b) veto rights; or (c) right to appoint any nominee director on the board of our Company, and shall not include a QIB who does not hold any shares in the Company and has acquired his rights in the capacity of a lender;

20. You agree that in terms of Section 42 of the Companies Act and Rule 14 of PAS Rules, we shall make necessary filings with the RoC as may be required under the Companies Act;

21. You have no right to withdraw your Bid or revise your Bid downwards after the Issue Closing Date (as defined herein);

22. You are eligible to apply and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to this Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

23. The Bid made by you would not eventually result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**SEBI Takeover Regulations**");

24. To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

   a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other QIB; and
   b) 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

25. You are aware that after Allotment, final applications will be made for obtaining listing and trading approvals for listing and admission of the Equity Shares and for trading on the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Book Running Lead Managers nor any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

26. You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

27. You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges, and if you together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted, to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures being made by our Company;

28. You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Company, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set out therein;

29. You are subscribing to the Equity Shares to be issued pursuant to this Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

30. The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to this Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in this Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or any other person and neither the Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in this Issue based on any other information, representation, warranty, statement or opinion;

31. Neither the Book Running Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

32. Any dispute arising in connection with this Issue will be governed and construed in accordance with the laws of the Republic of India, and the courts in New Delhi, India, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document;

33. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in this Issue. You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

34. Our Company, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable. You are not an affiliate of our Company, or a person acting on behalf of an affiliate of our Company;

35. You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in this Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;

36. You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

37. You are aware that in terms of the SEBI FPI Regulations and the FEMA Non-Debt Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than fifty percent or common control) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the sectoral cap applicable to our Company in accordance with the FEMA Non-Debt Rules, respectively. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

38. You are eligible to invest in and hold the Equity Shares of our Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendment to the FEMA Non-Debt Rules, wherein an entity of a country which shares a land border with India or the beneficial owner an investment into India who is situated in or is a citizen of any such country, can only make investments through the Government approval route, as prescribed in the FEMA Regulations; and

39. You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a Successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Managers.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals, including in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**") and the Operating Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued by SEBI to facilitate implementation of the SEBI FPI Regulations, FPIs, including the affiliates of the Book Running Lead Managers, who are registered as category I FPI can issue, subscribe and otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued subject to compliance with the KYC norms and such other conditions as specified by SEBI from time to time, including payment of applicable regulatory fee. P-Notes have not been, and are not being, offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital. These investment restrictions also apply similarly to subscribers of offshore derivative instruments. In the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers. Respective affiliates of the Book Running Lead Managers which are eligible FPIs may purchase the Equity Shares in this Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures from the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

2. warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER CONVENTIONS

Certain Conventions

In this Preliminary Placement Document, unless the context otherwise indicates or implies, references to 'you,' 'your', 'offeree', 'purchaser,' 'subscriber,' 'recipient,' 'investors' and 'potential investor' are to the prospective investors in the Issue, references to 'SRF', the 'Company', 'our Company', the 'Issuer' are to SRF Limited, and references to 'we', 'our' or 'us' are to SRF Limited, together with its Subsidiaries on a consolidated basis.

In this Preliminary Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States, and references to '₹', 'Rs.', 'INR' 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Preliminary Placement Document in "crore" units. One crore represents 10,000,000.

Financial and Other Information

In this Preliminary Placement Document we have included the following financial statements prepared under Ind AS: (i) the audited consolidated financial statements for Fiscal 2018 read along with the notes thereto (the "**Fiscal 2018 Audited Consolidated Financial Statements**"); (ii) the audited consolidated financial statements for Fiscal 2019 read along with the notes thereto (the "**Fiscal 2019 Audited Consolidated Financial Statements**"); (iii) the audited consolidated financial statements for Fiscal 2020 read along with the notes thereto (the "**Fiscal 2020 Audited Consolidated Financial Statements**" and collectively with Fiscal 2018 Audited Consolidated Financial Statements and Fiscal 2019 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); and (iv) the interim condensed consolidated financial statements for the three months ended June 30, 2020 (including the comparative financial information with respect to the three months ended June 30, 2019) (the "**Interim Condensed Consolidated Financial Statements**").

Our Fiscal 2018 Audited Consolidated Financial Statements were audited by Deloitte Haskins & Sells, Chartered Accountants, our Previous Statutory Auditors. Our Fiscal 2019 Consolidated Financial Statements and Fiscal 2020 Consolidated Financial Statements were audited by B S R & Co. LLP, Chartered Accountants, our current Statutory Auditors. Our Interim Condensed Consolidated Financial Statements have been subjected to limited review by our Statutory Auditors, who have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of such reliance on their report for such information should be restricted in light of the limited nature of the review procedures applied therein.

In addition, Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Consolidated Financial Statements and the Interim Condensed Consolidated Financial Statements, as included in this Preliminary Placement Document, prepared in accordance with Ind AS, will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

For further information, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations"*** on page 64.

All numerical and financial information as set out and presented in this Preliminary Placement Document, except for the information in the section "***Industry Overview***", for the sake of consistency and convenience have been rounded off or expressed in two decimal place in ₹ crore. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The fiscal year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'Fiscal Year' or 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "**INDEPENDENT MARKET REPORT for SRF Ltd.**" dated September 30, 2020 ("**Frost & Sullivan Report**"), which is a commissioned report prepared by Frost & Sullivan (India) Private Limited ("**Frost & Sullivan**"). Further, Frost & Sullivan has issued the following disclaimer in the Frost & Sullivan Report:

"*This independent market research study "INDEPENDENT MARKET REPORT for SRF Ltd." has been prepared for the proposed qualified institutions placement of equity shares by SRF Limited (the "Company").*

This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("Frost & Sullivan") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction."

Accordingly, neither the accuracy nor completeness of information contained in the Frost & Sullivan Report is guaranteed. The opinions expressed are not recommendation to buy, sell or hold an instrument.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither we nor the Book Running Lead Managers have independently verified this data and do not make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Book Running Lead Managers can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – We have commissioned an industry report from Frost & Sullivan which has been used for industry related data in this Preliminary Placement Document and such data has not been independently verified by us. Accordingly, prospective investors are advised not to place undue reliance on such information.*" on page 50. Thus, neither our Company nor the Book Running Lead Managers can assure you of the correctness, accuracy and completeness of such data. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from any of the forward looking statements include, among others:

- the uncertainty and unpredictability of future developments that will determine the extent to which the coronavirus disease (COVID-19) will affect our business, results of operations and financial condition;
- unplanned slowdowns or shutdowns in our manufacturing operations;
- heavy reliance of our business and the demand for our products on the demand from application industries;
- inability to introduce new products and respond to changing customer preferences in a timely and effective manner;
- non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations;
- adverse changes in regulations governing our business, products and the products of our customers;
- risks resulting from foreign exchange rate fluctuations;
- introduction of alternative packaging materials caused by changes in regulatory requirements, technology or consumer habits;
- failure to meet applicable regulatory quality standards and quality standards for our products and processes as required by our customers; and
- delay, interruption or reduction in the supply of raw materials, essential utilities such as electricity and water, and equipment required to manufacture our products.

Additional factors that could cause actual results, performance or achievements to differ materially include but are not limited to, those discussed under "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Industry Overview***" and "***Business***" on pages 30, 64, 92 and 134, respectively. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document. Our Company and the Book Running Lead Managers expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. The Chairman, all Directors and key managerial personnel/ senior management personnel of our Company are residents of India. A portion of our assets are located in India. As a result, it may be difficult for the investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**") on a statutory basis.

Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India. A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction.

Each of the United Kingdom, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between the Rupee and the U.S. dollar (in Rupees per U.S. dollar), based on the reference rates released by the RBI/FBIL, which are available on the website of the RBI/FBIL. No representation is made that any Rupee amounts actually represent such amounts in U.S. dollars or could have been, or could be converted into, U.S. dollars at any particular rate, the rates indicated, any other rates or at all.

(₹ per US$)

Period	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal:				
2020	75.39	70.88	76.15	68.37
2019	69.17	69.30	74.39	64.93
2018	65.04	64.45	65.76	63.35
Month ended:				
September 30, 2020	73.80	73.48	73.92	72.82
August 31, 2020	73.60	74.67	75.09	73.35
July 31, 2020	74.77	74.99	75.58	74.68
June 30, 2020	75.53	75.73	76.21	75.33
May 31, 2020*	75.64	75.66	75.93	75.39
April 30, 2020	75.12	76.24	76.81	75.12

(Source: www.rbi.org.in and www.fbil.org.in)

**FBIL reference rate for May 29, 2020 has been used since May 30, 2020 and May 31, 2020 were Saturday and Sunday, respectively.*

Notes:

1. The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.
2. Average of the official rate for each Working Day of the relevant period.
3. Maximum of the official rate for each Working Day of the relevant period.
4. Minimum of the official rate for each Working Day of the relevant period.
5. The reference rates are rounded off to two decimal places.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider while reading the information contained herein. The following list of certain capitalized terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

The terms defined in this section shall have the meaning set out herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections "***Industry Overview***", "***Taxation***", "***Legal Proceedings***" and "***Financial Information***" beginning on pages 134, 203, 210 and 217, respectively, shall have the meaning given to such terms in such sections.

Company Related Terms

Term	Description
"Issuer"/ "Our Company" / "the Company"/ "SRF"	SRF Limited
"We" / "us" / "our"	Collectively, SRF Limited and our Subsidiaries
Articles / Articles of Association / AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of our Board of Directors
Audited Consolidated Financial Statements	Collectively, Fiscal 2020 Audited Consolidated Financial Statements, Fiscal 2019 Audited Consolidated Financial Statements and Fiscal 2018 Audited Consolidated Financial Statements
Board of Directors/Board	Board of Directors of our Company
Corporate Office	Block-C, Sector-45, Gurugram 122 003, India
Corporate Social Responsibility Committee	The corporate social responsibility committee constituted by the Board of Directors
Directors	The directors on the Board of Directors of our Company
Equity Shares	Equity shares of our Company with a face value of ₹ 10 each
ESOP 2018	Part A – SRF Employees Stock Option Scheme, 2018, a plan constituted under the Incentive Plan
ESPS 2018	Part B – SRF Employees Stock Purchase Scheme, 2018, a plan constituted under the Incentive Plan
Executive Director	Executive director(s) of our Company, unless otherwise specified
Fiscal 2018 Audited Consolidated Financial Statements	The audited consolidated financial statements for Fiscal 2018 read along with the notes thereto, prepared in accordance with Ind AS
Fiscal 2019 Audited Consolidated Financial Statements	The audited consolidated financial statements for Fiscal 2019 read along with the notes thereto, prepared in accordance with Ind AS
Fiscal 2020 Audited Consolidated Financial Statements	The audited consolidated financial statements for Fiscal 2020 read along with the notes thereto, prepared in accordance with Ind AS
Frost & Sullivan	Frost & Sullivan (India) Private Limited
Frost & Sullivan Report	Report titled "INDEPENDENT MARKET REPORT for SRF Ltd." dated September 30, 2020 issued by Frost & Sullivan
Incentive Plan	SRF Limited (SRF) Employees Long Term Share Based Incentive Plan, 2018 instituted by our Company
Independent Director	A non-executive and Independent director of our Company as defined in Section 2(47) of the Companies Act
Key Managerial Personnel	The key managerial personnel of our Company as identified/named under "***Board of Directors and Senior Management***" on page 149
Memorandum / Memorandum of Association / MoA	Memorandum of Association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee constituted by the Board of Directors
Non-Executive Director	A Director of our Company not being an Executive Director
Previous Statutory Auditors	The previous statutory auditors of our Company, Deloitte Haskins & Sells,

Term	Description
	Chartered Accountants
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoters	Promoters of our Company as per the definition provided in Regulation 2(1)(oo) of the SEBI ICDR Regulations and as reported to the Stock Exchanges, being, Kama Holdings Limited, Arun Bharat Ram, Ashish Bharat Ram and Kartik Bharat Ram
QIP Committee	The Committee of our Board of Directors formed with respect to this Issue, pursuant to a resolution passed by our Board dated August 31, 2020
Registered Office	The Galleria, DLF Mayur Vihar, Unit No.236 & 237, Second Floor, Mayur Place, Mayur Vihar, Phase-I Extension, New Delhi 110 091, India
Risk Management Committee	The risk management committee constituted by the Board of Directors
RoC / Registrar of Companies	Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi
Senior Management	The members of the senior management of our Company as identified/named under "***Board of Directors and Senior Management***" on page 149
Shareholders	The holders of the Equity Shares from time to time
Interim Condensed Consolidated Financial Statements	The interim condensed consolidated financial statements for the three months ended June 30, 2020, read along with the notes thereto, prepared in accordance with Ind AS 34 on Interim Financial Reporting
Stakeholders' Relationship Committee	The stakeholders relationship committee constituted by our Board
Statutory Auditors	B S R & Co. LLP, Chartered Accountants, appointed pursuant to a resolution of our Shareholders dated August 7, 2018
Subsidiaries	The subsidiaries of our Company as set out under "***Organizational Structure***" on page 159

Issue Related Terms

Term	Description
Allocated / Allocation	Allocation of Equity Shares, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms and Application Amount submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Managers or BRLMs	Together, Axis Capital Limited, Ambit Private Limited, HDFC Bank Limited and Kotak Mahindra Capital Company Limited
CAN / Confirmation of Allocation Note	Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about October [●], 2020
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices.
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S under the Securities Act. However, FVCIs are not permitted to participate in the Issue.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "SRF Limited QIP Escrow"

Term	Description
	with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited
Escrow Agreement	Agreement dated October 12, 2020, entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	HDFC Bank Limited
Floor Price	Floor price of ₹ 4,168.73 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount on the Floor Price in accordance with the approval of the Shareholders on October 8, 2020 by way of postal ballot, and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue	Offer and issuance of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	October [●], 2020, the date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Issue Opening Date	October 12, 2020, the date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ [●] crore
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Placement agreement dated October 12, 2020 by and among our Company and the Book Running Lead Managers
Placement Document	Placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This preliminary placement document cum application form, dated October 12, 2020 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
QIB / Qualified Institutional Buyer	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The letter from the Company to relevant Bidders intimating them of the Refund Amount, if any, to be refunded to their respective bank accounts, except where the number of Equity Shares Allocated to a Successful Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount paid by a Successful Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price, in which events the Refund Amount will be set out in the CAN.
Relevant Date	October 12, 2020, which is the date of the meeting in which the QIP Committee decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who will be Allocated Issue Shares
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Full Form
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate

Term/Abbreviation	Full Form
CDSL	Central Depository Services (India) Limited
Civil Procedure Code	Code of Civil Procedure, 1908
Companies Act / Companies Act, 2013	The Companies Act, 2013, as amended, read with the rules, regulations, clarifications and modifications thereunder
Competition Act	Competition Act, 2002
CSR	Corporate Social Responsibility
DDT	Dividend Distribution Tax
Depositories Act	Depositories Act, 1996
Depository or Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996
DP/Depository Participant	Depository participant as defined under the Depositories Act
EPS	Earnings Per Share, calculated as profit after tax for a Fiscal, divided by the weighted average outstanding number of Equity Shares during that Fiscal
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Finance Act	Finance Act, 2020
Financial Year / Fiscal / FY	Period of 12 months ended March 31 of that particular year
Form PAS-4	The Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations and includes a person registered under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI
GoI / Government	Government of India
GST	Goods and Service Tax
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian Accounting Standards
India	Republic of India
MCA	Ministry of Corporate Affairs, GoI
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NCLT	National Company Law Tribunal
NEAT	National Exchange for Automated Trading
Net Debt	Current and non-current borrowings plus current and non-current lease liabilities less cash and cash equivalents and current investments
Net Debt to total equity	The ratio of Net Debt to total equity is computed as Net Debt divided by total equity
Net worth	Net worth is calculated as share capital less forfeited shares originally paid up plus other equity
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax
PBT	Profit before tax
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Return on Net Worth*	The percentage of return on net worth is computed as Profit after tax from continuing operations divided by Net worth
Rs. or Rupees or ₹	The lawful currency of India
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	Securities Contracts (Regulation) Act, 1956

Term/Abbreviation	Full Form
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
SEC	The United States Securities and Exchange Commission
Securities Act	The U.S. Securities Act of 1933
STT	Securities Transaction Tax
U.S. / United States	United States of America
U.S. GAAP	Generally accepted accounting principles followed in the U.S.
US$ / U.S. dollars or USD	U.S. dollars, the lawful currency of the United States
WHO	World Health Organization

** For Fiscal 2019, Fiscal 2020 and in the Interim Condensed Consolidated Financial Statements the amounts considered are only from continuing operations. For details, please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111 and "**Financial Information – Notes to Interim Condensed Consolidated Financial Statements – Note 13"** on page F-25. For Fiscal 2018, the amounts from Fiscal 2018 Audited Consolidated Financial Statements have been considered.*

Technical and Industry Terms

Non-GAAP measures definitions

Term	Description
Adjusted EBIT*	Adjusted EBIT from continuing operations is calculated as profit after tax plus tax expense, Net foreign currency exchange fluctuation (gains)/ losses and finance cost; all from continuing operations
Adjusted EBITDA*	Adjusted EBITDA from continuing operations is calculated as profit after tax plus tax expense, finance costs, depreciation and amortization expense and Net foreign currency exchange fluctuation (gains)/ losses; all from continuing operations.
Adjusted EBITDA Margin*	The percentage of Adjusted EBITDA from continuing operations divided by revenue from operations pertaining to continuing operations
Net Debt to Adjusted EBITDA*	The ratio of Net Debt to Adjusted EBITDA from continuing operations is computed as Net Debt divided by Adjusted EBITDA from continuing operations.

** For Fiscal 2019, Fiscal 2020 and in the Interim Condensed Consolidated Financial Statements the amounts considered are only from continuing operations. For details, please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111 and "**Financial Information – Notes to Interim Condensed Consolidated Financial Statements – Note 13"** on page F-25. For Fiscal 2018, the amounts from Fiscal 2018 Audited Consolidated Financial Statements have been considered.*

Industry related definitions

Term	Description
AC	Air conditioner
AHF	Anhydrous Hydrogen Fluoride
APAC	Asia Pacific
API	Active Pharmaceutical Ingredients
BIS	Bureau of Indian Standards
BOPET	Biaxially-oriented Polyethylene Terephthalate
BOPP	Bi-axially Oriented PolyPropylene
CAGR	Compounded annual growth rate
CCI	Competition Commission of India
CII	The Confederation of Indian Industry
CGMP	Current Good Manufacturing Practices

Term	Description
CRAMS	Contract research and manufacturing services
CSM	Custom synthesis and manufacturing
EU	European Union
FMCG	Fast moving consumer goods
HCFC	Hydrochlorofluorocarbons
HF	Hydrofluoric acid
HFC	Hydrofluorocarbons
HFOs	Hydrofluoroolefins
HVAC	Heating ventilation and air conditioning
GDP	Gross domestic product
GVA	Gross Value Added
GWP	Global Warming Potential
HFC	Hydrofluorocarbons
IMF	International Monetary Fund
ITeS	Information technology enabled services
MAC	Mobile air conditioning
MAI	Market Access Initiative
MMT	Million Metric Tonne
MNC	Multinational Corporation
MSME	Micro, small and medium enterprises
NTCF	Nylon tyre cord fabric
OEM	Original Equipment Manufacturers
PLI	Product Linked Incentive
PPP	Public Private Partnership
PTCF	Polyester tyre cord fabric
PTFE	Polytetrafluoroethylene
PVC	Polyvinyl chloride
SME	Small and Medium Enterprises
USFDA	United States Food and Drug Administration
WEO	World Economic Outlook

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including "***Risk Factors***", "***Use of Proceeds***", "***Placement and Lock-up***", "***Issue Procedure***" and "***Description of the Equity Shares***" on pages 30, 58, 181, 168 and 196, respectively.

Issuer	SRF Limited
Face Value	₹ 10 per equity share of the Company
Issue Size	Aggregating up to ₹ [●] crore, comprising [●] Equity Shares of our Company, at a premium of ₹ [●] each A minimum of 10% of the Issue Size, i.e. at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds In case of under-subscription in the portion available for Allocation only to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs
Floor Price	₹ 4,168.73 per Equity Share In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of up to 5% on the Floor Price in accordance with the approval of the Shareholders on October 8, 2020 by way of postal ballot, and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue Price	₹ [●] per equity share of the Company (including a premium of ₹ [●] per Equity Share)
Eligible Investors	Eligible QIBs, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or restricted from participating in the Issue under the SEBI ICDR Regulations. See "***Issue Procedure - Qualified Institutional Buyers***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 172, 183 and 192, respectively. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by the Book Running Lead Managers in consultation with our Company, at their sole discretion.
Date of Board Resolution approving the Issue	August 31, 2020
Date of Shareholders' Resolution approving the Issue	October 8, 2020
Dividend	Please see section "***Description of the Equity Shares***", "***Dividends***" and "***Taxation***" on pages 196, 63 and 203, respectively.
Taxation	Please see "***Taxation***" on page 203.
Equity Shares issued and outstanding prior to the Issue	Issued capital before this Issue: 6,15,37,255 Equity Shares Subscribed and paid-up capital before this Issue: 5,74,80,500 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing	Our Company has received in-principle approvals from the BSE and the NSE each dated October 12, 2020 under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares to be issued pursuant to the Issue.
Trading	The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.
Lock-up	For details of the lock-up, see "***Placement and Lock-up***" on page 181
Transferability Restrictions	Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Also see "***Transfer Restrictions***" and "***Selling Restrictions***" on pages 192 and 183, respectively.
Use of Proceeds	The gross proceeds of the Issue will aggregate to approximately ₹ [●] crore. The net proceeds of the Issue, after deducting fees, commissions and expenses of the Issue, is expected to be

	approximately ₹ [●] crore. See "***Use of Proceeds***" on page 58 for information regarding the use of Net Proceeds from the Issue.
Risk Factors	See "***Risk Factors***" on page 30 for a discussion of factors you should consider before deciding whether to subscribe to Equity Shares pursuant to this Issue
Closing Date	Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about October [●], 2020.
Status and Ranking	Equity Shares being issued pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. Our Shareholders (who hold Equity Shares as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in Shareholders' meetings on the basis of one vote for every Equity Share held. See "***Dividends***" and "***Description of the Equity Shares***" on page 63 and page 196, respectively.
Security Codes for the Equity Shares	**ISIN:** INE647A01010 **BSE Code:** 503806 **NSE Code:** SRF

SELECTED FINANCIAL INFORMATION

The following tables set forth our selected financial information and should be read together with the more detailed information contained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Audited Consolidated Financial Statements and Interim Condensed Consolidated Financial Statements included in "*Financial Information*" on pages 64 and 217, respectively.

Selected financial information, on a consolidated basis, for the three months ended June 30, 2020 and Fiscals 2020 and 2019

The following table sets forth selected financial information based on the Interim Condensed Consolidated Financial Statements in respect of the three months ended June 30, 2020, the Fiscal 2020 Audited Consolidated Financial Statements and Fiscal 2019 Audited Consolidated Financial Statements (except for net sales, Adjusted EBITDA, Adjusted EBIT, interest, profit for the period from continuing operations and profit for the period from discontinued operations, in respect of which, for Fiscal 2019, we have used comparative figures provided in the Fiscal 2020 Audited Consolidated Financial Statements).

(in ₹ crore)

Parameters	Three months ended June 30, 2020	Fiscal 2020	Fiscal 2019*
Total Equity	5,151.85	4,933.32	4,129.27
Less: Forfeited shares amount originally paid up	1.02	1.02	1.02
Net Worth[1@]	5,150.83	4,932.30	4,128.25
Gross Debt of which	**4,810.50**	**4,134.51**	**3,730.19**
- Non-Current Maturities of Long Term Borrowing	2,988.18	2,311.63	2,161.34
- Short Term Borrowing/ Current borrowings	1,186.46	955.44	1,127.39
- Current Maturities of Long Term Borrowing	550.12	779.75	441.46
- Non-current lease liability	70.77	73.98	Nil
- Current lease liability	14.97	13.71	Nil
Net Fixed Assets[2]	6,333.96	6,022.93	5,496.45
Non-Current Assets	8,124.51	7,970.56	6,715.61
Cash and Cash Equivalents	322.65	116.44	189.55
Current Investments	427.66	198.50	100.49
Current Assets	3,459.27	2,894.36	3,172.29
Current Liabilities	3,116.52	3,307.93	3,198.68
Net Sales (Sale of products) from continuing operations	1,513.12	7,062.12	6,949.89
Adjusted EBITDA[@]	382.44	1,507.49	1,348.86
Adjusted EBIT[@]	278.42	1,118.88	990.69
Interest/Finance cost[3]	43.16	200.68	198.37
Profit after tax (PAT) from continued operations	176.87	915.90	591.58
Profit after tax (PAT) from discontinued operations	0.22	103.19	50.05
Total PAT	177.09	1,019.09	641.63
Dividend amounts including taxes	-	97.01	83.17
Current ratio[4]	1.11	0.87	0.99
Gross debt / equity ratio[5]	0.93	0.84	0.90

* *These Fiscal 2019 figures have been extracted from the comparative figures of Fiscal 2019, as provided in the Fiscal 2020 Audited Consolidated Financial Statements. These numbers differ from the figures reported in respect of Fiscal 2019 in the Fiscal 2019 Audited Consolidated Financial Statements since certain operations were discontinued in Fiscal 2020 and reclassified accordingly. Please refer to Note 42 of Fiscal 2020 Audited Consolidated Financial Statements on page F-111.*

@ *For reconciliation of Net Worth, Adjusted EBITDA and Adjusted EBIT, see "**Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures and certain accounting ratios**" on page 88.*

1. *Net Worth includes Paid up share capital + other equity – Forfeited shares amount originally paid up*
2. *Net Fixed Assets represent Net Block of Property, Plant and Equipment*
3. *Interest includes finance charges*
4. *Current ratio: Current assets/ current liabilities*
5. *Gross debt/ equity ratio: Total debt (borrowing long term including current maturity + short term borrowing + non-current lease liability + current lease liability)/(Equity Share capital + other equity)*

Selected financial information, on a consolidated basis, for Fiscals 2019 and 2018

The following table sets forth selected financial information based on the Fiscal 2019 Audited Consolidated Financial Statements in respect of Fiscal 2019 and from the Fiscal 2018 Audited Consolidated Financial Statements in respect of Fiscal 2018.

(in ₹ crore)

Parameters	Fiscal 2019	Fiscal 2018
Total Equity	4,129.27	3,564.53
Less : Forfeited shares amount originally paid up	1.02	1.02
Net Worth[1@]	4,128.25	3,563.51
Gross Debt of which	**3,730.19**	**3,141.84**
- Non-Current Maturities of Long Term Borrowing	2,161.34	1,907.26
- Short Term Borrowing/ Current borrowings	1,127.39	850.78
- Current Maturities of Long Term Borrowing	441.46	383.80
Net Fixed Assets[2]	5,496.45	5,004.78
Non- Current Assets	6,715.61	5,937.12
Cash and Cash Equivalents	189.55	87.01
Current Investments	100.49	121.70
Current Assets	3,172.29	2,425.89
Current Liabilities	3,198.68	2,532.21
Net Sales (Sale of products)	7,541.38	5,606.65
Adjusted EBITDA[@]	1,419.15	975.04
Adjusted EBIT[@]	1,052.28	659.24
Interest/Finance cost[3]	201.60	123.89
Total Profit after tax (PAT)	641.63	461.71
Dividend amounts including taxes	83.17	82.93
Current ratio[4]	0.99	0.96
Gross debt / equity ratio[5]	0.90	0.88

[@] *For reconciliation of Net Worth, Adjusted EBITDA and Adjusted EBIT, see "**Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures and certain accounting ratios**" on page 88.*

1. *Net Worth includes Paid up share capital + other equity – Forfeited shares amount originally paid up*
2. *Net Fixed Assets represent Net Block of Property, Plant and Equipment*
3. *Interest includes finance charges*
4. *Current ratio: Current assets/ current liabilities*
5. *Gross debt/ equity ratio: Total debt (borrowing long term including current maturity + short term borrowing + non-current lease liability + current lease liability) /(Equity Share capital + other equity)*

RELATED PARTY TRANSACTIONS

For details of the related party transactions during Fiscals 2020, 2019 and 2018 and the three months ended June 30, 2020, as per the requirements under Ind AS 24 '*Related Party Disclosures*', see "***Financial Information***" on page 217.

RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information disclosed in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are those that we consider to be most significant to our business, results of operations and financial conditions as of the date of this Preliminary Placement Document. However, they are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also have an adverse effect on our business, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with "**Business**", "**Industry Overview**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 134, 92 and 64, respectively, as well as the other financial information included in this Preliminary Placement Document. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India and other geographies where we currently have operations, which may differ significantly from that in other jurisdictions. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risks where the financial impact is not quantifiable and, therefore, cannot be disclosed in the applicable risk factors. In making an investment decision, prospective investors must rely on their own examination of us on a consolidated basis and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue.*

*This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "**Forward-Looking Statements**" on page 16.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Interim Condensed Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see "**Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 217 and 64, respectively.*

In this section, unless the context otherwise requires, references to "our Company" are to SRF Limited on a standalone basis, while references to "we", "us", "our" or "Group" are to SRF Limited on a consolidated basis.

Internal Risks

1. The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.

An outbreak of a novel strain of coronavirus ("**COVID-19**") was recognized by the World Health Organization ("**WHO**") as a public health emergency of international concern on January 30, 2020 and as a pandemic on March 11, 2020. The outbreak of COVID-19 has significantly and adversely impacted and will likely continue to impact economic activity and has contributed to significant volatility in global financial markets and led to operational challenges. It is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, stagnation, recession or depression, despite monetary and fiscal interventions by governments and central banks globally. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

In response to the COVID-19 outbreak, the governments of many countries, including India have taken preventive or protective actions, such as issuing advisories and imposing country-wide lockdowns, including restrictions on travel and temporary closure of business operations and increased remote working protocols, which have significantly slowed down economic activity. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown announced on March 24, 2020. While there have been progressive relaxations and calibrated easing of lockdown measures by the Government, we cannot predict if stricter lockdowns will not be re-introduced or extended in the future. The COVID-19 pandemic and resulting government actions may affect our business, results of operations and financial condition, in the future, in a number of ways such as requiring a complete or partial closure of our operations, disruptions or restrictions on our ability to conduct our business, our manufacturing operations and R&D activities, pursue partnerships and other business opportunities, and delay shipments of our products; result in inability to source key raw materials as a result of the temporary or permanent closure of the facilities of suppliers of our key raw materials; lead to non-availability of labour, which could result in a slowdown in our operations and delay the construction of new projects; adversely impact our ability to access debt and equity capital on acceptable terms, or at all; the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our compliance with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness; increase vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of employees working from home; uncertainty as to what conditions must be satisfied before government authorities completely lift lockdown orders; and the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

On account of the government imposed lockdown in India, operations at some of our manufacturing facilities were temporarily shut down with effect from March 25, 2020. However, since some of the chemicals manufactured by us find application in the pharmaceuticals industry, our pharmaceutical chemicals were categorized as 'essential goods' hence our manufacturing plants at Dahej, Gujarat resumed operations in accordance with the permissions from the local authorities. Also, our other plants at Manali, Tamil Nadu; Viralimalai, Tamil Nadu; Gummidipoondi, Tamil Nadu; Malanpur, Madhya Pradesh; and Kashipur, Uttarakhand along with our regional offices located at Chennai, Mumbai, New Delhi and other locations, also resumed operations in a phased manner from April, 2020 in line with permissions from local authorities. Further, from March 23, 2020 until March 31, 2020, we had to close down our chemical business plant in Bhiwadi, Rajasthan and corporate office as well in Gurugram, Haryana in compliance with government directions. Such disruptions in operations impacted our business performance during the first quarter of Fiscal 2021. While we believe, based on current estimates, that COVID-19 is not likely to have a material adverse impact on our liquidity or our ability to service debt and other obligations, we continue to closely monitor developments in future economic conditions and there can be no assurance that our business operations, financial condition and results of operations will not be materially and adversely impacted in the future. Given the COVID-19 impact on various industries, we expect the demand for refrigerants from original equipment manufacturers ("**OEMs**") to remain low in the near to medium term and we anticipate that in our packaging films and technical textiles business, we could experience pressure on margins, as we anticipate that supply will likely exceed demand in the medium term. The pandemic may affect production, create supply chain and market disruption and may result in financial impact. Events beyond our control may unfold in the future, which makes it difficult for us to predict the impact that COVID-19 will have on us, our customers or suppliers in the future and this may affect the underlying assumptions and estimates with respect to demand for our products in future.

The COVID-19 pandemic may cause additional disruptions to operations if our employees or staff become sick, are quarantined, or are otherwise limited in their ability to travel or work. To contain the spread of the virus, we may be required to implement staggered shifts and other social distancing efforts at manufacturing plants, which could result in labour shortages and decreased productivity. This may negatively affect our ability to meet consumer demand and may increase our costs of production and sales. We cannot assure you that we will be able to generate sufficient revenue to meet our working capital requirements. All of the foregoing developments may have a significant effect on our results of operations and on our financial results. For instance, our Board at its meeting held on August 5, 2019 had approved an estimated cost of ₹ 424 crore for a project for integrated facility for development of polytetrafluoroethylene ("**PTFE**") with a R22 plant as feedstock, however, on July 30, 2020, the Board decided to delay such project due to adverse changes in the global economic conditions due to the COVID-19 pandemic.

We cannot predict the degree to, or the time period over, which our business will be affected by the COVID-19 outbreak. The COVID-19 pandemic may intensify and events beyond our control may unfold in future which could necessitate further lockdowns, resulting in significant additional effects on our revenue, financial condition and results of operations. There are numerous uncertainties associated with the COVID-19 outbreak, including the number of individuals who will become infected, availability of a vaccine or a cure that mitigates the effect of the virus, the extent of the protective and preventative measures imposed by governments and whether the virus' impact will be seasonal, among others. Consequently, there may be adverse effects of this pandemic on our short-term business operations and our financial results may be impacted.

2. Unplanned slowdowns or shutdowns in our manufacturing operations could have an adverse effect on our business, results of operations and financial condition.

We conduct our business across 11 manufacturing plants in India, and three manufacturing plants across Thailand, South Africa and Hungary. Our business is dependent upon our ability to efficiently manage our manufacturing facilities, which are subject to various operating risks, including productivity of our workforce, compliance with regulatory requirements and circumstances beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions, natural disasters and infectious disease outbreaks such as the COVID-19 pandemic. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to effectively respond in a timely manner or at all, our operations may need to be suspended until we procure suitable replacements. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. For instance, in 2015, our technical textiles business operations in our unit at Manali, Tamil Nadu, were disrupted due to flooding of the unit premises caused by incessant rains. The unit was shut down from December 1, 2015 and the production was started again in a phased manner after a month. In 2018, our unit in Viralimalai, Tamil Nadu of our technical textiles business was damaged by cyclone Gaja. The production was completely disrupted on November 16, 2018 and partial operations were restored on November 17, 2018. The occurrence of any such event in the future could have an adverse effect on our business, results of operations and financial condition.

Moreover, some of our products are permitted to be manufactured at only such facilities that have received specific approvals, and any shut down of any such facility, including due to non-renewal of specific approvals, will result in inability to manufacture the relevant products for the duration of such shut down. Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could also lead to breach of our contractual obligations if we are unable to comply with supply commitments to our customers and have an adverse effect on our business, results of operations and financial condition.

3. Our business and the demand for our products is heavily reliant on the demand from application industries and any downturn in the application industries could have an adverse impact on our Company's business and results of operations.

Our products find diverse uses in varied application industries, including agrochemicals, refrigeration chemicals, industrial chemicals and pharmaceuticals, in the case of our chemicals business (which is our largest segment and accounted for 41.26% of our revenue from operations in Fiscal 2020), the fast-moving consumer goods industry for our packaging films business, and the auto and auto ancillary sector, mining and cement industries for our technical textiles business. A significant part of our revenue is generated from sale of our products to these application industries and, consequently, the demand for our products is dependent on and directly affected by factors affecting these industries. Accordingly, any downturn in any of the key sectors that we service, as a result of increased competition, regulatory action, patent litigation, pricing fluctuation or outbreak of an infectious disease like COVID-19 may impact us. There can be no assurance that the lack of demand from any one of these industries can be off-set by sales to other industries in which our products find application or by successfully introducing new products or services in these industries. Accordingly, any significant downturn in the application industries including cases where sales to our customers substantially decrease there could be a significant impact on our financial condition and growth prospects. For instance, in Fiscal 2020, the auto sector faced one of its worst crises ever, adversely impacting our technical textiles business, in particular our nylon tyre cord fabric ("**NTCF**") business, as a result of which, with effect from October 21, 2019, we closed our NTCF plant at Rayong, Thailand due to high costs and lack of visibility on reaching profitable operations anytime in near future.

4. ***Our operations are dependent on research and development ("R&D") thus our inability to introduce new products and respond to changing customer preferences in a timely and effective manner, may have an adverse effect on our business, results of operations and financial condition.***

R&D is integral to our business as we are focused on developing customized products and differentiated process technologies, and our R&D is at the forefront of our innovations. Our success may depend in part on our ability to respond to technological advancement and emerging standards, and practices on a cost-effective and timely basis. To accomplish this, we commit substantial effort, funds and other resources towards our R&D activities and have set-up five dedicated R&D centres located across Tamil Nadu, Rajasthan, Haryana and Madhya Pradesh. As of Fiscal 2020, we employed over 400 employees in our R&D centres. Further, we believe that continuous R&D is critical to our continued growth and business prospects and we expect to continue deploying significant resources, including financial resources towards R&D. If we are unable to continuously develop new products or optimise our processes, our ability to grow and, or, compete effectively, might be compromised, which would have an adverse impact our business and financial condition. For Fiscal 2020, Fiscal 2019 and Fiscal 2018, our total expenditure for R&D activities (revenue expenditure) was ₹ 99.68 crore, ₹ 100.34 crore and ₹ 90.83 crore, respectively. However, our ongoing investments in research and development for new products and processes may result in higher costs without a proportionate increase in revenues. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage could adversely affect our business. Consequently, any failure on our part to successfully introduce new products and processes may have an adverse effect on our business, results of operations and financial condition.

5. ***Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations and financial condition. Further, we may not be able to renew in a timely manner or maintain our statutory and regulatory permits and approvals required to operate our business.***

Our operations, particularly at our manufacturing plants are subject to stringent scrutiny and inspection from third party environmental agencies, including governmental authorities. We are required to comply with laws and government regulations applicable to our operations, including in relation to occupational safety and health, environmental protection and labour. These laws and regulations impose controls on various aspects of our manufacturing operations, such as air and water discharge, noise levels, generation, storage, handling, employee exposure to hazardous substances, among others. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We obtain the requisite registrations and approvals from time to time and aim to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other prescribed safety measures. In 2018, one of our employees at our plant at Dahej, Gujarat accidentally fell from considerable height resulting in his death. In 2015, one of our employees at our plant at Gwalior, Madhya Pradesh, died due to accidental electrocution at the factory premises. Further, in 2017, an accident resulted in bodily injury to one of the workers at our factory premises in Pithampur, Madhya Pradesh, pursuant to which we also received show cause notices from the Factory Inspector, Industrial Health and Safety, Pithampur, Madhya Pradesh, alleging violation of the provisions relating to safety of workers under Section 7(A) of the Factories Act, 1948. For further details, see "***Legal Proceedings***" on page 210. The occurrence of any such event in the future are unforeseen and could have an adverse effect on our business, results of operations and financial condition.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may also require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers; and we may be required to make changes to our infrastructure as well as processes followed at our manufacturing facilities in order to comply the regulatory specifications before we resume operations at such facilities, which may require us to make substantial investments. For instance, on March 28, 2019, the Gujarat Pollution Control Board ("**GPCB**") issued directions under the Water (Prevention and Control of Pollution) Act, 1974 (the "**Water Act**") to close the operations of our industrial plant at our Dahej manufacturing plant, due to alleged non-compliance under the provisions of the Water Act in relation to handling of liquid hazardous waste generated from the plant. Such directions were revoked on April 3, 2019, upon submission of an undertaking from our Company confirming that specific measures will be put in place (including creation of static storage tanks to store liquid hazardous waste until disposal and improving the standard operating procedures for controlling inadvertent ingress of floating scum and organics) within a certain period and submission of a bank guarantee of ₹ 0.62 crore. Any increased requirements of environmental, health and safety laws and regulations and different interpretations and strict enforcement thereof by governmental authorities may lead to interruptions in production, increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations and prospects.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, maternity leave, hiring and termination of employees, contract labour and work permits. For instance, the Supreme Court of India, in February 2019, issued a judgement including special allowances paid by an establishment to its employees within the expression of "basic wages", for the computation of deduction towards the provident fund. The Employees' Provident Fund Organisation has not issued any circular/ notification mentioning the effective date for implementing this decision of the Supreme Court of India; however, if the Supreme Court judgment were implemented retrospectively, it may place an obligation on our Company to deposit additional contributions in relation to their provident fund obligations. Complying with, and changes in, laws and regulations or terms of approval may increase our compliance costs and adversely affect our business and results of operations. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. If we are unable to remain in compliance with all applicable environmental, health and safety and labour laws, our business, results of operations and financial condition may be adversely affected.

We are required to obtain and maintain various statutory and regulatory permits, licenses, registrations and approvals to operate our business in relation to the above laws and regulations, which requires us to comply with certain terms and conditions to continue our operations. Although we have no reason to believe that such statutory and regulatory permits and approvals will not be granted and/or renewed as and when requested, we cannot assure you that we will be able to maintain, renew or obtain any required statutory and regulatory permits and approvals in the future, in a timely manner, or that no additional requirement will be imposed in connection with such request. For instance, the fire no objection certificate in respect of two units of our manufacturing plants, the consent to operate issued by state pollution control boards in respect of five units of our manufacturing plants and the hazardous waste management authorization in respect of one of our units, have expired. While we have made applications for renewal of such approvals with the relevant authorities, such applications are currently being processed and we are yet to receive renewed approvals. In the event that we are unable to renew or maintain such statutory permits and approvals or comply with any or all of their applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, our operations may be interrupted and penalties may be imposed on us by the relevant authorities. Further, such approvals, licenses, permits and registrations are often also subject to numerous conditions, some of which are onerous and may require significant expenditure. If we fail to comply or a regulatory authority claims that we have not complied with these conditions, we may not be able to continue with our operations.

6. Any adverse changes in regulations governing our business, products and the products of our customers, may adversely impact our business, prospects and results of operations.

Government regulations and policies of India as well as the countries to which we export our products can affect the demand for, expenses related to and availability of our products. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. Any changes in government regulations and policies, such as the withdrawal of or changes in tax benefits, incentives and subsidies or anti-dumping duties levied by India or other countries, could adversely affect our business and results of operations. For instance, the Government of India ("**GoI**") has recently extended the validity of existing anti-dumping duty on NTCF imports from China by six months, until December 11, 2020. If such anti-dumping duty is discontinued post December 11, 2020, China may commence dumping NTCF into India at aggressive prices, resulting in oversupply which may lead to a decline in demand for the NTCF manufactured by us. Further, regulatory requirements with respect to our products and the products of our customers are subject to change. An adverse change in the regulations governing the development of our products and their usage by our customers, including the development of licensing requirements and technical standards and specifications or the imposition of onerous requirements, may have an adverse impact on our operations.

Our Company may be required to alter our manufacturing and/or distribution process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We cannot assure you that we will be able to comply with the regulatory requirements. If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing and marketing new products or we may be required to withdraw existing products from the market. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products and/or we may be deemed to be in breach of our arrangements with our customers. Consequently, there is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products, which may adversely impact our business, results of operations and financial condition.

7. ***We are subject to risks resulting from foreign exchange rate fluctuations that could adversely affect our results of operations.***

We are exposed to risks from foreign exchange rate fluctuations since our business is dependent on imports and exports entailing large foreign exchange transactions, in currencies including the US Dollar, and the Euro. In addition, we have certain foreign currency borrowings denominated in US Dollar and Euro and our future capital expenditures, including any imported equipment and machinery, may be denominated in foreign currencies. Further, we have manufacturing facilities in Thailand, South Africa and Hungary, where transactions are generally denominated in the respective entity's functional currency. The functional currency for our Company's consolidated financial statements is Indian Rupees. The financial condition, cash flows and results of operations of each of our subsidiaries operating in a jurisdiction outside of India is reported in the relevant functional currency and then translated to Indian rupee at the applicable currency exchange rates for inclusion in our consolidated financial statements. Exchange rates between some of these currencies and the Indian rupee in recent years have fluctuated significantly and may do so in the future, thereby impacting our results of operations and cash flows in Indian rupee terms. For details of a sensitivity analysis for a change in foreign currency rates, see "***Financial Statements – Fiscal 2020 Audited Consolidated Financial Statements - Note 40.3.1 – Market Risk – Foreign Currency Risk Management***", on page F-105. Although we closely follow our exposure to foreign currencies and use derivative financial instruments for hedging our financial risks that arise from our commercial business or financing activities in accordance with the Forex Guidelines dated February 10, 2015 adopted by our Board, in an attempt to reduce the risks of currency fluctuations, these activities may not always be sufficient to protect us against incurring potential losses if currencies fluctuate significantly. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures. Significant changes in the value of certain currencies relative to the U.S. dollar and other currencies could also have an adverse effect on our financial condition, cash flows and results of operations and our ability to meet interest and principal payments on foreign-currency denominated debt. Accordingly, volatility in currency exchange rates may have a significant adverse effect on our financial condition, results of operations and cash flows.

8. ***Introduction of alternative packaging materials caused by changes in regulatory requirements, technology or consumer habits may reduce demand for our existing packaging films products and***

may adversely affect our profitability and business prospects.

Our packaging films are used for applications as diverse as food and non-food packaging, labelling, industrial and various other end applications. Demand for our Biaxially-oriented polyethylene terephthalate ("**BOPET**") and Bi-axially Oriented Polypropylene ("**BOPP**") films will reduce in the event that our customers decide to seek alternative packaging materials. This, coupled with the development of more alternatives, will adversely affect our business and profitability if we are not able to respond to these changes. Our ability to anticipate changes in technology and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance and delays in product development. Further, any substantial change in the spending habits of consumers who are end users of our products will affect our customers' businesses and, in turn, will affect the demand for our products. In addition, we may be required to alter our packaging film products and manufacturing processes in keeping with changes in regulatory requirements, in particular those relating to use of plastics. For instance, an amendment to the Plastic Waste (Management and Handling) Rules, 2011 ("**Waste Management Rules**") introduced in 2018 requires producers, importers and brand owners to phase out manufacturing and use of multi-layered plastic, which is non-recyclable or non-energy recoverable or with no alternate use, within two years from the date of publication of such amendment. While the impact of such amendment in the Waste Management Rules on our products and business is difficult to ascertain at present, we may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources. Any failure on our part to forecast and/or meet the changing demands of printing and packaging businesses and manufacturing companies, as well as regulatory requirements, will have an adverse effect on our business, profitability and growth prospects.

9. Failure to meet applicable regulatory quality standards and quality standards as required by our customers, for our products and processes may lead to cancellation of existing and future orders and expose us to warranty claims

We have to be compliant with regulatory as well as typical customer specific requirements and all our products and manufacturing processes are subject to stringent quality standards and specifications. Any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to loss of reputation and goodwill of our Company, cancellation of the order and even lead to loss of customers. Additionally, it could expose us to potential monetary liability and, or, litigation the severity and timing of which are unpredictable. Failure to meet quality and standards of our products and processes can have serious consequences including rejection of the product which will require us to incur additional cost, loss of customer, adverse publicity and lawsuits, whether or not such claims are valid. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling which will not be borne by the customer, to replace the rejected product, and loss of customer which could have adverse effect on our reputation, business and our financial condition.

10. Any delay, interruption or reduction in the supply of raw materials, essential utilities such as electricity and water, equipment to manufacture our products may adversely affect our business, results of operations and financial condition.

Our cost of materials consumed constitutes the largest component of our cost structure. For Fiscals 2018, 2019 and 2020, our cost of materials consumed was ₹ 3,015.70 crore, ₹ 3,992.61 crore and ₹ 3,687.39 crore, or 53.05%, 56.24% and 51.15% of our revenue from operations, respectively. We depend on third-party vendors and suppliers for the purchase of raw materials and equipment. While we have agreements to procure certain key materials, we source other raw materials from the open market and through purchase orders, which exposes us to volatility in the prices of raw materials and equipment that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins. Further, several raw materials consumed in manufacturing specialty chemicals are petrochemicals, which are derived from crude oil. Hence, prices of such raw materials are vulnerable to volatility in global crude oil prices. We have historically sourced raw materials from multiple vendors in India and other countries and continue to diversify our procurement base. Although we have not faced significant disruptions in the procurement of raw materials in the past, the COVID-19 pandemic may temporarily affect our ability to source raw materials from our vendors across countries, who either may shut their facilities or might be unable to transport raw materials to us. We also face a risk that one or more of our existing vendor or suppliers may discontinue their relationship with us, and any inability on our part to procure raw materials or equipment from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our operations. We cannot assure you that we will be able to continue to obtain adequate supplies of our raw materials, in a timely manner, in the future.

Our manufacturing operations require a significant amount and continuous supply of electricity and water and any shortage or non-availability may adversely affect our operations. The production process of certain products, as well as the storage of certain raw materials and products in temperature controlled environments requires significant power. We currently source our water requirements from state and municipal corporations and local body water supply and water tankers and depend on state electricity boards and private suppliers for our energy requirements. Although we have diesel/furnace oil generators to meet exigencies at certain of our facilities, we cannot assure you that our facilities will be operational during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely manner, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition

Further, we are exposed to fluctuations in the prices of raw materials for the products that we manufacture for other customers who place purchase orders with us periodically. Any such reductions or interruptions in the supply of raw materials or equipment, and any inability on our part to find alternate sources for the procurement of such raw materials or equipment, may have an adverse effect on our ability to manufacture our products in a timely or cost-effective manner and we may be in breach of our contractual obligations. The occurrence of any such event may adversely affect our business, results of operations and financial condition.

11. We operate in a highly competitive industry. Our inability to compete effectively may lead to a lower market share or reduced operating margins and otherwise adversely affect our business. We are also subject to stringent competition laws in India.

We operate in a highly competitive industry with a number of other manufacturers that produce competing products, both in India and internationally. Competition in our business is based on pricing, relationships with customers, product quality, customization and innovation. While we may face pricing pressures from some of our peers who are able to operate at competitive costs and supply their products at a cheaper price, other competitors may have better research and technological resources. As a result, to remain competitive, we must continuously strive to reduce our production and distribution costs and improve our operating efficiencies and innovate our products offering. If we fail to do so, it may have an adverse effect on our market share and results of operations. In relation to our products segment, we may incur significant expense in preparing to meet anticipated customer requirements which may not be recovered. For example, if a customer is preparing to launch a new product, we may need to incur substantial capital investments for transition of our manufacturing facilities and resources, which may adversely impact production rates or other operational efficiency measures at our facilities.

We are a domestic market leader in most segments in the fluorochemicals business, including fluoro specialty chemicals. We are the domestic market leader in NTCF and the sole domestic producer of polyester tyre cord fabric. We are also market leaders in fluorination and chloromethanes (*Source: F&S Report*). Accordingly, we are subject to stringent competition laws in India which may restrict our ability to carry out and/or expand and diversify our business. Our inability to expand and diversify our business due to any restrictions imposed on us by the Competition Commission of India ("**CCI**"), could adversely impact our growth, revenues, operating results and financial condition. For instance, in 2016 CCI imposed a penalty of ₹ 10 lakh on our Company in relation to our acquisition of fluorochemical propellant business from a large American chemicals company, as this was reportable transaction and we failed to give notice of the acquisition to CCI within the stipulated time. Our inability to comply with competition laws in the future may result in regulatory action by the CCI against us.

Further, there can also be no assurance that we will remain competitive with respect to technology, design and quality to our customers' reasonable satisfaction. Additionally, pricing negotiated with our significant customers in future agreements may be less favourable than those under our currently applicable arrangements. Many of our competitors may be larger than us and may benefit from greater economies of scale and operating efficiencies. There can be no assurance that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Moreover, the competitive nature of the manufacturing industry may result in lower prices for our products and decreased profit margins, which may materially adversely affect our revenue and profitability.

12. If we are unable to protect our proprietary information, trademarks and copyrights or other intellectual property, our business may be adversely affected.

We rely on a combination of patents, trademarks, copyrights, designs, non-disclosure agreements and non-competition agreements to protect our proprietary intellectual property. As of August 31, 2020, we have applied for more than 200 patents and have been granted more than 60 patents globally. Certain of our patents, are in the process of being registered. If any of such unregistered patents are registered in favor of a third party, we may not be able to claim registered ownership of such patents, and consequently, we may be unable to seek remedies for infringement of those patents by third parties. While we intend to defend against any threats to our intellectual property, we cannot assure you that our trademarks, copyrights, designs, patents or other agreements will adequately protect our intellectual property. Our patent rights may not prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. Further, our patent applications may fail to result in patents being issued, and our existing and future patents may be insufficient to provide us with adequate protection or a commercial advantage. We cannot assure you that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our processes or to provide us with any competitive advantage. We may be required to negotiate licenses for patents from third parties to conduct our business, which may not be available on reasonable terms or at all.

We also rely on non-disclosure agreements with our management and key personnel, to protect our patents or other proprietary rights that belong to us. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that third parties will not otherwise gain access to our patents or proprietary knowledge. Further, our contractual arrangements typically contain provisions, which permit our customers to terminate their agreements with us in the event we were to misappropriate a third party's intellectual property. Any inability to patent new processes and protect our proprietary information or other intellectual property, could adversely affect our business.

13. The name of Mr. Arun Bharat Ram, our Promoter and Executive Chairman, has been reported as a wilful defaulter by State Bank of India

The name of our Promoter and Executive Chairman, Mr. Arun Bharat Ram, is appearing in the RBI wilful defaulter list. On March 31, 2013, Mr. Arun Bharat Ram, our Promoter and Executive Chairman, was reported as a wilful defaulter by State Bank of India ("**SBI**") in relation to a default in repayment of loan(s) availed by Samtel Glass Limited ("**SGL**") from SBI, although Mr. Arun Bharat Ram had resigned from the SGL's board of directors with effect from December 29, 2011. Our Company, on behalf of Mr. Arun Bharat Ram, has written to Stressed Assets Resolution Group of SBI ("**SARG**") on March 14, 2019, requesting for the removal of Mr. Arun Bharat Ram's name from the wilful defaulter list, stating that SBI did not follow due procedure as prescribed by RBI for reporting a wilful defaulter. However, SBI through its letter dated June 7, 2019 denied that it has not followed the prescribed procedure and did not accede to the request for removal of his name from the wilful defaulter list. For further details, see "***Board of Directors and Senior Management – Disclosures pertaining to wilful defaulters***" on page 157.

14. Some of the resolutions passed by our Board and shareholders and secretarial forms filed by our Company with the Registrar of Companies and our records in that respect are not traceable.

We are unable to trace certain corporate records in relation to our Company, including certain resolutions passed by our Board and shareholders and secretarial forms filed by our Company with the Registrar of Company relating to issuance of equity shares made from 1970 to 1983, as these documents along with certain other corporate records were destroyed in a fire accident at our previous registered office at Gopala Towers, Rajendra Place, New Delhi on June 6, 1983. Further, in relation to the issuance of equity shares and conversion of debt to equity in the years prior to 1998, we are unable to trace the secretarial form filings made with the Registrar of Companies. We cannot assure you that the filings were made in a timely manner or at all. Further, we cannot assure you that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these corporate record or filings. While no disputes or regulatory action has arisen in connection with these filings until date, we cannot assure you that no such action will be initiated in the future. Further, the accuracy of information on build-up of our Company's share capital provided in the chapter "***Capital Structure***" on page 60, is subject to the accuracy of information gathered through other available sources, such as annual reports of the Company for the relevant years.

15. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

Our business depends on our estimate of the long-term demand for our products from our customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

16. Some of the raw materials that we use as well as our finished products are hazardous, corrosive and flammable and require expert handling and storage. Any accidents may result in loss of property of our Company and/or disruption in the manufacturing processes which may have a material adverse effect on our results of operations, cash flows and financial condition.

Certain of the raw materials that we use as well as our finished goods are corrosive and flammable and require expert handling and storage, failing which we may be exposed to fires or other industrial accidents. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals, leakages, explosion or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process, handling or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life and property, damage to our and third-party property and, or, environmental damage, require shutdown of one or more of our facilities and expose us to civil or criminal liability. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have a material adverse effect on our results of operations and financial condition. In addition to the loss as a result of such fire or industrial accident, any shutdown of our Manufacturing plants could result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition.

Given the nature of our operations, we have had certain fire incidents from time to time, for instance in June 2016 we had a fire incident at our plant in Kashipur, in June 2017 we had a fire incident at our plant in Indore and in May 2018 and August 2018, we had a fire incident at our plant in Bhiwadi. Further, any fire or industrial accident, any shutdown of our manufacturing plants or any environmental damages could increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations. We cannot assure you that despite our best efforts we will not face similar situations at our manufacturing plants which may result in significant loss to our Company and/or a disruption of our manufacturing operations. The loss incurred by our Company may or may not be recoverable through insurance maintained by us. Such loss and/or disruption of our manufacturing operations may have a material adverse effect on our operations, cash flows and financial condition.

17. We have significant planned capital expenditure, and such expenditure may not yield the benefits we anticipate.

In the last three fiscals, we have incurred significant capital expenditure which was aimed at increasing our manufacturing capacities and we expect to incur significant capital expenditure in the coming future. For instance, we have recently commissioned a facility to produce specialty chemicals (P-33) for the agro industry at Dahej, Gujarat in August 2020. Our Board of Directors also approved the setting up of dedicated facilities to produce specialty chemicals at Dahej in February 2020. We seek to expand our capacity for production of chloromethane and are setting up a plant for such purpose at Dahej, Gujarat. Further, we are also in the process of setting up an integrated facility for development of PTFE with a R22 plant as feedstock in Dahej, Gujarat. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing in order to expand and upgrade our existing plants as well as to construct new plants. However, financing required for such investments may not be available to us on acceptable terms, or at all, and we may be restricted by the terms and conditions of our existing or future financing agreements. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, which could significantly affect financial measures such as our earnings per share. If we decide to raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted. Our ability to finance our capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond our control, including borrowing or lending restrictions under applicable laws and general economic and capital markets conditions.

Further, we cannot assure you that our operations will be able to generate cash flows sufficient to cover such costs. Any inability to obtain sufficient financing could result in the delay, reduction or abandoning of our development and expansion plans. As a result, if adequate capital is not available, there could be an adverse effect on our business and results of operations. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, weather-related delays and technological changes. For instance, in Fiscal 2020, there was cost overrun of ₹ 26 crore in setting up of a facility at Dahej, Gujarat, to produce agrochemical intermediaries, due to change in original design and installation of additional effluent treatment equipment. Similarly, there was a cost overrun of ₹ 121 crore in setting up of a facility at Dahej, Gujarat, to enhance HFC capacity due to change in original design, increase in the cost of installation of assets acquired and adverse movement in forex rates, among other factors.

Consequently, we cannot assure you that any expansion or improvement of our existing plants or construction of new plants, will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our profitability and financial condition will be adversely affected.

18. Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.

The cost and availability of capital, among other factors, depend on our credit rating. Our debt instruments/facilities have been rated 'CRISIL AA+/Stable' by CRISIL Limited by way of letter dated September 9, 2020. Our long term facilities have been rated 'CRISIL AA+/Stable (reaffirmed)' by CRISIL Limited and 'IND AA+/Stable' by India Ratings & Research by way of their letter dated September 9, 2020 and April 21, 2020, respectively. Further, our short term facilities and commercial papers have been rated as 'CRISIL A1+(reaffirmed)' by CRISIL Limited by way of letter dated September 9, 2020 whereas India Ratings & Research has provided 'IND A1+' ratings to commercial papers and non-fund based facilities and provided 'IND AA+/Stable' ratings to our fund based facilities, by their letter dated April 21, 2020. Our credit rating reflects, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, or any downgrade in our ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

19. Significant disruptions of information technology systems or breaches of data security could adversely affect our business.

We depend upon information technology systems, including internet-based systems, to support our business operations, including sales, order processing, production, distribution and finance. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and computer viruses in addition to being susceptible to outages due to power loss, telecommunications failure and software malfunction. In addition, our proprietary data is stored electronically and may be vulnerable to tampering. Although we have not experienced any significant disruptions to our information technology systems, we cannot assure you that we will not encounter disruptions in the future. Any such disruption may result in the loss of key information and disrupt our operations, which could adversely affect our business and results of operations. In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Any such security breaches could have an adverse effect on our business, reputation and expose us to potential litigation.

20. We depend on our established relationships with various key customers across our business segments and any adverse developments in such relationships could have an adverse effect on the demand for our products and consequently, our business, results of operations and financial condition.

Our revenue and profit margins are directly impacted by our sales volume within our business segments and by the demand from our key customers. A majority of our revenue from operations is from sales to our customers in the chemicals and packaging films businesses. The revenue share of chemical business constituted 41.26%, 34.44%, 28.35% and revenue share of packaging film business constituted 36.12%, 37.34%, 31.31% of our total revenue from operations for Fiscals 2020, 2019 and 2018, respectively. In our specialty chemicals business, we depend on our relationships with multinational corporations. These relationships give us the opportunity to enter into long-term contracts with multinational corporations with respect to patented process and procure repeat orders from them. Committed delivery schedules and pre-agreed pricing structures in such contracts could expose us to risks arising from availability of raw materials and fluctuations in raw material prices in the future. We may not be able to adequately adjust our inventory in case of cancellation of orders under such contracts and this could affect our profitability under these long-term contracts. In our other business segments and with other customers, we typically do not have firm commitment in the form of long-term supply agreements with our key customers and instead rely on purchase orders or shorter term arrangements to govern the volume and other terms governing sale of our products. Consequently, there is no commitment on the part of such customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. The fluctuation in demand for our products may either require us to increase production or decrease production and inventories at short notice, which may result in us bearing additional costs and incurring losses.

Revenue from our top 10 customers across business segments constituted 32.52% of our revenue from operations for Fiscal 2020. Maintaining strong relationships with our key customers is, therefore, essential to the growth of our business. Our reliance on a select group of customers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these customers could reduce their requirement of our services and their ability to pay us, on a timely basis or at all, which could result in a significant decrease in the revenues we derive from them. We cannot assure you that we will be able to maintain our established relationships, historic levels of business or continue to generate demand for our products from our key customers to drive growth in the future, and a failure to do so could have an adverse effect on our business, results of operations and financial condition. Additionally, the loss of any key customer may significantly affect our revenues and we may have difficulty securing comparable levels of business from other customers or may not be able to secure new customers in a timely manner or at all to offset any loss of revenue from the loss of any of our key customers, including our top customers. We may also not be able to easily re-allocate our resources and assets in a timely or efficient manner. Additionally, in order to retain some of our significant customers we may also be required to offer terms to them that may place restraints on our resources and reduce our profitability.

21. Our lenders have imposed certain restrictive conditions on us under our financing arrangements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.

As of June 30, 2020, we had total outstanding borrowings (comprising non-current borrowings, current borrowings and current maturities of non-current borrowings) of ₹ 4,724.76 crore. Certain of our financing agreements include conditions and restrictive covenants, including the requirement that we obtain consent or waiver from or intimate our respective lenders prior to carrying out certain activities and entering into certain transactions including, among others, (a) the amendment of our memorandum and articles of association, dilution of current shareholding of our Promoters; (b) incurrence of additional debt; (c) changing management structure; (d) formulating any scheme of amalgamation or reconstruction; (e) implementation of any scheme of expansion; and (f) declaration or payment of dividend. Additional restrictive covenants include, among other things, to ensure that the loan availed from our lenders is utilized for the respective purpose they have been sanctioned as specified in such financing agreements and to maintain security cover and/or receivable cover as the lender may stipulate from time to time. Further, any prepayment of our loans may require us to intimate or receive consents from our lenders, and may be subject to prepayment charges and other conditions. These restrictions may limit our flexibility in responding to business opportunities, competitive developments and adverse economic or industry conditions. Certain of our financing arrangements have also been secured by way of a charge against some of our immovable properties. A breach of any of the covenants, or a failure to pay interest or indebtedness when due, under any of our other financing arrangements, could result in a variety of adverse consequences, including the termination of one or more of our credit facilities, levy of penal interest, the enforcement of any security provided, acceleration of all amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our business, results of operations and financial condition.

Our financing agreements also generally contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity, total external liabilities to total net worth, debt service cover ratios. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. We cannot assure you that we will comply with the covenants with respect to our financing arrangements in the future or that we will be able to secure waivers for any such non-compliance in a timely manner or at all. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

22. *Failure to maintain confidential information of our customers could adversely affect our results of operations and, or, damage our reputation*

We enter into confidentiality agreements and non-disclosure agreements with our customers for whom we undertake custom research and synthesis and contract manufacturing. As per these agreements, we are required to keep confidential, the know-how and technical specifications provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers by us or our employees, these customers may terminate their engagements with us and/or initiate litigation for breach of contract, seeking damages and compensation from us. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

23. *We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.*

As of August 31, 2020, we have employed approximately 6,600 full-time employees globally. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. We cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our operations. For example, at our Technical Textile Business manufacturing plant located at Gwalior, while the SRF Karmachari Evam Sangh union has been in existence at the plant at Gwalior for several years, the Association of Chemicals Workers came into existence approximately three years back and claimed to be the authorized representatives of the employees of the plant. This matter is currently pending before the High Court. For further details, see "***Legal Proceedings***" on page 210. While this dispute has not led to any disruption in operations or work stoppages at the plant until date, any labour disruptions at any of our plants in the future may adversely affect our manufacturing operations, increase our cost of production or even halting a portion of our production. Since these disruptions are difficult to predict or control, they may also cause us to miss sales commitments, hurt our relationships with customers and disrupt our supply chain, which could adversely affect our business and results of operations.

24. Our operations depend on the availability of timely and cost-efficient transportation and other logistic facilities and any prolonged disruption may adversely affect our business and results of operations.

Our operations depend on the timely transport of raw materials to our manufacturing facilities and of our products to our customers. We use a combination of land and ocean transport for such purposes, which are subject to various bottlenecks and other hazards beyond our control, including customs, weather, strikes or civil disruptions. We typically rely on third party transportation providers and engage carrying and forwarding agents to supply most of our raw materials and to deliver products to our customers. Any failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have an adverse effect on our business and results of operations.

25. We may face several risks associated with the expansion of our existing manufacturing plants and setting up of new plants, which could hamper our growth, prospects, cash flows and business and financial condition.

In establishing new plants or expanding capacities at our existing manufacturing plants as part of our expansion plans, we may encounter cost overruns or delays for various reasons, including, but not limited to, our financial condition, changes in business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the projects, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, start-up costs, interest and finance charges, EPC and non-EPC costs, working capital margin, environment and ecology costs and other external factors including current situation of COVID-19 pandemic, which may not be within the control of our management. If any of our expansion plans, are not completed in a timely manner, or at all or performance of external agencies may not meet the required specifications or performance parameters due to which our business, prospects and results of operations may be adversely affected. Further, the budgeted cost may prove insufficient to meet the requirements of the proposed capital expenditure due to, among other things, cost escalation, which could drain our internal cash flows or compel us to raise additional capital, which may not be available on terms favourable to us or at all. For instance, in Fiscal 2020, there was cost overrun of ₹ 26 crore in setting up of a facility at Dahej, Gujarat to produce agrochemical intermediaries, due to change in original design and installation of additional effluent treatment equipment. Similarly, there was a cost overrun of ₹ 121 crore in setting up of a facility at Dahej, Gujarat to enhance HFC capacity due to, among other factors, change in original design, increase in the cost of installation of assets acquired and adverse movement in forex rates. We cannot assure that we will be able to complete expansion of our manufacturing facility and any delay in setting up such plants in a timely manner, or at all, could have an adverse impact on our growth, prospects, cash flows and business and financial condition.

26. Our agrochemicals related business is subject to climatic conditions and is cyclical in nature. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition. Further, any change in Government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect our agrochemicals business and result of operations.

Our agrochemicals related business is sensitive to weather conditions such as drought, floods, cyclones and natural disasters, as well as events such as pest infestations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Our revenue from sale of products used by the agrochemicals industry is significantly affected by weather conditions in the agricultural regions in which our products are used. The most important determinant of our sales of such products is the volume of crops planted. Adverse conditions early in the season, especially drought conditions, can result in significantly lower than normal plantings of crops and therefore lower demand for crop protection products. This can result in our sales in a particular region varying substantially from year to year. Weather conditions can also result in earlier or later plantings and affect the levels of pest infestations, which may affect both the timing and volume of our sales or the product mix. In addition, sales of agrochemical products in India are typically seasonal due to the monsoon.

Further, we expect that state and central government policies will continue to affect the income available to farmers to purchase agrochemical products. Consequently, any changes in Government policies relating to the agriculture sector such as the reduction of government expenditure towards agriculture, the withdrawal of or adverse changes in incentives and subsidies provided to farmers, export restrictions on crops, adverse changes in commodity prices or minimum support prices could affect the ability of farmers to spend on agrochemical products, which in turn could adversely affect our business and results of operations.

27. Changes in technology may render our current technologies obsolete or require us to incur substantial capital expenditure.

Our industry rapidly changes due to technological advances and scientific discoveries. These changes result in the frequent introduction of new products and significant price competition, and accordingly, our future success may depend partly on our ability to respond to technological advances and emerging standards and partly on inculcating practices on a cost effective and timely basis. If our technologies become obsolete, and we are unable to effectively introduce new products or processes, meet customers' needs or technology developed by our competitors render our service unattractive, our business and results of operations could be adversely affected. Although we strive to keep our technology, facilities and machinery current with the latest international standards, the technologies, facilities and machinery we currently employ may become less competitive or even obsolete due to advancement in technology or changes in market demand, which may require us to incur substantial capital expenditure. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which may adversely affect our profitability. If our competitors introduce superior technology and we cannot make enhancements to ours to remain competitive, either because we do not have the resources to continually improve our technology by adequately investing in R&D or for any other reason, our competitive position, and in turn our business, results of operations and financial condition may be adversely affected.

28. Our experienced management team and other key managerial personnel are critical to our continued success and our inability to retain such personnel could adversely affect our business.

Our success significantly depends upon the continued service of our experienced management team and other key managerial personnel who set out the strategic business direction and manage our business. Our ability to meet future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Further due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry our ability to retain and attract qualified individuals is critical to our success. Competition for individuals with specialized knowledge and experience is intense in our industry. If we lose the services of such members, we may be unable to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations. While our key managerial personnel have entered into non-disclosure agreements with us, we do not have any non-compete agreements with our management team or other key managerial personnel. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. If we are unable to attract and retain qualified personnel, our results of operations may be adversely affected.

29. We may face an adverse impact on our sales and earnings as a result of risks associated with our international sales and multi-location operations.

We have operations across 11 manufacturing plants in India, and three manufacturing plants across Thailand, South Africa and Hungary. In Fiscal 2020, we generated on a consolidated basis, 50.69% of our revenue from operations from India, and 49.31% of our revenue from operations from other countries. Five of our operational Subsidiaries are incorporated in overseas jurisdictions, i.e. in Thailand, South Africa, Hungary and Netherland.

We are affected by risks inherent in international sales and operations, including:

i. economic cycle and demand for our products in the international markets;
ii. currency exchange rate fluctuations;
iii. regional economic or political uncertainty;
iv. currency exchange controls;
v. differing accounting standards and interpretations;
vi. differing labour regulations;
vii. differing domestic and foreign customs, tariffs and taxes;
viii. current and changing regulatory environments;
ix. difficulty in staffing and managing widespread operations;
x. coordinating and interacting with local representatives and counterparties to fully understand local business;
xi. and regulatory requirements; and
xii. availability and terms of financing.

Selling products in international markets and maintaining and expanding international operations require significant coordination, capital and resources. It exposes us to a number of risks globally, including, without limitation compliance with local laws and regulations, which can be onerous and costly as the magnitude and complexity of, and continual amendments to, those laws and regulations are difficult to predict and the liabilities, costs, obligations and requirements associated with these laws and regulations can be substantial. Moreover, the length and complexity of our internal production chain make us vulnerable to numerous risks, many of which are beyond our control, which may cause significant interruptions or delays in production or delivery of our products to our customers. To the extent that we are unable to effectively manage our global operations and risks such as the above or fail to comply with the changing international regulations, we may be unable to grow or maintain our sales and profitability, or we may be subject to additional unanticipated costs or legal or regulatory action. As a consequence, our business, financial condition, results of operations and prospects may be adversely affected.

30. Our inability to manage our diversified operations may have an adverse effect on our business, results of operations and financial condition.

Our management requires considerable expertise and skill to manage and allocate an appropriate amount of time and attention to our diverse business. Operating such a geographically diverse business also makes forecasting future revenue and operating results difficult, which may impair our operations and your ability to assess our prospects. In addition, our cost controls, internal controls, and accounting and reporting systems must be integrated and upgraded on a continual basis to support our diversified business. In order to manage and integrate our business effectively, we will be required to, among other things, stay abreast with key developments in each geography in which we operate, implement and continue to improve our operational, financial and management systems, develop the management skills of our managers and continue to train, motivate and manage our employees. If we are unable to manage our diversified operations, our business, results of operations and financial condition may be adversely affected.

31. We are susceptible to potential product liability claims that may not be covered by insurance, which may require substantial expenditure and may adversely affect our reputation and if successful, could require us to pay substantial sums.

Our business inherently exposes us to potential product liability claims, and the severity and timing of such claims are unpredictable. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. While our products are extensively researched before being commercialized, there is no certainty of their long-term effects on soil or water supplies and any adverse effects caused by such products could adversely affect our business and reputation. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling, which may lead to the deterioration of our products, or from defects arising from deterioration in our quality controls. Product liability claims, regardless of their merits or the ultimate success of the defense against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation, divert our management's time, adversely affect our goodwill and impair the marketability of our products. Although we have obtained product liability coverage, if any product liability claim sustained against exceeds the policy limits, it could harm our business and financial condition.

A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may adversely affect our financial position and results of operations. In addition, insurance coverage for product liability may become prohibitively expensive in the future. As a result, it is possible that, in the future, we may not be able to obtain the type and amount of coverage we desire at an acceptable price and self-insurance may become the sole commercially reasonable means available for managing the product liability risks of our business.

32. *Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.*

Operating and managing a business involves many risks that may adversely affect our operations, and the availability of insurance is therefore important to our operations. We could be held liable for accidents that occur at our manufacturing facilities or otherwise arising out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of coverage include insurance for property, material damage, standard fire and special perils policy for our warehouses, management liability insurance, employees compensation insurance, office protection, commercial general liability, product liability, business public liability, marine cargo, electronic equipment, fidelity guarantee, burglary, trade credit, and group mediclaim.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Further, to the extent that any uninsured risks materialise or if we fail to effectively cover ourselves against any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, our insurance coverage expires from time to time and we may not be able to renew our policies in a timely manner, or at acceptable cost. To the extent that we suffer loss or damage, for which we have not obtained or maintained insurance, or which is not covered by insurance, which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations and financial condition could be adversely affected.

33. *If we are unable to raise additional capital, our business, results of operations and financial condition could be adversely affected. Further, any movement in the market interest rates could have an effect on our net income or financial position.*

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the COVID-19 pandemic, credit availability from banks, investor confidence, the continued success of our operations and laws that are conducive to our raising capital in this manner. Any unfavourable change to terms of borrowings may adversely affect our cash flows, results of operations and financial conditions. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants and may have to grant security interests over certain of our assets. Further, our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. Any changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities.

If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations and financial condition could be adversely affected. Further, in the event of a breach of relevant terms of our financing arrangements, we may be required to seek waivers of such breaches, including cross defaults arising from the breach of relevant covenants. We cannot assure you that we will be able to obtain such waivers on satisfactory terms, or at all, and the relevant lenders could, *inter-alia*, impose penal and default interests, accelerate the maturity of our obligations and declare all amounts payable in respect of the facility to be due and payable immediately or otherwise on demand. In the event of any such acceleration, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash, or if required, sale of our assets. Further, during any period in which we are in default, we may be unable to obtain further financing or any refinancing of our debt could be at higher rates with more onerous covenants.

Further, in terms of SEBI circular, SEBI/HO/DDHS/CIR/P/2018/144, dated November 26, 2018, our Company is a large corporate and, therefore, needs to arrange capital in a certain manner, including from the capital markets in accordance with such circular. We can provide no assurance that we will be able to do so. Further, in the event of shortfall in the mandatory borrowing in the required manner, our Company may be subjected to fines.

34. Our Company has provided corporate guarantees for a significant portion of the borrowings of our Subsidiaries. Our business, financial condition, results of operations and prospects may be adversely affected by the revocation of all or any of the corporate guarantees provided by our Company in connection with such borrowings.

Our Company has provided corporate guarantees for a significant portion of the borrowings availed by our Subsidiaries. If any of these guarantees are revoked or if such collateral is proved insufficient, the lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to such lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under the financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations and prospects may be adversely affected by the revocation of all or any of the corporate guarantees provided by our Company in connection with our Subsidiaries' borrowings.

35. Certain of our manufacturing facilities and corporate office from which we operate are located on leased land. Further, execution of a lease deed in respect of the leasehold land allotted to our Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending

Certain of our manufacturing facilities are located on land leased from government authorities, at Indore Special Economic Zone, Madhya Pradesh, Industrial Area, Pithampur, Madhya Pradesh, Malanpur, Madhya Pradesh, Bhiwadi, Rajasthan and Thiruvallur, Tamil Nadu. If we are unable to comply with the terms of such lease arrangements, we may be required to shut down our manufacturing units and relocate our business operations or, and consequently we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition. Further, we do not own premises for our corporate office from which we operate, which has been taken on lease from Kama Realty (Delhi) Limited, a subsidiary of our Promoter. The current term of the lease is valid up to October 2026. In the event that we are unable to comply with the terms of any of our lease arrangements or are unable to renew them on favourable terms or at all, it may impair our operations and adversely affect our business, results of operations and financial condition. In case we have to make alternative arrangements, we cannot assure that the new arrangement will be on commercially acceptable terms. Further, in respect of the leasehold land allotted to our Company by Gujarat Industrial Development Corporation at Dahej, Gujarat on which our chemicals manufacturing facility is situated, execution of the lease deed is pending. We cannot assure that lease deed will be executed in a timely manner or on commercially acceptable terms. Further, certain of our lease agreements contain restrictive covenants, including but not limited to, requirements that we obtain consent from the lessor, which is typically the industrial development authority, prior to undertaking certain matters including change in our constitution or management. Further, these lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations.

36. Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which we own, lease or intend to acquire in connection with the development of our manufacturing plants.

There is no central title registry for real property in India and the documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and in local languages, and are updated manually through physical records. Therefore, property records may not be available online for inspection or updated in a timely manner, may be illegible, untraceable, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such property records. In addition, there may be a discrepancy between the duration of the principal lease under different orders issued by state governments in respect of a particular parcel of revenue land.

The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented and the land may have multiple owners. In addition, title insurance is not commercially available in India to guarantee title or development rights in respect of land. The absence of title insurance, coupled with the difficulties in verifying title to land, may increase our exposure to third party claims to the property. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subjected to encumbrances that we are unaware of. Further, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favor of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our manufacturing plants are or will be situated may arise.

For instance, out of the industrial freehold land measuring 32.41 acres at our plant in Gummidipoondi, Tamil Nadu, we do not have a clear title on 2.34 acres of land. We cannot assure by when the title will be rectified or whether or not it could be challenged in a legal proceeding including criminal proceedings or if the transfer of title may be incomplete and we may be unable to execute sale or conveyance deeds, thereby affecting our business operations and financial conditions. Such disputes, whether resolved in our favor or not, may divert management's attention, harm our reputation or otherwise disrupt our business. We may not be able to assess, identify or address all the risks and liabilities associated with the land, such as faulty or disputed title, unregistered encumbrances or adverse possession rights

37. Any failure or delay in the acquisition or leasing of land or an inability to acquire land or renew leases with respect to such land at acceptable costs or on commercially reasonable terms may adversely affect our business, results of operations and financial condition.

We require substantial amount of land for the purposes of operating our manufacturing plants. In the event we intend to further expand the capacity of our manufacturing plants and require additional land for such purposes, we cannot assure you that we will be able to identify or acquire adequate land either on a freehold or leasehold basis, or that land acquisitions will be completed in a timely manner, at acceptable costs and/or on commercially reasonable terms, without opposition, or at all. The cost of acquiring land on a freehold or leasehold basis for our manufacturing facilities may be higher than we estimated and is subject to a number of factors, including the type of land being acquired, market prices, the level of economic development in the area where the land is located and government regulations pertaining to the price of land, among others. In addition, we may face significant opposition to the construction of our manufacturing plants from local communities, tribes, non-government organizations and other parties. Such opposition or circumstances may be beyond our control. If we are unable to acquire the required amount of land for our manufacturing facilities and grinding units, the viability and efficiency of such projects may be affected. In addition, any inability to complete the acquisition of the necessary land in a timely manner may cause construction delays. The occurrence of any such event could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

38. We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

We have in the past entered and may continue to enter into transactions with certain of our related parties, including in relation to the lease rental payments for the premises on which our Corporate Office is located and which we lease from a subsidiary of our Promoter. For details, see "***Related Party***

Transactions" on page 29. While we believe that all such transactions have been conducted on an arm's length basis in the ordinary course of business, we cannot assure you that we could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, the Companies Act and the SEBI Listing Regulations, requires our Audit Committee to pre-approve all related party transactions, except in certain circumstances, including where the transaction amount does not exceed ₹ one crore, the Audit Committee can ratify such a transaction within three months from the date on which the transaction was undertaken. Recently, from July 2020 to August 2020, we availed advisory services in relation to the best practices to be followed in the manufacturing industry during COVID-19, from an entity in which our independent director, Mr. Tejpreet S Chopra, has interest, and made payments of approximately ₹ 15 lakh, in lieu of such services. This transaction was not pre-approved by our Audit Committee and will be ratified in the upcoming Board meeting, within the permitted period of three months. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations, including because of potential conflicts of interest or otherwise.

39. There is outstanding litigation against our Company and Subsidiaries and we cannot assure you that we will be successful in all of these actions. An adverse outcome in any of these proceedings may affect our business, reputation and results of operations.

There are certain outstanding legal proceedings pending against our Company and Subsidiaries in various courts and tribunals, including certain civil, criminal, labour and tax matters. For details of our material legal proceedings, see "***Legal Proceedings***" on page 210. We closed our Technical Textiles Business operations of our subsidiary, SRF Thailand, at Rayong, Thailand from October 21, 2019. This resulted in 146 employees, who were terminated pursuant to the closure of the operations, filing claims for compensation alleging unfair termination, at the Rayong Labour Court. In addition, our Company is involved in various direct tax proceedings, wherein we have claimed certain deductions under the Income Tax Act, 1961, which have been disallowed by the relevant tax authorities and we have filed appeals challenging such disallowances at the appellate forums. We cannot assure you that such outstanding legal proceedings will be decided in our favour or that any financial provisions we have made for such legal proceedings will be sufficient. Such legal proceedings could divert the management's time and attention, and consume financial resources in their defense or prosecution. In addition, should any new developments arise such as changes in Indian law or rulings against our Company or Subsidiaries by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. An adverse outcome in such proceedings could have an adverse effect on the ability of our management, Directors and employees, who are involved in the above proceedings, to serve us, and may also have an adverse effect on our business, reputation and results of operations.

40. Our Promoters will be able to exercise significant influence and control over our Company after this Issue and may have interests that are different from those of our other shareholders.

As of September 30, 2020, our Promoters held 52.32% of the subscribed and paid-up Equity Share capital of our Company. By virtue of their shareholding, our Promoters will have the ability to exercise significant influence over our Company and our affairs and business, including the election of our Directors, the timing and payment of dividends, the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger, amalgamation or sale of our assets and the approval of most other actions requiring the approval of our Shareholders. The interests of our Promoters may be different from or conflict with the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other shareholders.

41. Our Directors and Senior Management Personnel have interests in us other than the reimbursement of expenses incurred and normal remuneration and benefits.

Our Directors and Senior Management Personnel may be deemed to be interested to the extent of any options granted to them under the ESPS 2018, Equity Shares held by them, directly or indirectly, in our Company, as well as to the extent of any dividends, bonuses, or other distributions on such shareholding. For details, see "***Capital Structure***" on page 60. We cannot assure you that our Directors and our Senior Management Personnel, if they are also our shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company. For details, see "***Board of Directors and Senior Management***

***– Interests of our Directors*" and "*Board of Directors and Senior Management – Interests of Key Managerial Personnel and Senior Management*" on pages 151 and 157, respectively.

42. We have commissioned an industry report from Frost & Sullivan which has been used for industry related data in this Preliminary Placement Document and such data has not been independently verified by us. Accordingly, prospective investors are advised not to place undue reliance on such information.

We have commissioned Frost & Sullivan to prepare the report titled "INDEPENDENT MARKET REPORT for SRF Ltd." (the "**Frost & Sullivan Report**") dated September 30, 2020, which has been used for industry related data that has been disclosed in this Preliminary Placement Document. The Frost & Sullivan Report uses certain methodologies for market sizing and forecasting. Neither we, nor any of the Managers have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such information may be inconsistent with the facts and statistic compiled by other studies within or outside India. Moreover, such reports include projections that, by their very nature, are an estimation. Accordingly, investors should read the industry related disclosure in this Preliminary Placement Document in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on the information in the Frost & Sullivan Report.

43. Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. The declaration and payment of dividends, if any, will be recommended by our Board at their discretion and will depend on a number of factors, including our earnings and profitability, financial condition, cash flows and capital requirements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future. For further details on our dividend policy, see "***Dividends***" on page 63.

Additionally, under the Finance Act, 2020 ("**Finance Act**"), dividend distribution tax ("**DDT**") is not payable in respect of dividends declared, distributed or paid by an Indian company after March 31, 2020, and accordingly, any dividend payments to our resident and non-resident shareholders would not be tax exempt in their hands.

44. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition and results of operations.

As of June 30, 2020, our contingent liabilities were as follows:

Particulars		As at June 30, 2020 (₹ in crore)
a.	Goods and Services tax, excise duty, custom duty and service tax[*]	22.89
	Sales tax and entry tax[**]	19.08
	Income Tax[****]	3.24
	Others[***]	14.44
	[*]*Amount deposited against contingent liability ₹ 2.81 crore* [**]*Amount deposited against contingent liability ₹ 4.89 crore* [***]*Amount deposited against contingent liability ₹ 0.49 crore* [****]*Amount deposited against contingent liability ₹ 3.24 crore* [***]*Includes demand by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd. of ₹ 10.06 crore which is disputed by our 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 our results of operations or financial position.	

Particulars		As at June 30, 2020 (₹ in crore)
	Our Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty / service tax amounting to ₹ 19.84 crore should not be levied. Our Company has been advised that the contention of the respective departments is not tenable and hence the show cause notice may not be sustainable. During the year ended March 31, 2020, our Company has received a draft assessment order for assessment year 2016-17 in which adjustments amounting to ₹ 367.37 crore 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, our Company is of the view that the proposed adjustments are not sustainable.	
b.	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. Our Company believes that there are interpretative challenges on the application of judgement retrospectively and therefore has applied the judgement on a prospective basis.	
c.	SRF Industries (Thailand) Limited closed its Technical Textiles Business operations located at Rayong, Thailand with effect from October 21, 2019. Accordingly, all the statutory dues as per applicable laws pertaining to employees were settled at the time of severance. However, two employees have filed a case before labour court for alleged unfair termination and short payments. The demand aggregates to ₹ 2.59 crore (Thai Bhat 1.06 crore), which has been included in claims mentioned above. Subsequent to quarter ended June 30, 2020, additional claims have been filed by 144 employees aggregating to ₹ 17.52 crore (THB 7.16 crore). The management believes that payment of such claims is remote based on the external lawyer's opinion that our Company has complied with labour laws of Thailand and all the statutory dues of each of these complainants have already been paid and hence these complaints are liable to be dismissed.	
d.	The amounts shown above represents the best 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 us 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.	

If a significant portion of these liabilities materialize, it could have an adverse effect on our results of operations and financial condition.

45. We engage contract labour for carrying out certain business operations.

We engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial condition.

46. The success of our business and operations are dependent upon certain quality accreditations which are valid for a limited time period. An inability to renew such accreditations in a timely manner, or at all, may adversely affect our business and prospects.

Certain of our manufacturing plants are certified to ISO 9001, ISO 14001, ISO 45001 and BS OHSAS 18001 standards. In addition, business specific certifications include energy management ISO 50001, FSMS (food safety) ISO 22000, HALAL and Kosher certifications for packaging films, Social Accountability SA 8000 for both the chemicals manufacturing plants and "Responsible Care" certification from the Indian Chemical Council. The analytical laboratories at our R&D centre at Dahej, Gujarat have NABL ISO/IEC 17025:2005 accreditation and our R&D centre at Bhiwadi, Rajasthan have NABL ISO/IEC 17025:2017 accreditation. Receipt of certifications and accreditations under the standards of quality is important for the success and wide acceptability of our products. If we fail to comply with the requirements for applicable quality standards, or if we are otherwise unable to obtain or renew such quality accreditations in the future, in a timely manner, or at all, our business and prospects may be adversely affected.

47. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, please see "***Use of Proceeds***" on page 58.

Risks Relating to India

48. Adverse geopolitical conditions such as increased tensions between India and China, could adversely affect economic, political and trade related conditions in the region our business, results of operations and financial condition.

Adverse geopolitical conditions such as increased tensions between India and China resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries. Moreover, increase in border tension or armed conflicts may further impact the economic and political conditions in the region thereby impacting our business prospects.

49. If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. Moreover, any Government policies restricting the allotment of land in areas where we intend to establish facilities could adversely affect our plans to expand our manufacturing facilities. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

50. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and all our Directors and executive officers reside in India. A majority of our assets, are located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

For further details, see "***Enforcement of Civil Liabilities***" on page 17.

Risks Relating to the Equity Shares and this Issue

51. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The Issue Price will be determined by us in consultation with the Book Running Lead Managers, based on the Bids received, in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

52. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as STT is paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

53. Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into foreign currencies for repatriation. Any adverse movement in exchange rates during the time such conversion is undertaken may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

54. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. Such events may adversely affect our business and results of operations as well as the trading price of the Equity Shares.

55. There is no guarantee that our Equity Shares issued pursuant to this Issue will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares issued pursuant to this Issue will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity

Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

56. Applicants to this Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in this Issue are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 working days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in this Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after this Issue or cause the trading price of the Equity Shares to decline.

57. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. Further, in accordance with press note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, GoI, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the GoI. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

58. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

59. Any future issuance of Equity Shares or convertible securities or other equity linked securities by us

may dilute your shareholding and adversely affect the trading price of our Equity Shares.

Any future issuance of our Equity Shares or convertible securities or other equity linked securities by us could dilute your shareholding. Any such future issuance of our Equity Shares or convertible securities or other equity linked securities or sales of our Equity Shares by any of our significant Shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or convertible securities, or other equity linked securities or that the Shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

60. An investor will not be able to sell any of our Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of our Equity Shares in this Issue, investors purchasing our Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares.

61. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

62. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, 2013 a company incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, our issued share capital is ₹ 61,53,72,550 divided into 6,15,37,255 Equity Shares of ₹ 10 each, and our subscribed and paid-up equity share capital is ₹ 57,48,05,000 divided into 5,74,80,500 Equity Shares of ₹ 10 each. The face value of our equity shares is ₹ 10 per equity share. The Equity Shares are listed and traded on the BSE and NSE.

On October 9, 2020, the closing price of the Equity Shares on the BSE and NSE was ₹ 4,267.70 and ₹ 4,266.75, respectively. The tables below set out, for the periods indicated, the high, low and average closing prices and the trading turnover on the NSE and the BSE for our Equity Shares.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded for the Fiscals 2020, 2019 and 2018.

NSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total Volume of Equity Shares traded in the Fiscals (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in crore)
Fiscal 2020	4,192.95	February 14, 2020	2,79,059	117.17	2,360.60	April 1, 2019	24,12,126	566.30	3,056.62	8,58,59,480	25,862.14
Fiscal 2019	2,465.15	March 26, 2019	2,74,066	66.69	1,563.30	July 20, 2018	5,35,086	83.71	2,004.10	9,84,35,157	19,395.16
Fiscal 2018	2,010.90	January 15, 2018	4,42,204	89.50	1,435.45	August 9, 2017	10,81,786	156.51	1,714.84	4,82,69,248	8,356.74

(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

BSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total Volume of Equity Shares traded in the Fiscals (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in crore)
Fiscal 2020	4,191.85	February 14, 2020	14,721	6.19	2,358.95	April 1, 2019	1,01,144	23.74	3,056.65	40,36,033	1,201.72
Fiscal 2019	2,463.00	March 26, 2019	16,675	4.07	1,564.25	July 20, 2018	18,995	2.97	2,003.52	2,42,323	990.37
Fiscal 2018	2,006.75	January12, 2018	25,676	5.11	1,436.55	August 9, 2017	46,222	6.69	1,714.79	1,90,739	562.93

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months.

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in crore)
September 2020	4,392.65	September 17, 2020	4,85,723	215.02	4,005.65	September 24, 2020	1,82,973	73.77	4,193.86	5,615,510	2,376.26
August 2020	4,333.20	August 24, 2020	4,95,774	216.79	3,811.40	August 4, 2020	1,37,037	52.49	4,139.49	74,41,830	3,104.22
July 2020	3,934.85	July 29, 2020	4,11,919	160.49	3,597.95	July 1, 2020	1,01,975	36.80	3,802.31	65,89,662	2,537.98
June 2020	3,798.05	June 4, 2020	5,89,995	220.02	3,601.35	June 24, 2020	3,51,709	128.49	3,646.38	63,28,595	2,319.29
May 2020	3,655.05	May 6, 2020	2,18,872	80.52	3,325.35	May 19, 2020	2,67,636	91.29	3,513.46	39,71,986	1,407.55
April 2020	3,718.75	April 30, 2020	2,07,392	77.33	2,654.95	April 1, 2020	247,051	67.09	3,325.88	63,71,332	2,112.43

(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										volume	Turnover (₹ in crore)
September 2020	4,392.35	September 17, 2020	13,006	57.51	4,007.05	September 24, 2020	4,792	19.33	4,194.15	1,84,181	779.48
August 2020	4,336.00	August 24, 2020	24,496	107.05	3,812.70	August 4, 2020	1,1520	44.10	4,139.55	3,19,852	1,332.80
July 2020	3,933.45	July 29, 2020	15,694	61.15	3,597.00	July 1, 2020	4,469	16.12	3,802.24	3,48,292	1,340.20
June 2020	3,791.05	June 4, 2020	20,011	74.54	3,602.15	June 26, 2020	6,919	25.07	3,645.63	3,49,259	1,280.14
May 2020	3,651.10	May 14, 2020	58,09	21.15	3,324.90	May 19, 2020	6,520	22.30	3,512.43	1,37,007	485.74
April 2020	3,713.60	April 30, 2020	7,667	28.58	2,657.60	April 1, 2020	6,897	18.66	3,324.89	2,53,449	834.46

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen

C. The following table sets forth the market price of our Equity Shares on NSE and BSE on September 1, 2020, the first working day following the approval of the Board of Directors for the Issue.

NSE						BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crore)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crore)
4,065.00	4,151.95	4,035.90	4,112.75	2,01,156	82.36	4,053.90	4,150.00	4,038.20	4,109.20	5,469	2.24

(Source: www.nseindia.com and www.bseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue shall be approximately ₹ [●] crore. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹ [●] crore, shall be approximately ₹ [●] crore ("**Net Proceeds**").

Purpose of the Issue

Our Company proposes to utilize the Net Proceeds for (i) funding suitable organic and inorganic growth opportunities, (ii) ongoing capital expenditure, (iii) other long term and short terms requirements, (iv) pre-payment and/or repayment of outstanding borrowings, (v) general corporate purpose, or any other purposes, as may be permissible under applicable law and approved by our Board or its duly constituted committee. The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, or final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Pending utilisation of the Net Proceeds, our Company intends to temporarily invest the funds in creditworthy instruments, including money market, mutual funds, and deposits with banks. Such investments will be in accordance with the investment policies approved by the Board and/ or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws. In accordance with the SEBI Listing Regulations, our Company shall disclose the utilization of funds raised through this Issue in its annual report every year until such funds are fully utilized.

Neither our Promoters nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds.

CAPITALIZATION STATEMENT

The following table sets forth our capitalization on a consolidated basis as of June 30, 2020 which is based on the Interim Condensed Consolidated Financial Statements and adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with "***Selected Financial Information***", "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and other financial information contained in the "***Financial Information***" on pages 27, 30, 64 and 217, respectively.

(in ₹ crore)

Particulars	Pre-Issue (as at June 30, 2020) (on a consolidated basis)	Amount after considering the Issue (i.e. Post Issue)*# (on a consolidated basis)
Non-current borrowings		
Secured		
- Listed, secured redeemable non-convertible debentures	-	[●]
- Term loans from banks	2,675.45	[●]
- Term loans from others	241.71	[●]
Unsecured		
- Term loans from banks	621.14	[●]
Current borrowings		
Secured	218.42	[●]
Unsecured	968.04	[●]
Total borrowings – a	4,724.76	[●]
Equity		
Equity share capital	58.50	[●]
Other equity	5,093.35	[●]
Total equity – b	5,151.85	[●]
Total capitalization – a+b	9,876.61	[●]

* *Will be finalized upon determination of the Issue Price.*
# *After consideration of share issue expenses.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Preliminary Placement Document is set out below:

(In ₹, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	3,36,00,00,000
	12,00,00,000 equity shares of face value of ₹ 10 each	1,20,00,00,000
	10,00,000 preference shares of face value of ₹ 100 each	10,00,00,000
	12,00,000 cumulative preference shares of ₹ 50 each	6,00,00,000
	2,00,00,000 cumulative preference shares of ₹ 100 each	2,00,00,00,000
B	**ISSUED SHARE CAPITAL BEFORE THE ISSUE****[**]**	
	6,15,37,255 equity shares of face value of ₹ 10 each	61,53,72,550
C	**SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE****[**]**	
	5,74,80,500 equity shares of face value of ₹ 10 each	57,48,05,000
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares aggregating up to ₹ [●](1)(2)	[●]
E	**PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares(2)	[●]
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue*	Nil
	After the Issue(2) (3)	[●]

* *As of October 12, 2020.*
** *The difference between issued share capital and subscribed and paid-up share capital is due to forfeiture of 2,705 Equity Shares in Fiscal 1980 and 4,054,050 Equity Shares on February 1, 1997.*
(1) *The Issue has been authorized by the Board of Directors on August 31, 2020 and the Shareholders pursuant to their resolution dated October 8, 2020 by way of postal ballot.*
(2) *To be determined upon finalization of the Issue Price.*
(3) *The securities premium account after the Issue is calculated on the basis of Net Proceeds.*

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of allotment / buy-back period@	No. of equity shares allotted* / bought-back/ forfeited (of face value ₹10 each)	Issue price per equity share (₹)	Consideration
Fiscal 1970^	70	10	Cash
Fiscal 1973	11,20,020	10	Cash
Fiscal 1974	16,79,910	10	Cash
Fiscal 1975	9,32,401	10	Cash
Fiscal 1980^^	(2,705)	-	-
September 30, 1980	3,40,000	10	Conversion of loan
January 14, 1983	20,34,848	-	N/A
December 1, 1986	12,700	25	Cash
March 23, 1987	1,45,000	20	Conversion of loan
June 1, 1987^^^	40,94,864	25	Cash
June 1, 1990	53,22,475	40	Cash
June 9, 1994	80,19,792	40	Cash
January 24, 1995	23,49,170	16.30	Cash
January 24, 1995	40,54,050	7.40	Cash
October 9, 1995	79,97,077	50	Cash
December 8, 1995*	43,69,450	-	Consideration other than cash
February 19, 1996*	6,35,425	-	Consideration other than cash
February 1, 1997**	(40,54,050)	-	-

Date of allotment / buy-back period[@]	No. of equity shares allotted* / bought-back/ forfeited (of face value ₹10 each)	Issue price per equity share (₹)	Consideration
March 17, 1997	5,437	50	Cash
February 12, 1998***	342	50	Cash
May 15, 1998	2,19,50,538	10	Cash
September 30, 1998	6,75,675	50	Cash
October 11, 1999	28,43,600	15	Cash
October 16, 2006	33,75,000	85	Cash
June 23, 2006#	(16,084)	-	-
April 25, 2008##	(73,81,425)	-	-
February 26, 2011###	(30,83,080)	-	-
August 1, 2018	60,000	10	Cash
	5,74,80,500		

[@] *All form filings and resolutions for allotments made prior to 1983 have been lost due to a fire accident on the Company premises in 1983. For more details please refer to "**Risk Factors – Some of the resolutions passed by our Board and shareholders and secretarial forms filed by our Company with the Registrar of Companies and our records in that respect are not traceable**" on page 38.*

^ *Subscription to Memorandum of Association dated December 22, 1969.*
^^ *Forfeiture of 2,705 Equity Shares.*
^^^ *Multiple allotments in relation to conversion of 13.5% conversion of partially convertible debentures, all effective on June 1, 1987.*
* *Issued pursuant to the terms of the modification of the Rehabilitation-cum-merger Scheme Flowmore Polyester Limited with the Company pursuant to a Board for Industrial and Financial Reconstruction order dated September 7, 1995.*
** *Forfeiture of 40,54,050 Equity Shares that had been allotted on January 24, 1995.*
*** *The allotment date was February 12, 1998 but the allotment was effective from October 9, 1995, i.e., the date of conversion of the 15% fully convertible debentures in respect of which such 342 Equity Shares were allotted.*
# *The Board resolution authorizing the buy-back was passed on June 23, 2006 and the Equity Shares were bought-back between July 24, 2006 and September 18, 2006.*
The Board resolution authorizing the buy-back was passed on April 25, 2008 and the Equity Shares were bought-back between July 2, 2008 and April 16, 2009.
The Board resolution authorizing the buy-back was passed on February 26, 2011 and the Equity Shares were bought-back between April 6, 2011 and February 15, 2012.

Except as stated in "- ***Equity Share Capital History of our Company***" above, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of filing of this Preliminary Placement Document.

Employee Stock Option Schemes

Our Company has instituted the SRF Limited (SRF) Employees Long Term Share Based Incentive Plan, 2018 ("**Incentive Plan**"), which comprises Part A - SRF Employees Stock Option Scheme, 2018 (the "**ESOP 2018**"); and Part B - SRF Employees Stock Purchase Scheme, 2018 (the "**ESPS 2018**"). Under the Incentive Plan, an aggregate of 3,00,000 Equity Shares may be granted to eligible employees of our Company and its Subsidiaries, of which 60,000 Equity Shares have been granted and allotted as of October 12, 2020, pursuant to ESPS 2018. Further no options have been granted as of October 12, 2020, pursuant to ESOP 2018. There are currently no options or Equity Shares that have been granted and are pending allotment as of the date of the Preliminary Placement Document under the Incentive Plan.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth below.

Sr. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital (%)^
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]

Sr. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital (%)^
5.	[●]	[●]
6.	[●]	[●]

^ *Based on beneficiary position as on [●], 2020.*
Note: The above table has been intentionally left blank and will be filled-in in the Placement Document.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company, is set forth below.

Sr. No.	Category	Pre-Issue (As of October 9, 2020)		Post-Issue*	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A.	**Promoters' holding****				
1.	Indian				
	Individual	27,500	0.05 %	[●]	[●]
	Bodies corporate	30,049,000	52.28 %	[●]	[●]
	Sub-total	30,076,500	52.32 %	[●]	[●]
2.	Foreign promoters	0	0.00 %	[●]	[●]
	Sub-total (A)	30,076,500	52.32 %	[●]	[●]
B.	**Non – Promoters' holding**				
1.	Institutional Investors	18,433,335	32.07 %	[●]	[●]
2.	Non-Institutional Investors				
	Private Corporate Bodies	491,497	0.86 %	[●]	[●]
	Directors and relatives (other than promoters)	31,785	0.06 %	[●]	[●]
	Indian public	6,621,217	11.52 %	[●]	[●]
	Others including Non-resident Indians (NRIs) and Employees	1,826,166	3.18 %	[●]	[●]
	Sub-total (B)	27,404,000	47.68 %	[●]	[●]
	Grand Total (A+B)	**57,480,500**	100.00 %	[●]	[●]

**Note*: *The post-Issue shareholding pattern will be filled-in before filing of the Placement Document with the Stock Exchanges.*
***This includes shareholding of the members of the Promoter Group.*

DIVIDENDS

The declaration and payment of dividends, if any, by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board may also, from time to time, declare interim dividends. For further information, see "***Description of the Equity Shares***" on page 196.

Our Board has approved and adopted a formal dividend distribution policy on November 11, 2016 in terms of Regulation 43A of the SEBI Listing Regulations. In terms of this policy, the declaration of dividend is dependent on a number of internal and external factors, including, but not limited to, working capital requirements, capital expenditure requirements, resources required to fund acquisitions and/or new businesses, outstanding borrowings and their servicing, covenants in financial facility agreements, cash flow required to meet contingencies, our Company's standalone profit after tax and macroeconomic conditions, and such other factors that the Board may deem relevant in its discretion, subject to the approval of our Company's shareholders.

The following table details the dividend proposed by our Company on the Equity Shares in respect of Fiscals 2018, 2019, 2020 and interim dividend declared with respect to Fiscal 2021 till the date of this Preliminary Placement Document:

Particulars	Fiscal 2021(1)	Fiscal 2020(2)	Fiscal 2019(3)	Fiscal 2018(4)
Face value of Equity Shares (₹ per Equity Share)	10.00	10.00	10.00	10.00
Total dividend (interim) per Equity Share (in ₹)	5.00	14.00	12.00	12.00
Dividend rate (%)*	50%	140%	120%	120%
Dividend distribution tax (in ₹ crores)	N.A.	16.54	14.18	14.03
Total dividend on Equity Shares (in ₹ crores)	28.74	80.47	68.98	68.90

(1) Based on the interim dividend declared up to the date of this Preliminary Placement Document.
(2) Based on the Fiscal 2020 Audited Consolidated Financial Statements
(3) Based on the Fiscal 2019 Audited Consolidated Financial Statements
(4) Based on the Fiscal 2018 Audited Consolidated Financial Statements
* *Dividend rate = Dividend per Equity Share / face value per Equity Share x 100*

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the Fiscal in which they have been allotted.

Also see "***Taxation***" and "***Risk Factors***" on pages 203 and 30, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with our Audited Consolidated Financial Statements prepared as of and for each of the financial years ended March 31, 2020, 2019 and 2018 in accordance with the Indian Accounting Standards ("**Ind AS**") notified under the Companies (Indian Accounting Standards) Rules, 2015 and the Companies Act, and our Interim Condensed Consolidated Financial Statements prepared as of and for the three months ended June 30, 2020 in accordance with Ind AS 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 and as required under the SEBI Listing Regulations, each included elsewhere in this Preliminary Placement Document. Ind AS differs in certain material respects from U.S. GAAP and IFRS.*

Our financial year ends on March 31 of each year. Accordingly, all references to a particular "fiscal year" and "Fiscal" are to the 12-month period ending on March 31 of that year.

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "**Forward-looking Statements**" and "**Risk Factors**" on pages 16 and 30, respectively.*

*The industry related information contained in this section is derived from the report titled "INDEPENDENT MARKET REPORT for SRF Ltd." prepared by Frost & Sullivan (India) Private Limited dated September 30, 2020 (the "**F&S Report**"), which we commissioned for the purposes of confirming our understanding of the industry in connection with the Issue. Neither we, nor any other person connected with the Issue, including the BRLMs, has independently verified the information derived from the F&S Report. Further, F&S may also base their opinion on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the F&S Report when making their investment decision.*

Overview

We are a multi-business chemicals conglomerate engaged in the manufacturing of specialty chemicals, refrigerant gases, industrial chemicals, packaging films, technical textiles, laminated fabrics and coated fabrics. With operations across 11 manufacturing plants in India, and three manufacturing plants across Thailand, South Africa and Hungary, our products may be applied in a wide range of industries, including agrochemicals, pharmaceuticals, fast moving consumer goods, advertising, automotives and ancillary industries. We manufacture a wide range of products across our manufacturing plants, including complex intermediates, refrigerants, industrial chemicals, BOPET and BOPP films, nylon and polyester tyre cord fabrics, belting fabrics and industrial yarn. We are among the top five global manufacturers for key fluorochemicals products, the domestic market leader and the second largest player globally of nylon tyre cord fabric and the world's third largest manufacturer of belting fabric. (*Source: F&S Report*) Our five research and development ("**R&D**") centres located across India enable us to focus on developing new product and process technologies as well as in undertaking technology development. Incorporated in 1970, our business portfolio has grown over the decades to cover exports to over 90 countries in Fiscal 2020, backed by a workforce of over 6,600 full-time employees globally, as of August 31, 2020.

Our business is organized into the following segments:

- <u>Chemicals</u>: Our chemicals segment is mainly composed of fluorochemicals and specialty chemicals. The fluorochemicals business involves sale of refrigerants, pharma propellants and industrial chemicals, while the specialty chemicals business involves collaboration with innovators for process development, commercialization and production of complex molecules to be used in agrochemical and pharmaceutical segments. Our Company is a domestic market leader in most segments in the fluorochemicals business. (*Source: F&S Report*) We also manufacture F134a/P, which may be used as a propellant in metered dose inhalers that are used in the treatment of asthma. (*Source: F&S Report*) Manufacturing operations in relation to our chemicals business are undertaken at Bhiwadi, Rajasthan, and Dahej, Gujarat. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 28.35%, 34.44%, 41.26% and 45.64%, respectively, of our revenue from operations.

- <u>Packaging films</u>: Our packaging films business includes manufacture and sale of polyester films, *i.e.*, BOPET films (Biaxially-oriented polyethylene terephthalate films) and BOPP films (Biaxially-oriented polypropylene films), and related value-added products, that may be used in packaging of fast moving consumer goods, such as confectionary, dairy, bakery, shampoo and detergents, and in industrial applications such as in solar panels and battery separators, etc. We are ranked among the top 15 players in global BOPET film supply in terms of installed capacity base (total tonnage). (*Source: F&S Report*) Manufacturing operations in relation to our packaging films business are undertaken within India at Kashipur, Uttarakhand, Indore Special Economic Zone, Madhya Pradesh and Domestic Tariff Area, Pithampur, Madhya Pradesh, and also by our overseas Subsidiaries in South Africa, Thailand and Hungary, where we have set up operations closer to certain overseas customers. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 31.31%, 37.34%, 36.12% and 43.84%, respectively, of our revenue from operations.

- *Technical textiles*: Our technical textiles business involves sale of nylon tyre cord fabrics, polyester tyre cord fabrics, belting fabrics and polyester industrial yarn that are typically used by the automotive, steel, mining and cement industries. We are the domestic market leader in nylon tyre cord fabric and the sole domestic producer of polyester tyre cord fabric. (*Source: F&S Report*) Manufacturing operations in relation to our technical textiles business are undertaken at Manali, Viralimalai, and Thiruvallur, all in Tamil Nadu, and Malanpur, Madhya Pradesh. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 32.30%, 24.39%, 18.76% and 8.99%, respectively, of our revenue from operations.

- *Other businesses (Laminated fabrics, Coated fabrics and ancillary activities)*: Our other businesses segment primarily involves sale of laminated fabrics and coated fabrics for use in hoardings, billboards, tents and print banners. Manufacturing operations in relation to our coated fabrics business is undertaken at Thiruvallur, Tamil Nadu, and for our laminated fabrics business at Kashipur, Uttarakhand. Prior to being regrouped under the other businesses segment with effect from April 1, 2018, the laminated fabrics business and coated fabrics business were covered under our technical textiles business segment for the purpose of preparing our audited consolidated financial statements. In Fiscals 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 3.83%, 3.86% and 1.53%, respectively, of our revenue from operations.

We manufacture our products at 14 manufacturing plants, 11 of which are located within India and three are located overseas. Of the 11 manufacturing plants located in India, four are in Tamil Nadu, three are in Madhya Pradesh, two in Uttarakhand, one in Gujarat and one in Rajasthan. Our three manufacturing plants located overseas in Thailand, South Africa and Hungary are all involved in manufacturing packaging films. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, we generated revenue from operations of ₹ 5,684.87 crore, ₹ 7,099.59 crore, ₹ 7,209.41 crore and ₹ 1,545.15 crore, respectively.

As a manufacturing company, we continuously monitor industry trends to ensure that our products continue to remain relevant and to help our customers meet evolving market demands. We have five R&D centres located across Tamil Nadu, Rajasthan, Haryana and Madhya Pradesh. Our qualified in-house R&D team largely focuses on introducing new technologies that are useful in the development of new intermediates for agro and pharma customers, as well as variants of polyester industrial yarns for different application purposes. As of Fiscal 2020, we employed over 400 employees in our R&D centres. As of August 31, 2020, we have applied for over 200 patents and have been granted over 60 patents globally.

Our Promoter and the Executive Chairman of the Board of Directors, Mr. Arun Bharat Ram has undertaken a variety of functions in the manufacturing industry in the last four decades. He was awarded the Indian Chemical Council Lifetime Achievement Award for 2016 and has also served as President of the Confederation of Indian Industry. Our Managing Director, Mr. Ashish Bharat Ram and Deputy Managing Director, Mr. Kartik Bharat Ram are actively involved in running our business operations, and our Company was awarded The Economic Times Family Business of the Year (Large Companies) Award in 2019. Our leadership team also consists of experienced professionals from various backgrounds and their capabilities are crucial for us in understanding and anticipating market trends, managing business operations and growth, leveraging customer relationships and responding to changes in customer preferences.

In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, we generated a total income of ₹ 5,799.99 crore, ₹ 7,127.56 crore, ₹ 7,258.46 crore and ₹ 1,555.25 crore, respectively, and Adjusted EBITDA of ₹ 975.04 crore, ₹ 1,348.86 crore, ₹ 1,507.49 crore and ₹ 382.44 crore, respectively. Further, in Fiscal 2018, we generated a profit for the period of ₹ 461.71 crore, and in Fiscals 2019, 2020 and the three months ended June 30, 2020, we generated a profit for the period from continuing operations of ₹ 591.58 crore, ₹ 915.90 crore and ₹ 176.87 crore, respectively.

Significant Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Demand from key customers

Our revenue and profit margins are directly impacted by our sales volume within our business segments and by the demand from our key customers. The fluctuation in demand for our products may either require us to increase production or decrease production and inventories at short notice, which may result in us bearing additional costs and incurring losses. Revenue from our top 10 customers across business segments constituted 32.52% of our revenue from operations for Fiscal 2020. Maintaining strong relationships with our key customers is, therefore, essential to the growth of our business. We must continue to generate demand for our products from our key customers to drive growth in the future, and our results of operations will depend in part on the degree to which these efforts are successful. A majority of our revenue from operations is from sales to our customers in the chemicals and packaging films businesses. For Fiscals 2020, 2019 and 2018, of our total revenue from operations, the revenue share of our chemicals business constituted 41.26%, 34.44% and 28.35%, respectively, and the revenue share of our packaging films business constituted 36.12%, 37.34% and 31.31%, respectively. Our business portfolio has grown over the decades to cover exports to over 90 countries in Fiscal 2020.

Our business in the specialty chemicals space involves high levels of customer engagement supported by R&D, technical service, product and quality management, and we have certain long-term arrangements in place with our customers. While our arrangements with customers across our other businesses are primarily based on either medium-to-long term arrangements or short-term arrangements, we also undertake spot sales and thereby function on a healthy sales mix model to render a consistent sales volume. As a manufacturing company, we continuously monitor industry trends to ensure that our products continue to remain relevant and help our customers meet evolving market demands. Our customers have grown to increasingly rely on us to address their varied requirements given the integrated nature of our business models and our assurance of price stability. While these relationships have sustained us during periods of slowdown, our sustainable business model is reliant on us continuing to retain our existing customers and continuing to foster relationships that are built on assured quality, a transparent pricing model that is for certain businesses driven by internationally published base raw material prices, and timely delivery.

Pricing of raw materials

Our cost of materials consumed constitutes the largest component of our cost structure. For Fiscals 2018, 2019 and 2020, our cost of materials consumed was ₹ 3,015.70 crore, ₹ 3,992.61 crore and ₹ 3,687.39 crore, or 53.05%, 56.24 % and 51.15 % of our revenue from operations, respectively. We depend on third-party vendors and suppliers for our supply of raw materials. While we have agreements in place to procure certain key raw materials, we also have alternative sources of procurement across various geographies based on relationships that we have nurtured with certain bulk manufacturers and suppliers, apart from the option of sourcing raw materials from the open market as well. We have historically sourced raw materials from multiple vendors in India and from other countries and continue to diversify our procurement base. While we are exposed to fluctuations in the prices of raw materials for the products that we manufacture, our contractual arrangements for procurement of raw materials are typically based on a transparent system wherein the prices are guided by an internationally published price index base. Any reductions or interruptions in the supply of raw materials, and any inability on our part to find alternate sources for the procurement of such raw materials or equipment, may have an adverse effect on our business operations.

R&D and growth of new products

In Fiscals 2018, 2019 and 2020, we spent ₹ 90.83 crore, ₹ 100.34 crore and ₹ 99.68 crore constituting 1.60 %, 1.41 % and 1.38 % of our revenue from operations, respectively, on research and development (revenue expenditure). We are focused on developing customized products, handling complex chemistries and differentiated process technologies, and our R&D is at the forefront of our innovations. We have five R&D centres located across India which are recognised by the Department of Scientific and Industrial Research, Government of India, and that collectively comprised, over 400 employees in our R&D centres in Fiscal 2020. Our R&D efforts place significant emphasis on improving our production processes, augmenting the quality of our existing products, carrying out safety studies for new molecules and are often driven by specific needs communicated by our customers. As of August 31, 2020, we have applied for over 200 patents and have been granted over 60 patents globally. While an investment in R&D for new products and processes will not necessarily assure proportionate increase in revenue, the R&D we undertake is critically important for us in developing a growing range of products and cost efficient solutions to our customers, which cements our relations with our existing customers and builds our market reputation to gain traction from potential customers.

Government regulation and related actions

Government regulations and policies of India as well as the countries to which we export our products can affect the demand for, and availability of our products. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. Any changes in government such as the withdrawal of or changes in incentives and subsidies or anti-dumping duties levied by India or other countries, could adversely affect our business and results of operations in such jurisdictions. We are also subject to laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials in our R&D and manufacturing activities and the improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment.

Exchange Rates

We conduct most of our operations in India and the functional currency of our financial statements is Indian rupees. We also have manufacturing facilities in Thailand, South Africa and Hungary, where transactions are generally denominated in the respective entity's functional currency. The results of operations of each of our subsidiaries operating in a jurisdiction outside of India is reported in the relevant functional currency and then translated to the rupee at the applicable currency exchange rates for inclusion in our financial statements. Exchange rates between some of these currencies and the rupee in recent years have fluctuated significantly and may do so in the future, thereby impacting our results of operations and cash flows in rupee terms. Further, while we have a foreign currency risk management framework in place that is reviewed periodically, an established review mechanism, financial derivatives that seek to cover hedging risk and defined limits beyond which unhedged positions may not remain open, we are nevertheless exposed to foreign exchange risks since our business is dependent on imports and exports entailing large foreign exchange transactions, in currencies including the US Dollar, the Japanese Yen, the Euro, the British Pound Sterling, the Thai Bhat, the South African Rand and the Hungarian Forint. Significant changes in the value of certain currencies relative to the U.S. dollar and other currencies could also have an adverse effect on our financial condition, cash flows and results of operations and our ability to meet interest and principal payments on foreign-currency denominated borrowings. Accordingly, volatility in currency exchange rates may have a significant effect on the financial condition, cash flows or results of operations of our Company.

General economic conditions and the COVID-19 pandemic

Our products may be used in varied application industries, including pharmaceuticals, agrochemicals and refrigeration chemicals in the case of our chemicals business (which is our largest segment and accounted for 28.35%, 34.44% and 41.26 % of our revenue from operations in Fiscals 2018, 2019 and 2020, respectively), the FMCG industry for our packaging films business and the auto and ancillary industries, and mining and cement industries for our technical textiles business. Consequently, the demand for our products is dependent on and directly affected by factors affecting industries where our products are applied. While the overall sentiment in the market continuing to remain uncertain in Fiscal 2021 due to COVID-19, we remain focussed on the development of new products and process technologies for the fluorochemicals and specialty chemicals businesses. However, the market remains susceptible to pricing pressures from crude oil volatility, unpredictable weather conditions in our customers' market and the more recent impact of COVID-19 on the global economy. In particular, we anticipate that in our packaging films business, we could experience pressure on margins, as we anticipate that supply is likely to exceed demand in the medium term, and we remain focussed on running our manufacturing facilities optimally and rationalizing costs. However, events beyond our control may unfold in the future, which makes it difficult for us to predict the impact that COVID-19 will have on us, our customers or suppliers in the future. We continue to closely monitor the effect that COVID-19 may have on our business and results of operations. To the extent, the COVID-19 pandemic adversely affects us, it may also significantly increase the effect of the aforementioned factors affecting our results of operations.

Significant Accounting Policies

The critical accounting policies followed by us in the preparation of our Audited Consolidated Financial Statements are set out below. Our accounting policies are fully described in our Audited Consolidated Financial Statements included elsewhere in this Preliminary Placement Document.

Property, Plant and Equipment

Property, plant and equipment ("**PPE**") 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. We 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 PPE 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 we intend to use these for more than a period of 12 months.

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 us which are different from the useful life as prescribed in Schedule II of the Companies Act, 2013. 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 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.

Leasing

Effective April 1, 2019, we have 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 notes to Consolidated Financial Statements.

Policy applicable from April 1, 2019

At inception of a contract, we assess 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, we 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;
- we have the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- we have the right to direct the use of the asset. We have 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, we have the right to direct the use of the asset if either:
    - we have the right to operate the asset; or
    - we 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 April 1, 2019.

At inception or on reassessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative standalone prices.

As lessee

We account for assets taken under lease arrangement in the following manner:

We recognise 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 our 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 our estimate of the amount expected to be payable under a residual value guarantee, or if we change our assessment of whether we 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

We have 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. We recognise 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 our 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 we 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.

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.

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 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.

Contingent Liabilities

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 our control 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. We do 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.

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. We exercise 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 is recognised on straight line basis over the period over which we satisfy 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 we have 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 us 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 us 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'.

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 we have 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.

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 we 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 us.

We consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If we conclude that it is probable that the taxation authority will accept an uncertain tax treatment, we determine 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 our income tax filings. However, if we conclude that it is not probable that the taxation authority will accept an uncertain tax treatment, we reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

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, our financial assets are classified in three categories:

- At amortised cost;
- At fair value through profit and loss ("**FVTPL**"); and
- At fair value through other comprehensive income ("**FVTOCI**").

Financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- 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, we may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income.

We make such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If we decide 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:

- The rights to receive cash flows from the assets have expired; or
- We have transferred our rights to receive cash flows from the asset or have 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) we have transferred substantially all the risks and rewards of the asset, or (ii) we have

neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When we have transferred our rights to receive cash flows from an asset or have entered into a pass-through arrangement, we evaluates if and to what extent we have retained the risks and rewards of ownership. When we have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, we continue to recognise the transferred asset to the extent of our continuing involvement. In that case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have 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 we could be required to repay.

Impairment of financial assets

We recognize 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.

Our 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 EIR method.

Trade and other payables: Trade and other payables represent the liabilities for goods and services provided to us 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 us are classified as either financial liability or as equity in accordance with the substance of contractual arrangements and the definitions of a financial liabilities and an equity instruments.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

We use derivative financial instruments (such as forward currency contracts, interest rate swaps) or non-derivative financial assets/ liabilities to hedge our 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; or
(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, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes our 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:

<u>Fair value hedges</u>

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.

<u>Cash flow hedges</u>

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 consolidated statement of profit and loss.

We use forward currency contracts as hedges of our 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.

We also designate 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.

Fair value measurement

We measure some of our 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 us. 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. We use 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).
(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, we determine 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, we have 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.

Segment reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the chief operating decision maker evaluates our 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:

We prepare our segment information in conformity with the accounting policies adopted for preparing and presenting our consolidated financial statements as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

Discontinued Operations

On May 11, 2019, our Company entered into a business transfer agreement for sale of its engineering plastics business, which was subsequently divested with effect from August 1, 2019. This business was being reported under the 'Others' segment in accordance with the requirements of Ind AS 108 – "Operating Segments" in the audited consolidated financial statements up to Fiscal 2019.

Further, our Subsidiary, SRF Industries (Thailand) Limited, closed its technical textiles business operations at Rayong, Thailand with effect from October 21, 2019. This business was being reported as part of the 'Technical textiles business' segment in accordance with the requirements of Ind AS 108 – "Operating Segments" in the audited consolidated financial results up to Fiscal 2019.

The relevant financial information relating to the above-mentioned engineering plastics business and the technical textiles business of SRF Industries (Thailand) Limited has been disclosed for Fiscals 2020 and 2019 under discontinued operations in terms of Ind AS 105 – "Non-current assets held for sale and discontinued operations" in the Fiscal 2020 Audited Consolidated Financial Statements.

Segment Reporting

Business Segments

Based on the principles laid down in Indian Accounting Standard (Ind AS) - 108 "Segment Reporting", for the purposes of resource allocation and assessment of segment performance, our business is segregated into the following segments in accordance with the Fiscal 2020 Audited Consolidated Financial Statements:

- Chemicals business, which includes refrigerant gases, industrial chemicals, specialty chemicals and allied products and its research and development;
- Packaging films business, which includes polyester films (BOPET) and polypropylene films (BOPP);
- Technical textiles business, which includes nylon tyre cord fabric, belting fabric, polyester tyre cord fabric and industrial yarns and its research and development; and
- Others, which includes coated fabric, laminated fabric and other ancillary activities.

Segment regrouping: We had realigned our operating segments with effect from April 1, 2018 based on requirements under Ind AS 108 – "Operating Segments", and accordingly, each of the laminated fabrics business and the coated fabrics business from the technical textiles business segment, and the engineering plastics business from the chemicals and polymers business segment, were regrouped to an "Others" segment. This effectively rendered our 'chemicals and polymers' business segment into the 'chemicals' business segment. The relevant comparative information for Fiscal 2018 has been restated to give effect to the above-mentioned changes in the Fiscal 2019 Audited Consolidated Financial Statements.

Information about operating business segments

The following table sets forth information about our operating business segments have been extracted from the Interim Condensed Consolidated Financial Statements in respect of the three months ended June 30, 2020 and June 30, 2019, and from the Fiscal 2020 Audited Consolidated Financial Statements in respect of Fiscal 2020 and Fiscal 2019:

(₹ in crore)

	Three months ended June 30, 2020	**Three months ended June 30, 2019**	**Fiscal 2020**	**Fiscal 2019***
Segment revenue				
Chemicals	705.22	603.21	2,974.96	2,445.42
Packaging films business	677.35	701.65	2,603.99	2,653.34
Technical textiles business	140.44	382.07	1,357.55	1,734.89
Others	23.70	77.22	278.34	271.61
Total segment revenue	**1,546.71**	**1,764.15**	**7,214.84**	**7,105.26**
Less: Inter segment revenue	1.56	0.86	5.43	5.67
Revenue from operations	**1,545.15**	**1,763.29**	**7,209.41**	**7,099.59**
Add: Unallocable income	10.10	30.24	49.05	27.97
Total revenue	**1,555.25**	**1,793.53**	**7,258.46**	**7,127.56**

* *The Fiscal 2019 figures in this column have been extracted from the comparative figures of Fiscal 2019, as provided in the Fiscal 2020 Audited Consolidated Financial Statements. These numbers differ from the figures reported in respect of Fiscal 2019 in the Fiscal 2019 Audited Consolidated Financial Statements since certain operations were discontinued in Fiscal 2020 and reclassified accordingly. Please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111.*

The following table sets forth information about our operating business segments from the Fiscal 2019 Audited Consolidated Financial Statements in respect of Fiscal 2019 and Fiscal 2018:

(₹ in crore)

	Fiscal 2019	Fiscal 2018*
Segment revenue		
Chemicals	2,445.42	1,611.38
Packaging films business	2,653.34	1,782.27
Technical textiles business	2,074.24	1,838.81
Others	525.36	457.30
Total segment revenue	**7,698.36**	**5,689.76**
Less: Inter segment revenue	5.67	4.89
Revenue from operations	**7,692.69**	**5,684.87**
Add: Unallocable income	40.14	115.12
Total revenue	**7,732.83**	**5,799.99**

* *Since we had realigned our operating segments with effect from April 1, 2018 based on requirements under Ind AS 108 – "Operating Segments", each of the laminated fabrics business and the coated fabrics business from the technical textiles business segment, and the engineering plastics business from the chemicals and polymers business segment, were regrouped to the "Others" segment. Accordingly, the relevant comparative information for Fiscal 2018 has been restated to give effect to the above-mentioned changes in the Fiscal 2019 Audited Consolidated Financial Statements. Please refer to "**Financial Information – Notes to Fiscal 2019 Audited Consolidated Financial Statements – Note 38**" on page F-185.*

Revenue and Expenses

Our revenues and expenditure are reported in the following manner:

Revenues

Our total incomes consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises revenue from sale of products (manufactured goods and traded goods) and other operating revenues (including export and other incentives, scrap sales and other operating income).

Other income. Other income comprises interest income (from customers, on loan deposits and on others), net gain on sale/discarding of property, plant and equipment, net gain on financial assets measured at fair value through profit and loss, provision / liabilities no longer required written back and other non-operating income.

Expenses

Our total expenses comprise of cost of materials consumed, purchases of stock-in-trade, changes in inventories of finished goods, work-in-progress and stock-in-trade, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

Cost of materials consumed. Cost of materials consumed (including packing material) comprises change in the opening and closing stock and raw materials that are purchased during the financial period.

Purchases of stock-in-trade. Our expenses on purchase of stock in trade comprises costs incurred towards purchase of finished goods.

Changes in inventories of finished goods, work-in-progress and stock-in-trade. Our expense line item due to changes in inventories comprises inventories for finished goods, work-in-progress and stock in trade.

Employee benefits expense. Our employee benefit expense comprises salaries and wages, including bonus, contribution to provident and other funds, workmen and staff welfare expenses and share based payment expense.

Finance costs. Our finance costs comprise of interest cost (includes unwinding of deferred payment financial liability and pertaining to liabilities measured at amortised cost) on non-convertible debentures, terms loans, working capital and others and our lease liabilities, as well as other borrowing costs and exchange differences regarded as an adjustment to borrowing cost.

Depreciation and amortisation expense. Depreciation and amortization expense comprises depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of right of use assets.

Other expenses. Our other expenses comprise of labour production, Directors' sitting fees, expenditure on corporate social responsibility, property, plant and equipment provided/ written off, credit impaired assets provided / written off, freight charges, insurance, power and fuel, legal and professional charges, rates and taxes, rent, repairs and maintenance (in respect of buildings, plant and machinery and other maintenances), selling commission, stores and spares consumed, travelling and conveyance, auditor remuneration (including audit fees, for limited review of unaudited financial results, for corporate governance, consolidated financial statements and other certificates, for tax audit and for reimbursement of out-of-pocket expenses), exchange currency fluctuation (net), effluent disposal expenses and certain miscellaneous expenses.

Results of Operations

The following table sets forth select financial data from our consolidated statement of profit and loss, in the Interim Condensed Consolidated Financial Statements in respect of the three months ended June 30, 2020 and June 30, 2019, and in the Fiscal 2020 Audited Consolidated Financial Statements in respect of Fiscal 2020 and Fiscal 2019, and the components have also been expressed as a percentage of total income for such financial periods:

(₹ in crore)

	Three months ended June 30, 2020		**Three months ended June 30, 2019**		**Fiscal 2020**		**Fiscal 2019***	
	Amount	**% of Total Income**	**Amount**	**% of Total Income**	**Amount**	**% of Total Income**	**Amount**	**% of Total Income**
Revenue from operations	1,545.15	99.35%	1,763.29	98.31%	7,209.41	99.32%	7,099.59	99.61%
Other income	10.10	0.65%	30.24	1.69%	49.05	0.68%	27.97	0.39%
Total Income	**1,555.25**	**100%**	**1,793.53**	**100%**	**7,258.46**	**100%**	**7,127.56**	**100%**
Expenses								
Cost of materials consumed	682.07	43.86%	948.08	52.86%	3,687.39	50.80%	3,992.61	56.02%
Purchases of stock-in-trade	12.10	0.78%	16.86	0.94%	91.40	1.26%	48.55	0.68%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	47.35	3.04%	(11.64)	(0.65)%	(91.82)	(1.27)%	(74.03)	(1.04)%
Employee benefits expense	137.49	8.84%	129.02	7.19%	541.92	7.47%	460.79	6.46%
Finance costs	43.16	2.78%	51.51	2.87%	200.68	2.76%	198.37	2.78%
Depreciation and amortisation expense	104.02	6.69%	92.46	5.16%	388.61	5.35%	358.17	5.03%
Other expenses	302.89	19.48%	336.29	18.75%	1,525.58	21.02%	1,374.67	19.29%
Total Expenses	**1,329.08**	**85.46%**	**1,562.58**	**87.12%**	**6,343.76**	**87.40%**	**6,359.13**	**89.22%**
Profit before tax from continuing operations	226.17	14.54%	230.95	12.88%	914.70	12.60%	768.43	10.78%
Tax expense related to continuing operations	49.30	3.17%	55.61	3.10%	(1.20)	(0.02)%	176.85	2.48%
Profit for the period from continuing operations	**176.87**	**11.37%**	**175.34**	**9.78%**	**915.90**	**12.62%**	**591.58**	**8.30%**
Profit before tax from discontinued operations	0.25	0.02%	9.92	0.55%	155.85	2.15%	58.46	0.82%
Tax expense of discontinued operations	0.03	0.00%	(3.96)	(0.22)%	52.66	0.73%	8.41	0.12%
Profit for the period from discontinued operations	**0.22**	**0.01%**	**13.88**	**0.77%**	**103.19**	**1.42%**	**50.05**	**0.70%**
Total Profit for the period	**177.09**	**11.39%**	**189.22**	**10.55%**	**1,019.09**	**14.04%**	**641.63**	**9.00%**

* *The Fiscal 2019 amounts have been extracted from the comparative figures of Fiscal 2019, as provided in the Fiscal 2020 Audited Consolidated Financial Statements. These amounts differ from the figures reported in respect of Fiscal 2019 in the Fiscal 2019 Audited Consolidated Financial Statements since certain operations were discontinued in Fiscal 2020 and*

*reclassified accordingly. Please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111.*

The following table sets forth select financial data from our consolidated statement of profit and loss, in the Fiscal 2019 Audited Consolidated Financial Statements in respect of Fiscal 2019, and in the Fiscal 2018 Audited Consolidated Financial Statements in respect of Fiscal 2018, the components of which have also been expressed as a percentage of total income for such financial years:

(₹ in crore)

	Fiscal 2019		**Fiscal 2018**	
	Amount	**% of Total Income**	**Amount**	**% of Total Income**
Revenue from operations	7,692.69	99.48%	5,684.87	98.02%
Other income	40.14	0.52%	115.12	1.98%
Total Income	**7,732.83**	**100%**	**5,799.99**	**100%**
Expenses				
Cost of materials consumed	4,382.14	56.67%	3,015.70	51.99%
Purchases of stock-in-trade	48.55	0.63%	47.40	0.82%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(71.05)	(0.92)%	(31.10)	(0.54)%
Excise duty on sale of goods	-	-	95.83	1.65%
Employee benefits expense	515.91	6.67%	474.04	8.17%
Finance costs	201.60	2.61%	123.89	2.14%
Depreciation and amortisation expense	366.87	4.74%	315.80	5.44%
Other expenses	1,461.92	18.91%	1,176.76	20.29%
Total Expenses	**6,905.94**	**89.31%**	**5,218.32**	**89.97%**
Profit before tax	826.89	10.69%	581.67	10.03%
Total tax expense	185.26	2.40%	119.96	2.07%
Profit for the year	**641.63**	**8.30%**	**461.71**	**7.96%**

Three months ended June 30, 2020 compared to three months ended June 30, 2019

The figures used for the comparisons below in respect of the three months ended June 30, 2020 and the three months ended June 30, 2019 have been extracted from the Interim Condensed Consolidated Financial Statements.

Total income

Our total income decreased by 13.29% from ₹ 1,793.53 crore for the three months ended June 30, 2019 to ₹ 1,555.25 crore for the three months ended June 30, 2020, primarily due to a decrease in our revenue from operations.

Revenue from operations

Our revenue from operations decreased by 12.37% from ₹ 1,763.29 crore for the three months ended June 30, 2019 to ₹ 1,545.15 crore for the three months ended June 30, 2020, due to a combination of:

- increase in revenue from our chemicals business from ₹ 603.21 crore for the three months ended June 30, 2019 to ₹ 705.22 crore for the three months ended June 30, 2020, primarily due to higher exports of specialty chemicals, and partially offset by curtailed operations as a result of COVID-19 and slowdown in overall industrial activities;

- decrease in revenue from our packaging films business from ₹ 701.30 crore for the three months ended June 30, 2019 to ₹ 677.35 crore for the three months ended June 30, 2020;

- decrease in revenue from our technical textiles business from ₹ 381.56 crore for the three months ended June 30, 2019 to ₹ 138.88 crore for the three months ended June 30, 2020, primarily due to curtailed operations as a result of COVID-19 and the slowdown in the auto and ancillary industries; and

- decrease in revenue from our others business segment, which includes laminated fabric, coated fabric and other ancillary activities, from ₹ 77.22 crore for the three months ended June 30, 2019 to ₹ 23.70 crore for the three months ended June 30, 2020, primarily due to reduced demand as a result of COVID-19.

Other income

Our other income decreased by 66.60% from ₹ 30.24 crore for the three months ended June 30, 2019 to ₹ 10.10 crore for the three months ended June 30, 2020.

Expenses

Our total expenses decreased by 14.94% from ₹ 1,562.58 crore for the three months ended June 30, 2019 to ₹ 1,329.08 crore for the three months ended June 30, 2020 due to the reasons specified below.

Cost of materials consumed

Cost of materials consumed decreased by 28.06% from ₹ 948.08 crore for the three months ended June 30, 2019 to ₹ 682.07 crore for the three months ended June 30, 2020, due to lower raw materials consumed due to curtailed operations and lower sales volume as a result of COVID-19 and slowdown in the auto and ancillary industries, which was partially offset by increase in raw material consumption in our specialty chemicals business due to higher export sales.

Purchases of stock-in-trade

Expenses for purchases of stock-in-trade decreased by 28.23% from ₹ 16.86 crore for the three months ended June 30, 2019 to ₹ 12.10 crore for the three months ended June 30, 2020.

Changes in inventories of finished goods, work in progress and stock in trade

Changes in inventories of finished goods, work in progress and stock in trade was ₹ (11.64) crore for the three months ended June 30, 2019 as compared to ₹ 47.35 crore for the three months ended June 30, 2020.

Employee benefits expense

Our employee benefits expense increased by 6.56% from ₹ 129.02 crore for the three months ended June 30, 2019 to ₹ 137.49 crore for the three months ended June 30, 2020. The increase was primarily on account of increase in manpower headcount and annual increments.

Finance costs

Our finance costs decreased by 16.21% from ₹ 51.51 crore for the three months ended June 30, 2019 to ₹ 43.16 crore for the three months ended June 30, 2020, primarily due to reduced borrowing rates.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 12.50% from ₹ 92.46 crore for the three months ended June 30, 2019 to ₹ 104.02 crore for the three months ended June 30, 2020.

Other expenses

Our other expenses decreased by 9.93% from ₹ 336.29 crore for the three months ended June 30, 2019 to ₹ 302.89 crore for the three months ended June 30, 2020.

Profit before tax

Profit before tax from continuing operations

Our profit before tax from continuing operations decreased by 2.07% from ₹ 230.95 crore for the three months ended June 30, 2019 to ₹ 226.17 crore for the three months ended June 30, 2020 as a result of the factors discussed above.

Profit before tax from discontinued operations

Our profit before tax from discontinued operations decreased from ₹ 9.92 crore for the three months ended June 30, 2019 to ₹ 0.25 crore for the three months ended June 30, 2020.

Tax expense

Total tax expense related to continuing operations

Our total tax expense related to continuing operations decreased by 11.35% from ₹ 55.61 crore for the three months ended June 30, 2019 to ₹ 49.30 crore for the three months ended June 30, 2020.

Tax expense of discontinued operations

Our tax expense of discontinued operations increased from ₹ (3.96) crore for the three months ended June 30, 2019 to ₹ 0.03 crore for the three months ended June 30, 2020.

Profit

Our total profit decreased by 6.41% from ₹ 189.22 crore for the three months ended June 30, 2019 to ₹ 177.09 crore for the three months ended June 30, 2020 as a result of the factors discussed above.

Profit from continuing operations

Our profit from continuing operations increased from ₹ 175.34 crore for the three months ended June 30, 2019 to ₹ 176.87 crore for the three months ended June 30, 2020.

Profit from discontinued operations

Our profit from discontinued operations decreased from ₹ 13.88 crore for the three months ended June 30, 2019 to ₹ 0.22 crore for the three months ended June 30, 2020.

Fiscal 2020 compared to Fiscal 2019

The Fiscal 2019 figures specified in the comparisons below have been extracted from the comparative figures of Fiscal 2019, as provided in the Fiscal 2020 Audited Consolidated Financial Statements. These numbers differ from the figures reported in respect of Fiscal 2019 in the Fiscal 2019 Audited Consolidated Financial Statements since certain operations were discontinued in Fiscal 2020 and reclassified accordingly. For further details, please refer to "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42***" on page F-111.

Total Income

Our total income increased by 1.84% from ₹ 7,127.56 crore for Fiscal 2019 to ₹ 7,258.46 crore for Fiscal 2020, primarily due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased by 1.55% from ₹ 7,099.59 crore for Fiscal 2019 to ₹ 7,209.41 crore for Fiscal 2020, primarily due to the following reasons:

- increase in revenue from our chemicals business from ₹ 2,445.42 crore for Fiscal 2019 to ₹ 2,974.96 crore for Fiscal 2020, primarily driven by increased export sales of specialty chemicals.

- marginal decrease in revenue from our packaging films business from ₹ 2,651.03 crore for Fiscal 2019 to ₹ 2,603.58 crore for Fiscal 2020.

- decrease in revenue from our technical textiles business from ₹ 1,731.53 crore for Fiscal 2019 to ₹ 1,352.62 crore for Fiscal 2020, primarily driven by a reduction in base raw material price and decrease in volume of sales owing to the slowdown in the auto and ancillary industries.

- increase in revenue from our others business segment, which includes laminated fabric, coated fabric and other ancillary activities, from ₹ 271.61 crore for Fiscal 2019 to ₹ 278.26 crore for Fiscal 2020.

Other income

Our other income increased by 75.37% from ₹ 27.97 crore for Fiscal 2019 to ₹ 49.05 crore for Fiscal 2020, primarily due to receipt of interest on an income tax refund and a profit on sale of our guest house in Chennai.

Expenses

Our total expenses decreased by 0.24% from ₹ 6,359.13 crore for Fiscal 2019 to ₹ 6,343.76 crore for Fiscal 2020.

Cost of materials consumed

Cost of materials consumed decreased by 7.64% from ₹ 3,992.61 crore for Fiscal 2019 to ₹ 3,687.39 crore for Fiscal 2020, on account of reduction in the price of base raw materials for the technical textiles business and packaging films business, which was partially offset by an increase in raw materials consumed for the chemicals business.

Purchases of stock-in-trade

Expenses for purchases of stock-in-trade increased by 88.26% from ₹ 48.55 crore for Fiscal 2019 to ₹ 91.40 crore for Fiscal 2020.

Changes in inventories of finished goods, work in progress and stock in trade

Changes in inventories of finished goods, work in progress and stock in trade was ₹ (74.03) crore for Fiscal 2019 as compared to ₹ (91.82) crore for Fiscal 2020.

Employee benefits expense

Our employee benefits expense increased by 17.61% from ₹ 460.79 crore for Fiscal 2019 to ₹ 541.92 crore for Fiscal 2020. The increase was primarily on account of annual increments and increase in the number of our employees owing to increased operations.

Finance costs

Our finance costs increased by 1.16% from ₹ 198.37 crore for Fiscal 2019 to ₹ 200.68 crore for Fiscal 2020.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 8.50% from ₹ 358.17 crore for Fiscal 2019 to ₹ 388.61 crore for Fiscal 2020, primarily due to commercialization of new facilities for hydrofluorocarbons and specialty agro-chemicals at our manufacturing plant in Dahej, Gujarat in Fiscals 2019 and 2020 and recognition of right of use assets on account of implementation of Ind AS 116 with effect from April 1, 2019.

Other expenses

Our other expenses increased by 10.98% from ₹ 1,374.67 crore for Fiscal 2019 to ₹ 1,525.58 crore for Fiscal 2020, primarily due to:

- increase in freight charges from ₹ 209.90 crore for Fiscal 2019 to ₹ 223.31 crore for Fiscal 2020, owing to increase in export sales of our specialty chemicals;

- increase in power and fuel expenses from ₹ 585.09 crore for Fiscal 2019 to ₹ 672.55 crore for Fiscal 2020, primarily owing to increase in business operations at our manufacturing plant at Dahej, Gujarat; and

- increase in repairs and maintenance expenses incurred on plant and machinery from ₹ 137.05 crore for Fiscal

2019 to ₹ 158.44 crore for Fiscal 2020, primarily due to higher maintenance cost incurred at our manufacturing plant at Dahej, Gujarat owing to increased business operations.

Profit before tax

Profit before tax from continuing operations

Our profit before tax from continuing operations increased by 19.03% from ₹ 768.43 crore for Fiscal 2019 to ₹ 914.70 crore for Fiscal 2020 as a result of the factors discussed above.

Profit before tax from discontinued operations

Our profit before tax from discontinued operations increased from ₹ 58.46 crore in Fiscal 2019 to ₹ 155.85 crore for Fiscal 2020.

Tax expense

Total tax expense related to continuing operations

Our total tax expense related to continuing operations decreased from ₹ 176.85 crore for Fiscal 2019 to ₹ (1.20) crore for Fiscal 2020. For further details, please refer to "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 31***" on page F-87.

Tax expense of discontinued operations

Our tax expense of discontinued operations increased from ₹ 8.41 crore for Fiscal 2019 to ₹ 52.66 crore for Fiscal 2020.

Profit for the year

Our total profit for the year increased by 58.83% from ₹ 641.63 crore for Fiscal 2019 to ₹ 1,019.09 crore for Fiscal 2020 as a result of the factors discussed above.

Profit for the year from continuing operations

Our profit for the year from continuing operations increased from ₹ 591.58 crore for Fiscal 2019 to ₹ 915.90 crore for Fiscal 2020.

Profit for the year from discontinued operations

Our profit for the year from discontinued operations increased from ₹ 50.05 crore for Fiscal 2019 to ₹ 103.19 crore for Fiscal 2020.

Fiscal 2019 compared to Fiscal 2018

For the purposes of comparison of financial information in respect of Fiscal 2019 with Fiscal 2018, we have used the Fiscal 2018 and Fiscal 2019 figures from the Fiscal 2018 Audited Consolidated Financial Statements and the Fiscal 2019 Audited Consolidated Financial Statements, respectively.

Total Income

Our total income increased by 33.32% from ₹ 5,799.99 crore for Fiscal 2018 to ₹ 7,732.83 crore for Fiscal 2019, primarily due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased by 35.32% from ₹ 5,684.87 crore for Fiscal 2018 to ₹ 7,692.69 crore for Fiscal 2019, due to increase in revenue from all our business segments:

- increase in revenue from our chemicals business from ₹ 1,611.38 crore for Fiscal 2018 to ₹ 2,445.42 crore for Fiscal 2019, primarily driven by higher price realization, higher export sales in specialty chemicals and increased sales volume of refrigerant gases and chloromethanes;

- increase in revenue from our packaging films business from ₹ 1,780.21 crore for Fiscal 2018 to ₹ 2,651.03 crore for Fiscal 2019, primarily driven by increased BOPP film and BOPET film sales and higher price realization;

- increase in revenue from our technical textiles business from ₹ 1,836.00 crore for Fiscal 2018 to ₹ 2,070.88 crore for Fiscal 2019, primarily driven by higher price realization as a result of increase in the price of the base raw material; and

- increase in revenue from our others business segment, from ₹ 457.28 crore for Fiscal 2018 to ₹ 525.36 crore for Fiscal 2019, due to increase in sales.

Other income

Our other income decreased by 65.13% from ₹ 115.12 crore for Fiscal 2018 to ₹ 40.14 crore for Fiscal 2019, primarily due to unfavorable exchange currency fluctuations and reduction in provisions / liabilities no longer required being written back.

Expenses

Our total expenses increased by 32.34% from ₹ 5,218.32 crore for Fiscal 2018 to ₹ 6,905.94 crore for Fiscal 2019 due to the reasons specified below.

Cost of materials consumed

Cost of materials consumed increased by 45.31% from ₹ 3,015.70 crore for Fiscal 2018 to ₹ 4,382.14 crore for Fiscal 2019, on account of higher consumption of raw material due to certain increased operations in our chemicals business and packaging films business and increase in the price of base raw materials for the technical textiles business and packaging films business.

Purchases of stock-in-trade

Expenses for purchases of stock-in-trade increased by 2.43% from ₹ 47.40 crore for Fiscal 2018 to ₹ 48.55 crore for Fiscal 2019.

Changes in inventories of finished goods, work in progress and stock in trade

Changes in inventories of finished goods, work in progress and stock in trade was ₹ (31.10) crore for Fiscal 2018 as compared to ₹ (71.05) crore for Fiscal 2019.

Employee benefits expense

Our employee benefits expense increased by 8.83% from ₹ 474.04 crore for Fiscal 2018 to ₹ 515.91 crore for Fiscal 2019. The increase was primarily on account of annual increments, increase in the number of our employees owing to increased operations, lower capitalization of salary cost to capital projects owing to commercialization of various facilities and share based payment expense recognised during the year.

Finance costs

Our finance costs increased by 62.73% from ₹ 123.89 crore for Fiscal 2018 to ₹ 201.60 crore for Fiscal 2019, primarily on account of increase in borrowings to finance capital expenditure in our chemicals business and packaging films business as well as due to increase in the weighted average borrowing cost.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 16.17% from ₹ 315.80 crore for Fiscal 2018 to ₹ 366.87 crore for Fiscal 2019, primarily due to commercialization of new hydrofluorocarbon facilities and specialty agrochemicals during Fiscals 2018 and 2019 at Dahej, Gujarat and BOPP line at Domestic Tariff Area, Pithampur, Madhya Pradesh in Fiscal 2018.

Other expenses

Our other expenses increased by 24.23% from ₹ 1,176.76 crore for Fiscal 2018 to ₹ 1,461.92 crore for Fiscal 2019, primarily due to increased operations at our manufacturing plants at Dahej, Gujarat and Domestic Tariff Area, Pithampur, Madhya Pradesh, which primarily involved:

- increase in freight charges from ₹ 209.11 crore for Fiscal 2018 to ₹ 244.00 crore for Fiscal 2019;
- increase in power and fuel expenses from ₹ 500.79 crore for Fiscal 2018 to ₹ 628.63 crore for Fiscal 2019; and
- increase in repairs and maintenance expenses incurred on plant and machinery from ₹ 134.72 crore for Fiscal 2018 to ₹ 150.97 crore for Fiscal 2019.

Profit before tax

Our profit before tax increased by 42.16% from ₹ 581.67 crore for Fiscal 2018 to ₹ 826.89 crore for Fiscal 2019 as a result of the factors discussed above.

Total tax expense

Our total tax expense increased by 54.43% from ₹ 119.96 crore for Fiscal 2018 to ₹ 185.26 crore for Fiscal 2019.

Profit for the year

Our profit for the year increased by 38.97% from ₹ 461.71 crore for Fiscal 2018 to ₹ 641.63 crore for Fiscal 2019 as a result of the factors discussed above.

Cash Flows

The cash flows discussion below refers to financial information extracted from each of, the Interim Condensed Consolidated Financial Statements in respect of the three months ended June 30, 2020, the Fiscal 2020 Audited Consolidated Financial Statements in respect of Fiscal 2020, the Fiscal 2019 Audited Consolidated Financial Statements in respect of Fiscal 2019 and the Fiscal 2018 Audited Consolidated Financial Statements in respect of Fiscal 2018.

Operating Activities

Net cash generated from operating activities was ₹ 140.26 crore for the three months ended June 30, 2020.

Net cash generated from operating activities was ₹ 1,304.44 crore for Fiscal 2020 as compared to ₹ 895.64 crore for Fiscal 2019, primarily on account of increase in profit before tax including discontinued operations.

Net cash generated by operating activities was ₹ 895.64 crore for Fiscal 2019 as compared to ₹ 699.54 crore for Fiscal 2018, primarily on account of increase in profit before tax.

Investing Activities

Net cash used in investing activities was ₹ 496.81 crore for the three months ended June 30, 2020, primarily on account of purchase of mutual funds of ₹ 222.38 crore, payment of ₹ 195.48 crore for purchase of property, plant, equipment, capital work-in-progress and intangible assets and increase in bank balance of ₹ 79.84 crore not considered as cash and cash equivalents.

Net cash used in investing activities was ₹ 1,180.33 crore for Fiscal 2020, primarily on account of payment of ₹ 1,389.16 crore for purchase of property, plant and equipment, capital work-in-progress and other intangible assets and purchase of mutual funds of ₹ 88.63 crore, partially offset by proceeds from sale of business of ₹ 315.77 crore. Net cash used in investing activities was ₹ 1,014.18 crore for Fiscal 2019, primarily on account of payment of ₹ 1,056.38 crore for purchase of property, plant, equipment, capital work-in progress and intangible assets.

Net cash used in investing activities was ₹ 1,195.30 crore for Fiscal 2018, primarily on account of payment of ₹ 1,300.18 crore for purchase of property, plant, equipment, capital work-in progress and intangible assets.

Financing Activities

Net cash generated from financing activities was ₹ 562.03 crore for the three months ended June 30, 2020, primarily on account of proceeds of ₹ 750.00 crore from borrowings (non-current) and net proceeds of ₹ 225.59 crore from borrowings (current), partially offset by repayment of ₹ 344.29 crore of borrowings (non-current).

Net cash used in financing activities was ₹ 198.99 crore for Fiscal 2020, primarily on account of repayment of ₹ 957.47 crore of borrowings (non-current), repayment of ₹ 199.75 crore from borrowings (current) and finance costs of ₹ 203.96 crore, partially offset by proceeds of ₹ 1,277.92 crore from borrowings (non-current).

Net cash generated by financing activities was ₹ 245.77 crore for Fiscal 2019, primarily on account of proceeds of ₹ 1,182.25 crore from long term borrowings and net proceeds of ₹ 285.67 crore from short term borrowings, partially offset by repayment of ₹ 914.51 crore of long term borrowings and finance costs of ₹ 224.10 crore.

Net cash used in financing activities was ₹ 495.14 crore for Fiscal 2018, primarily on account of proceeds of ₹ 841.21 crore from borrowings (non-current) and net proceeds of ₹ 298.45 crore from borrowings (current), partially offset by repayment of ₹ 431.72 crore of borrowings (non-current) and finance costs of ₹ 129.87 crore.

Financial Indebtedness

As of June 30, 2020, we had net debt of ₹ 4,060.19 crore comprising of gross debt (including lease liabilities) of ₹ 4,810.50 crore reduced by cash and cash equivalent of ₹ 322.65 crore and current investments of ₹ 427.66 crore.

Our interest service coverage ratio for Fiscals 2018, 2019 and 2020 was 6.81, 5.97 and 7.52 respectively (interest service coverage ratio = earnings before interest, depreciation & amortisation, after adjustment of tax/ gross interest).

Capital and Other Commitments

The following table sets forth our capital and other commitments, as of June 30, 2020:

Particulars	As at June 30, 2020 (₹ in crore)
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	447.20
(ii) Our 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. Our 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.	

Contingent Liabilities:

The following table sets forth our contingent liabilities, as of June 30, 2020:

	Particulars	As at June 30, 2020 (₹ in crore)
a.	Claims against us not acknowledged as debts:	
	Goods and Services tax, excise duty, custom duty and service tax*	22.89
	Sales tax and entry tax**	19.08
	Income Tax****	3.24
	Others***	14.44
	**Amount deposited against contingent liability ₹ 2.81 crore*	
	***Amount deposited against contingent liability ₹ 4.89 crore*	
	****Amount deposited against contingent liability ₹ 0.49 crore*	
	*****Amount deposited against contingent liability ₹ 3.24 crore*	
	****Includes demand by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd. of ₹ 10.06 crore which is disputed by our 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 our results of the operations or financial position.

b. Our Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty / service tax amounting to ₹ 19.84 crore should not be levied. Our Company has been advised that the contention of the respective departments is not tenable and hence the show cause notice may not be sustainable.

   During the year ended March 31, 2020, our Company has received a draft assessment order for assessment year 2016-17 in which adjustments amounting to ₹ 367.37 crore 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, our Company is of the view that the proposed adjustments are not sustainable.

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. Our Company believes that there are interpretative challenges on the application of judgement retrospectively and therefore has applied the judgement on a prospective basis.

d. SRF Industries (Thailand) Limited closed its Technical Textiles Business operations located at Rayong, Thailand with effect from October 21, 2019. Accordingly, all the statutory dues as per applicable laws pertaining to employees were settled at the time of severance. However, two employees have filed a case before labour court for alleged unfair termination and short payments. The demand aggregates to ₹ 2.59 crore (Thai Bhat 1.06 crore), which has been included in claims mentioned above.

   Subsequent to quarter ended June 30, 2020, additional claims have been filed by 144 employees aggregating to ₹ 17.52 crore (THB 7.16 crore). The management believes that payment of such claims is remote based on the external lawyer's opinion that our Company has complied with labour laws of Thailand and all the statutory dues of each of these complainants have already been paid and hence these complaints are liable to be dismissed.

e. The amounts shown above represents the best 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 us 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.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements**.**

Non-GAAP Measures and certain accounting ratios

Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA

The body of generally accepted accounting principles is commonly referred to as "GAAP." Our management believes that the presentation of certain non-GAAP measures provides useful information to prospective investors regarding the performance and trends related to our results of continuing operations and accordingly, our management believes that when non-GAAP financial information is viewed with Ind AS financial information, prospective investors are provided with a more meaningful understanding of our ongoing operating performance and financial results. However, these financial measures are not measures determined based on Ind AS, IFRS or any other internationally accepted accounting principles, and prospective investors should not consider such items as an alternative to the historical financial results or other indicators of our cash flow based on Ind AS. The non-GAAP financial measures included herein, may not be directly comparable with metrics bearing similar names as presented by other entities due to differences in the way such non-GAAP financial measures are calculated.

Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA are supplemental measures of performance that are not required by, nor presented in accordance with, Ind AS or IFRS. Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA are not measurements of financial performance or liquidity under Ind AS, IFRS or any other internationally accepted accounting principles, and should not be considered as an alternative to profit or any other performance measures derived in accordance with Ind AS, nor as an alternative to cash flow from operating activities as a measure of liquidity. In addition, Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA are not standardized terms, hence, a direct comparison between companies using these terms may not be possible.

Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA are presented because our management believe that they are frequently used by securities analysts, investors and other interested parties in evaluating companies.

The following tables provide the reconciliation/ computation for non-GAAP measures, viz., Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin/ Net Debt to Adjusted EBITDA for the periods indicated and certain accounting ratios.

Adjusted EBIT / Adjusted EBITDA/ Adjusted EBITDA Margin and certain Accounting Ratios for Fiscal 2020, Fiscal 2019 and three months ended June 30, 2020

(*₹ in crore, unless otherwise specified*)

	Particulars	Three months ended June 30, 2020*	Fiscal 2020*	Fiscal 2019*
A.	Profit after tax from continuing operations	176.87	915.90	591.58
B.	Tax expense from continuing operations	49.30	(1.20)	176.85
C.	Finance costs from continuing operations	43.16	200.68	198.37
D.	Net foreign currency exchange fluctuation (gains)/ losses from continuing operations	9.09	3.50	23.89
E.	**Adjusted EBIT (A+B+C+D)**	**278.42**	**1,118.88**	**990.69**
F.	Depreciation and amortisation expense from continuing operations	104.02	388.61	358.17
G.	**Adjusted EBITDA (E+F)**	**382.44**	**1,507.49**	**1,348.86**
H.	Revenue from operations pertaining to continuing operations	1,545.15	7,209.41	7,099.59
I.	**Adjusted EBITDA Margin (G/H)%**	**24.75%**	**20.91%**	**19.00%**
J.	Net Debt#	4,060.19	3,819.57	3,440.15
K.	**Net Debt to Adjusted EBITDA [J/G] (times)**	**10.62@**	**2.53**	**2.55**
L.	Net worth**	5,150.83	4,932.30	4,128.25
M.	**Return on Net worth (in %) [(A)/(L)]**	**3.43%@**	**18.57%**	**14.33%**
N.	**Net debt to total equity (J/total equity**) (times)**	**0.79**	**0.77**	**0.83**

* *For Fiscal 2019, Fiscal 2020 and Interim Condensed Consolidated Financial Statements the amounts considered are only from continuing operations. The Fiscal 2019 figures in the table have been extracted from the comparative figures of Fiscal 2019, as provided in the Fiscal 2020 Audited Consolidated Financial Statements. These numbers differ from the figures reported in respect of Fiscal 2019 in the Fiscal 2019 Audited Consolidated Financial Statements since certain operations were discontinued in Fiscal 2020 and reclassified accordingly. For details, please refer to "Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42" on page F-111 and Financial Information – Notes to Interim condensed consolidated Financial Statements – Note 13 on page F-25.*

@ *Not Annualised*

Adjusted EBIT/ Adjusted EBITDA/ Adjusted EBITDA Margin and certain Accounting Ratios for Fiscal 2019 and Fiscal 2018

(*₹ in crore, unless otherwise specified*)

	Particulars	Fiscal 2019*	Fiscal 2018*
A.	Profit after tax	641.63	461.71
B.	Tax expense	185.26	119.96
C.	Finance costs	201.60	123.89
D.	Net foreign currency exchange fluctuation (gains)/ losses	23.79	(46.32)
E.	**Adjusted EBIT (A+B+C+D)**	**1,052.28**	**659.24**
F.	Depreciation and amortisation expense	366.87	315.80
G.	**Adjusted EBITDA (E+F)**	**1,419.15**	**975.04**
H.	Revenue from operations	7,692.69	5,684.87
I.	Adjusted EBITDA Margin (G/H)%	18.45%	17.15%
J.	Net Debt#	3,440.15	2,933.13
K.	**Net Debt to Adjusted EBITDA [J/G] (times)**	**2.42**	**3.01**
L.	Net worth**	4,128.25	3,563.51
M.	**Return on Net worth (in %) [(A)/(L)]**	**15.54%**	**12.96%**
N.	**Net debt to total equity (J/total equity**) (times)**	**0.83**	**0.82**

** The amounts in the above table in respect of Fiscal 2019 are from the Fiscal 2019 Audited Consolidated Financial Statements and in respect of Fiscal 2018 are from the Fiscal 2018 Audited Consolidated Financial Statements.*

#Net Debt

(in ₹ crore)

	Particulars	Three months ended June 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
A.	Current and non-current borrowings plus current and non-current lease liabilities	4,810.50	4,134.51	3,730.19	3,141.84
B.	Cash and cash equivalents	322.65	116.44	189.55	87.01
C.	Current investments	427.66	198.50	100.49	121.70
D.	**Net Debt (A-B-C)**	**4,060.19**	**3,819.57**	**3,440.15**	**2,933.13**

*****Total equity and net worth***

(in ₹ crore)

Particulars	Three months ended June 30, 2020	Fiscal 2020	Fiscal 2019	Fiscal 2018
Equity share capital (I)	58.50	58.50	58.50	58.44
Other equity (II)	5,093.35	4,874.82	4,070.77	3,506.09
Total equity (I+II)	**5,151.85**	**4,933.32**	**4,129.27**	**3,564.53**
Forfeited shares - amount originally paid up (III)	1.02	1.02	1.02	1.02
Net Worth (I+II-III)	**5,150.83**	**4,932.30**	**4,128.25**	**3,563.51**

Quantitative and Qualitative Disclosures about Market Risk

In the course of our business, we are exposed to certain financial risks such as credit risk, liquidity risk, market risk and interest rate risk.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables, loans and other financial assets) and from our financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. For details of our exposure to credit risk, see "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 40.3.2***" on page F-109.

Liquidity Risk

Liquidity risk is the risk of non-availability of financial facilities available to us to meet our financial obligations. Our 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 Committee comprising of the Managing Director, the Chief Financial Officer and the Treasury Head. We assess the concentration of risk with respect to refinancing our debt, guarantee given and funding of our capital expenditure according to needs of the future. We manage our liquidity by holding appropriate volumes of liquid assets which are available for our disposal on T +1 basis and by maintaining open credit lines with banks / financial institutions. For details on financing arrangements and maturities of financial liabilities, see "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 40.3.3***", on page F-110.

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. We enter into derivative contracts as approved by the Board to manage our exposure to interest rate risk and foreign currency risk.

Foreign Currency Risk

We are exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, the Japanese Yen, the Euro, the British Pound Sterling, the Thai Bhat, the South African Rand and the Hungarian Forint. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not our functional currency. We use derivative instruments (such as forward exchange currency contracts) and non-derivative financial assets/liabilities to hedge our foreign currency risks. We use interest rate swaps to hedge the interest rate risks. The objective of the hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions. For details of a sensitivity analysis for a change in foreign currency rates, see "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 40.3.1(A) – Market Risk – Foreign Currency Risk Management***", on page F-105.

Interest Rate Risk

Interest rate risk arises from movements in interest rates which could have effects on our net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. We manage our interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. We enter into interest rate swaps, in which we agree 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. For details of our exposure to interest rate risk, see "***Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 40.3.1(B) – Market Risk – Interest Rate Risk Management***", on page F-107.

Significant developments subsequent to June 30, 2020

Except as disclosed above, and in this Preliminary Placement Document, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Preliminary Placement Document, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is obtained or extracted from "**INDEPENDENT MARKET REPORT for SRF Ltd.**" dated September 30, 2020, prepared and issued by Frost & Sullivan (India) Private Limited (the "**Frost & Sullivan Report**"), and commissioned by us in relation to the Issue. Neither we nor any other person connected with the Issue has independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as on a specific date and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

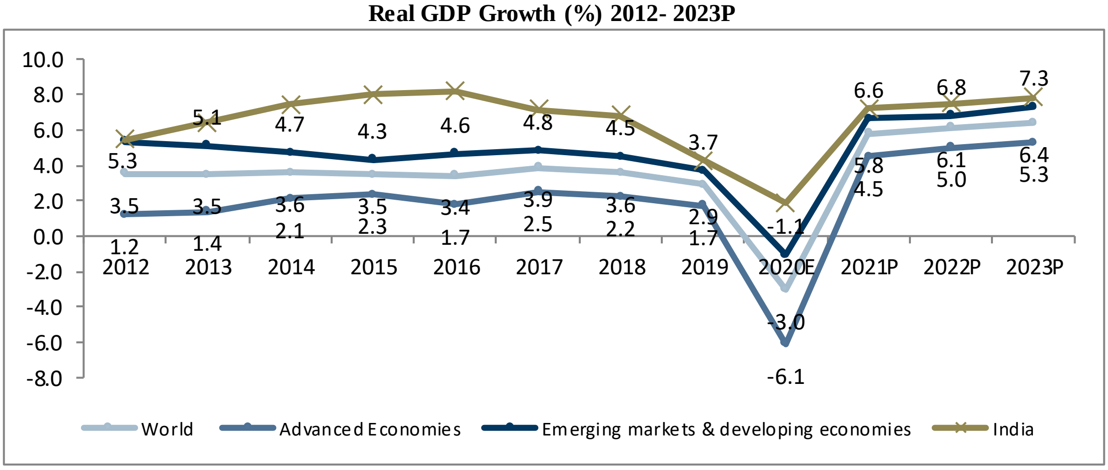
Global and India Macroeconomic Overview

Global Macroeconomic Overview

GDP growth

The growth of COVID-19 pandemic has caused the largest economic shock the world has experienced in decades. Despite the efforts of the governments to counter the downturn with fiscal and monetary policies, the baseline forecast envisions a ~3% contraction in global gross domestic product ("**GDP**") in 2020, as illustrated below. Over the longer horizon, the deep recession triggered by the pandemic are expected to have near-term scars repercussions like lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages. However, the medium-long term health of the economy is robust, with demand expected to soar back to its pre-COVID-19 levels driven by increased government investments and incentive schemes, a new capital expenditure cycle across segments and resumption of global trade routes to the pre-COVID-19 status quo.

Real GDP Growth (%) 2012- 2023P



(Source: World Economic Outlook, IMF Estimate June 2020, Moody's Outlook, Frost & Sullivan Analysis)

Every region is subject to substantial growth downgrades. These downturns are expected to reverse years of progress towards development goals and tip tens of millions of people back into extreme poverty. Advanced economies are projected to recover slowly, with the structural weakness spilling over to the outlook for emerging marker and developing economies. Whereas, emerging market and developing economies will be buffeted by economic headwinds from multiple quarters, such as pressure on weak health care systems, loss of trade and tourism, dwindling remittances, subdued capital flows, and tight financial conditions amid mounting debt. Exporters of energy or industrial commodities will be particularly hard hit. The pandemic and efforts to contain it have triggered an unprecedented collapse in oil demand and a crash in oil prices. Demand for metals and transport-related commodities such as rubber and platinum used for vehicle parts has also tumbled. While agriculture markets are well supplied globally, trade restrictions and supply chain disruptions could yet raise food security issues.

Another important feature of the current landscape is the historic collapse in oil demand and oil prices. Low oil prices are likely to provide temporary initial support to growth once restrictions on the economic activities are lifted. However, even after demand recovers, adverse impacts on energy exporters may outweigh any benefits to activity in energy importers. Additionally, the recent oil price plunge may provide further momentum to undertake energy subsidy reforms and deepen them once the immediate health crisis subsides.

However, sectors like ITeS, e-commerce, pharma, chemicals, diagnostics, consumer goods and durables, agrochem and fertilizers have benefited owing to the pandemic. The crisis has increased demand in medical supplies and care. No medications or vaccines are yet available for coronavirus, so huge amounts of resources continue to be poured into trying to find vaccines or treatment resulting in a growth in specialty chemicals that go into these products. While supply chains have been upended due to the spread of the coronavirus, logistics is a sector that has experienced a crisis and a boost at the same time as food deliveries and online shopping come to the rescue of people who cannot leave their homes. It is likely that through this crisis many companies are being forced to rethink their supply chains and logistics. With governments implementing more serious measures such as full or partial lockdowns, and businesses struggling to find ways to maintain adequate levels of productivity, many are turning to remote working apps and software.

Medium - Long term: Robust Recovery Expected

With the worst of the economic impact of the pandemic behind many countries, the focus has turned to the recovery. The self-imposed reduction in social mobility, designed to contain the spread of the virus, has generated dramatic effects on economic activities and therefore, the near term economic growth will be comparatively muted. However, given the series of steps taken by the governments and industries, this effect is expected to be restricted to the near term. The medium and the long term future of the global economy remains robust:

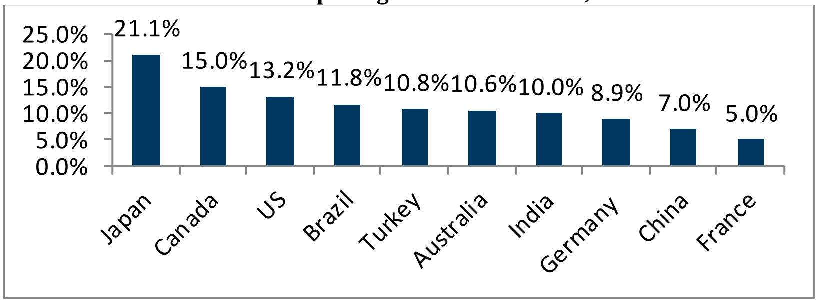
- *United States*: Infection rates have declined sharply in the states where the virus hit first and hardest, but continue to rise in the south and west. All states have started to reopen their economies, although at differing speeds, beginning with construction, manufacturing, and limited retail. Activity indicators have bottomed, and many are now improving, including consumer and household sentiment. In the labour market, jobs increased in May and the unemployment rate fell to 13.3% from 14.8%. More fiscal support is likely, owing to on-going labour market and small and medium enterprises ("**SME**") stress, as well as pressure on state budgets. The GDP is expected to rise sharply to ~5.2% by 2021 and gradually showcase stable growth of ~3% over the next few years.

- *Europe*: With the virus curve flat across much of the continent, Europe has embarked on a steady recovery. A range of indicators from traffic patterns to health stringency shows activity normalizing fastest in Germany with other nations like Spain slowly rebounding. Financial conditions show a V-shaped recovery with liquidity and spreads normalizing accompanied by a strong increase in loans to corporations, driving a strong credit impulse. Governments have launched a series of actions to support the SMEs and the labour market, as well as the hardest-hit sectors, including tourism and autos. Opening intra-EU travel, which is currently under discussion, will be key for southern European countries in particular, given their reliance on tourism. The Eurozone GDP is expected to contract ~6% this year, and recovering to 5.5% growth in 2021, 2.9% in 2022, and 2% in 2023.

- *Asia Pacific*: China and East Asia were first in, first out of the pandemic, and serve as a leading indicator for the rest of the world. In general, inflection curves have remained flat and policy support is working, which depicts a relatively optimistic view of the region. China continues a steady recovery, with tech and manufacturing performing better than services. Vehicle sales have recently begun to rebound. The SME sector has been slow to respond, which has weighed on employment. In response to the slower than expected recovery, the authorities have been ramping up stimulus measures with the credit impulse now being 5 percentage points of GDP, as compared to the global financial crisis when it was 8 percentage points. The forecast shows a recovery nearly back to the pre-COVID-19 output path by 2022 as the supply side of the economy remains largely intact. The growth forecast for China is retained at 1.2%, along with 7.4% next year and around 5% in 2022-2023. Additional fiscal stimulus could provide some upside to the below consensus outlook. The forecast for Japan is lowered to -4.9% in 2020, however the country will rebound to ~5% by 2022 driven by robust domestic demand growth. India will also witness significant downturn in 2020, but will rebound to ~7.4% in 2021 and beyond.

Most of the large global economies have announced several stimulus packages to revive the demand, as illustrated below:

COVID-19 fiscal stimulus packages in G20 countries, as a share of GDP



(*Source: IMF*)

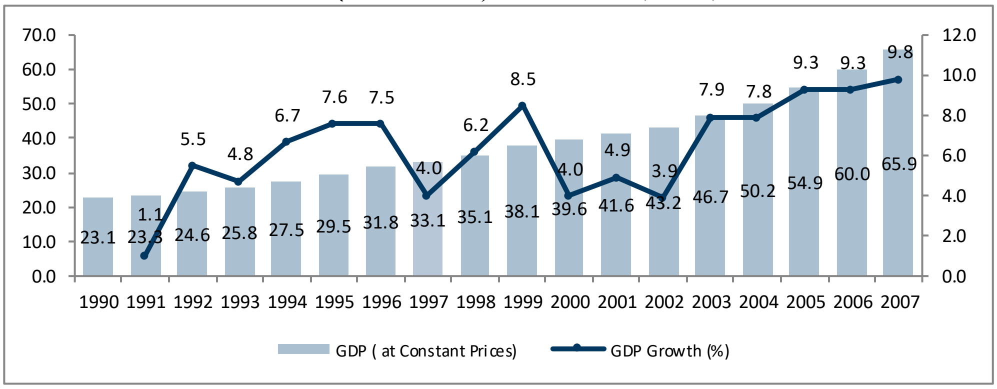
Macroeconomic Overview of India

GDP growth and outlook

For the first time in four decades, India's GDP is set to contract anywhere to just 1% growth in FY21. An already slowing Indian economy has been derailed from its growth track after a stringent shutdown was imposed in March to halt the spread of COVID-19.

With industries, transport, shops, and malls shut, economic activity came to a grinding halt in India from the end of March. Domestic consumption, which accounts for approximately 57% of GDP, was almost wiped out. Pay cuts and layoffs, combined with the lack of shopping, completely eroded demand. The Indian government's decision to remove most of the restrictions has provided much-needed relief to businesses, large and small. Despite this, the demand scenario is expected to remain weak for most of the current financial year. But it could make a comeback next year. The revival in consumption, meanwhile, will be driven by discretionary as well as non-discretionary spending. Non-discretionary spending, which refers to things like groceries and other essential items, remained largely unscathed during the lockdown.

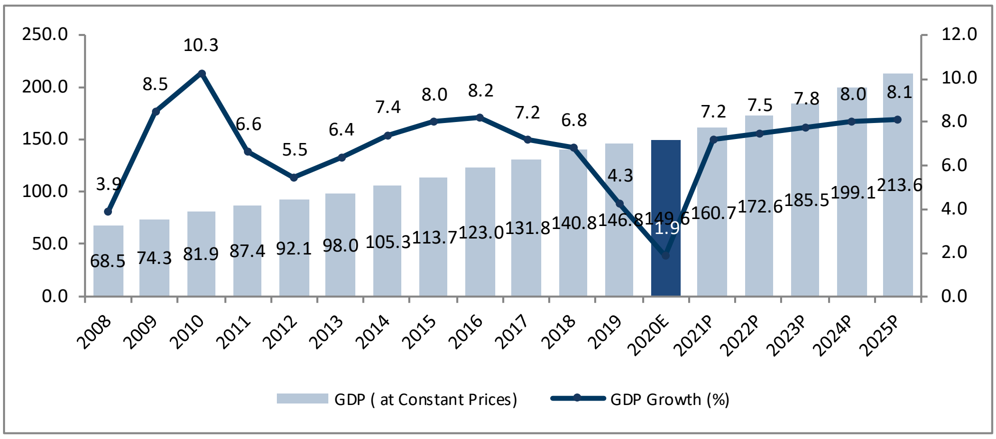
Real GDP Value (₹ 000' billion) and Growth %, India, 1990 to 2007



(Source: Moody's Outlook (November 2019) Moody's press release 2020, IMF Estimate June 2020, Dun and Bradstreet, Frost & Sullivan Analysis)

Apart from MSMEs, India's aviation and hospitality industries have been facing their own set of problems, because of high fixed costs, and these have now been aggravated. With the revival in these sectors expected to take much longer, it will have a cascading effect on the overall economy. However, the medium term growth outlook is expected to improve and record a growth of ~7.3% during 2024P, on account of strong macroeconomic fundamentals including moderate inflation, implementation of key structural reforms and improved fiscal and monetary policies. Meanwhile, the recent moves by the government to improve balance sheets of state-owned banks, in part through an augmented re-capitalization plan worth ₹ 2,110 billion for public sector banks spread over two years, is expected to support the capital shortages of the public sector banks that have hindered the bank's lending capacity and the overall positive business environment are further expected to support the growth outlook for India.

Real GDP Value (₹ 000' billion) and Growth %, India, 2008 to 2024

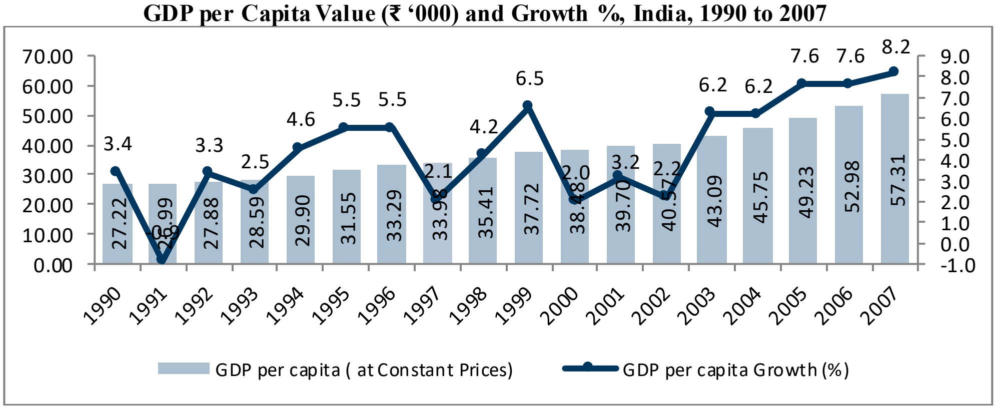


(Source: Moody's Outlook (November 2019) Moody's press release 2020, IMF Estimate June 2020, WEO April update, Frost & Sullivan Analysis)

GDP per capita

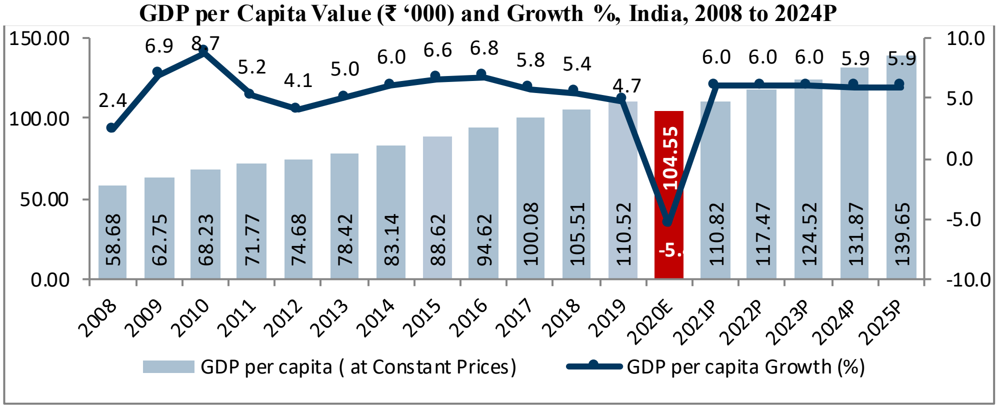
The GDP per capita at constant prices in India has remained low until 2012 during the economic downtum between 2010 and 2012. Thereafter, growth has gradually picked up for GDP per capita in 2016 where the growth reached 6.8%. However, it slumped during 2017 and 2018 as a result of demonetization and implementation of goods and services tax("**GST**"). In 2019, India experienced the seven year lowest GDP per capita growth at 4.7%, after 2012 when it was recorded as 4.1%. Further, with the economy getting back on track as the business sentiments are improving, the GDP per capita got back on track with an estimated year-on-year growth of 5.6% in 2019 and will plateau at around 6.0% at 2024P. The current COVID-19 crisis may lead to a decline of 5.4% in the per capita income of Indians in FY20.

GDP per Capita Value (₹ '000) and Growth %, India, 1990 to 2007



(Source: World Economic Outlook, IMF Estimates June 2020, Frost & Sullivan Analysis)

GDP per Capita Value (₹ '000) and Growth %, India, 2008 to 2024P



(Source: World Economic Outlook, IMF Estimates June 2020, SBI research, Frost & Sullivan Analysis)

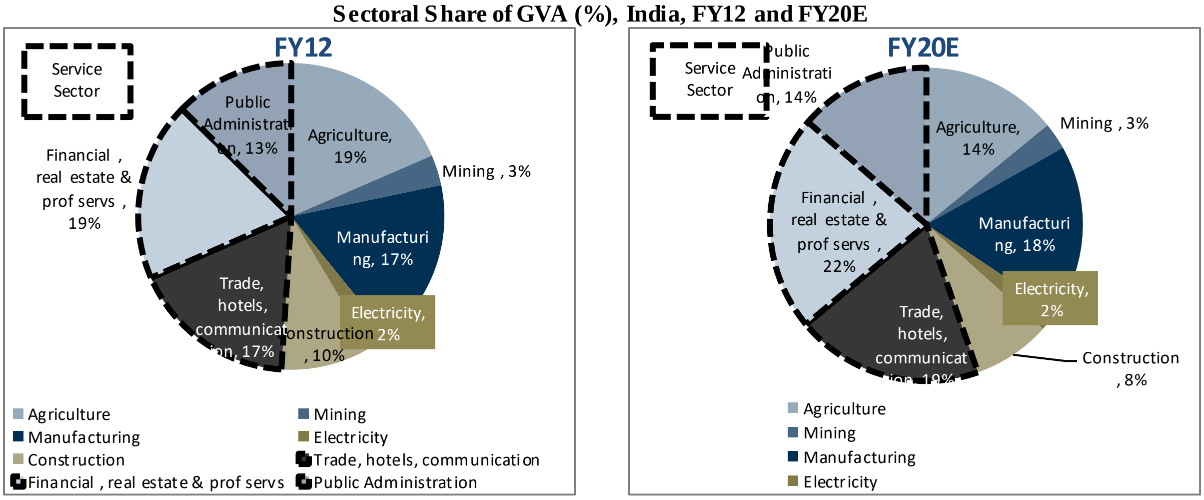
Sectoral share of GVA

In terms of the contribution of various sectors to India's Gross Value Added ("**GVA**") in FY18, the service sector is the dominant sector with a share of 54%, followed by industry at 31% and agriculture at 15%.

Key industries in India are textiles, chemicals, steel, cement and food processing. The government is working towards increasing the share of the manufacturing sector, a sub-component of industry. The government's 'Make in India' campaign aims to increase the contribution of the manufacturing sector from 18% in FY20E to 25% by FY25P.

Although agriculture has the lowest share at 14%, it employs 49% of the labour force as compared to service sector which employs only 29% of the labour force. Within the service sector, the financial sector continues to dominate in terms of contribution to the economy with a share of 22% in FY20E.

Sectoral Share of GVA (%), India, FY12 and FY20E



(*Source: Ministry of Statistics and Programme Implementation – First Advance Estimates of National Income, 2019-20, at 2011-12 prices*)

Strong Growth Path

Pre-COVID-19, India's growth story was largely positive on the strength of domestic absorption, and the economy was registering a steady pace of economic growth. Moreover, its other macroeconomic parameters like inflation, fiscal deficit and current account balance had exhibited distinct signs of improvement. Although COVID-19 has undoubtedly led to a near-term slowdown of the economy, the medium-long term fundamentals are sound and India can look forward to revival of the economy in the near future. Compared to other developing economies, India has several strengths that can help mitigate the adverse effects of COVID-19 induced slowdown.

The government has taken several measures in this direction and the economy is expected to return to a high growth trajectory. As the monetary and fiscal stimuli work their way through, and calm and confidence are restored in the global markets, India can see an economic turnaround soon. In addressing the current slowdown, India has several advantages and comforting factors including the following:

- *Aatmanirbhar Bharat Abhiyan:* Prime Minister Narendra Modi announced the Aatmanirbhar Bharat Abhiyan on May 12, 2020, which combined relief, policy reforms and fiscal and monetary measures to help businesses and individuals to cope with the situation created by COVID-19 pandemic and help transform India into a self-reliant economy. The government seized the crisis to push forward long-pending industrial and other economic reforms in an atmosphere of least political resistance. This campaign is especially expected to benefit the specialty chemicals sector, with several players hoping to position themselves as an alternative to China as the coronavirus crisis prompts companies to diversify their supply chains. Govt. announced a production linked incentive ("**PLI**") scheme for the promotion and manufacturing of pharmaceutical raw materials in India. The government's move is aimed to boost domestic manufacturing and cut dependence on imports of critical Active Pharmaceutical Ingredients ("**APIs**").

  Further, the government has also decided to develop three mega bulk drug parks in partnership with states. These schemes will likely appeal more to the smaller players and should foster more investments. Specialty chemical companies will look at import substitution along with export opportunities to further drive their business. Historically, domestic consumption has been the driving metric for specialty chemicals manufacturing in India, with exports playing a much smaller part owing to reduced raw material availability, higher utility tariffs and a stricter regulatory structure. However, owing to the current geo-political issues, India's focus on being a manufacturing hub for exports of specialty chemicals will increase, subsequently increasing the share of exports in the overall market.

- *Preferred Destination for Foreign Investment:* Of late, India has become an attractive destination for foreign investment owing, among other factors, to its large and rapidly growing consumer market, a developed commercial banking network, availability of skilled manpower and a package of fiscal incentives for foreign investors.

- *Strong and Diversified Industrial and Infrastructural Base:* India is a highly diversified and self-sufficient economy. This is in sharp contrast to single-commodity (crude oil) economies of West Asia where almost all goods and services are imported except oil. India has established a strong and diversified manufacturing base for the production of a wide variety of basic and capital goods to meet the requirements of various sector. India has systematically rolled out a public-private partnership ("**PPP**") programme for the delivery of high-priority public utilities and infrastructure and developed what is perhaps one of the largest PPP programmes in the world.

- *Burgeoning Foreign Exchange (Forex) Reserves:* India's comfortable foreign exchange reserves (currently US$ 500 billion, the highest ever) provide confidence in the country's ability to manage balance of payments. These reserves indicate an import cover of about one year against the IMF's benchmark of three months. Foreign exchange reserves act as the first line of defence for India in case of economic emergency.

- *Demographic Dividend:* Presently, India is one of the youngest nations in the world with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. Its population pyramid is expected to bulge around the 15-59 age group over the next decade. This poses a formidable challenge as well as a huge opportunity. To reap this demographic dividend, India needs to equip its workforce with employable skills and knowledge so that they can contribute substantively to the economic growth of the country. If the massive population of India is adequately skilled and educated, it can prove a boon for the national economy.

To sum up, India's growth story at a fast pace is likely to continue because of its strong macroeconomic fundamentals. Everyone agrees that the way forward is too uncertain and it is just not possible to have a precise road map for the foreseeable future. However, given India's strong fundamentals and a clear roadmap to maintain the growth trajectory, the country will remain at the forefront of global economic growth.

Overview of Specialty Chemicals

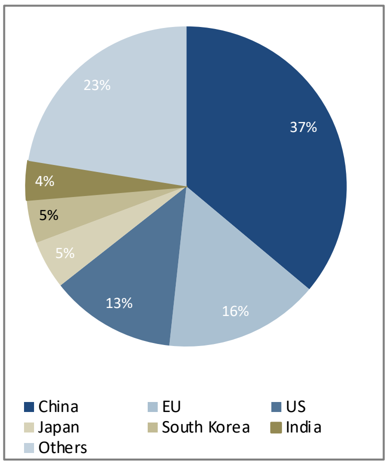
Global Overview

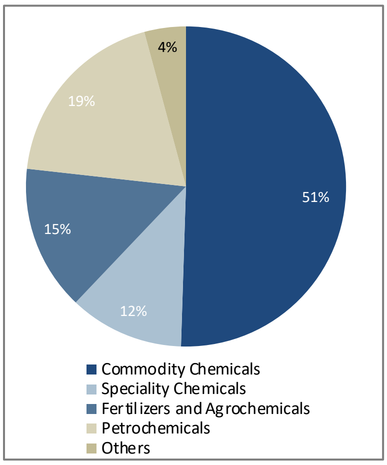
Global Chemicals Market

Global chemicals market is valued at US$ ~5 trillion, with China accounting for major market share (37%) in the segment, followed by European Union (16%) and United States (13%). India accounts for 4% market share in the global chemicals market.

The global chemicals market is expected to grow at 6.2% CAGR, reaching US$ 6,750 billion by 2024. Going forward, the APAC is anticipated to grow at the fastest rate of 7-8% during the forecast period (2019-24F). The chemicals markets in Western Europe, North America, and Japan are relatively mature and hence would record slow growth rates of around 3-4%.

Global chemicals market, 2019, US$ 5000 Billion





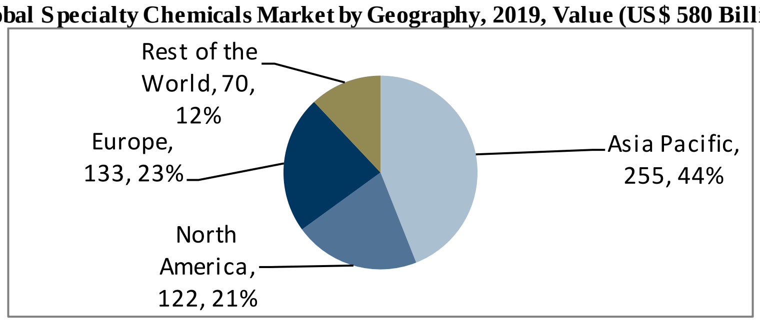
(Source: Frost & Sullivan research & analysis)

Global Specialty Chemicals Market

Specialty chemicals are low-volume and high-value products which are sold on the basis of their quality or utility, rather than composition. They may be used primarily as additives or to provide a specific attribute to the end product. Specialty chemicals are more likely to be prepared and processed in batches. The focus is on value addition to the end-product and the properties or technical specifications of the chemical.

Rapid industrialisation in India and China is expected to drive demand for specialty chemicals. The APAC dominates the market across the world, with a share of 44%, owing to the huge customer base, leading to high demand for specialty chemicals, increasing industrial production, and robust growth of the construction sector in the region. APAC is followed by Europe and North America.

Global Specialty Chemicals Market by Geography, 2019, Value (US$ 580 Billion)



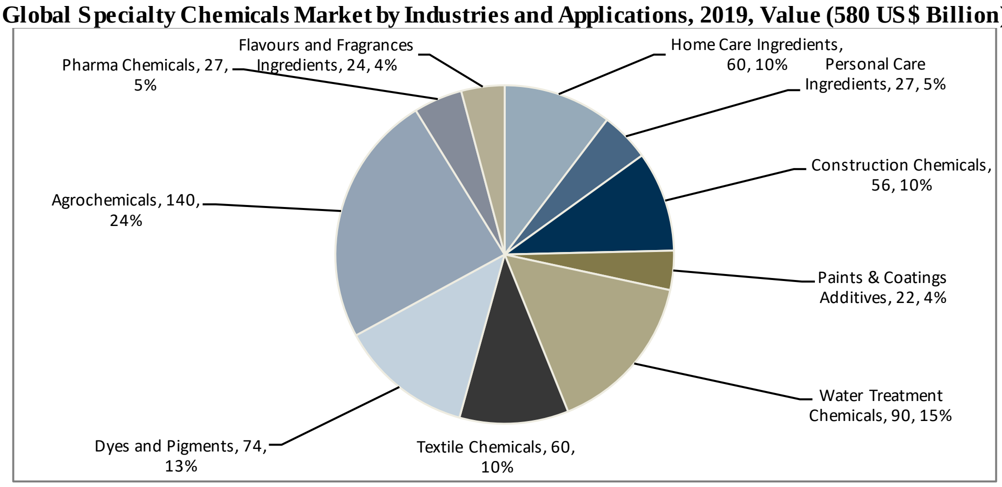
(Source: Frost & Sullivan research & analysis)

With high population base and majority of countries in APAC being underdeveloped or developing nations, there is high rate of construction activities resulting in higher demand for construction chemicals and paints and coatings additives. All these factors lead to higher growth rate for APAC of nearly ~7% CAGR. Embracing modern practices in the fields, usage of agrochemicals have seen tremendous growth particularly for pesticides and fertilizer consumption. Consumption of pesticides in Asia-Pacific is slated to record the fastest growth rate on a global basis to reach a projected volume of 797.5 KT by 2020. China, India and Japan represent the largest agrochemicals markets of the Asian continent. Currently, China is leading the market with its developing agricultural sector along with the need for its ever growing population. Globally, China is not only the largest producer but also the largest consumer of fertilizers.

Market Segmentation – by Industry and Application Type

Specialty chemicals industry can be categorized into a mix of end-use driven segments and application-driven segments. In terms of the attractiveness, the various segments across specialty chemicals differ in competitive intensity, margin profiles, defensibility against raw material cost movements, and growth.

Global Specialty Chemicals Market by Industries and Applications, 2019, Value (580 US$ Billion)



(Source: Frost & Sullivan research & analysis)

Growth Drivers

Growing consumption of Green Chemicals (Environmentally Friendly Products)

With increasing awareness of the ill-effects of certain chemicals on humans and the environment, there is a growing trend in the chemicals industry to shift towards what is known as "green" chemicals or more accurately sustainable chemistry. These are products which are bio-degradable and which show a significant reduction in environmental impact when applied. This can be either through reducing energy and water consumption in the process or reducing the chemical and biochemical oxygen demand of the waste generated which reduces treatment costs and is kinder to the environment.

The classification as green or sustainable is measured across the life cycle of any chemical product, including its design, manufacture, application, and disposal. The products can be used for various applications such as food ingredients, home and personal care products, water treatment, and industrial cleaning products. The demand for green chemicals is particularly high from the textile industry which is one of the major end-users of chemicals. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the green chemicals market. Global green chemicals market will grow at a CAGR of 10.5% during 2019-2024.

5 year growth forecast split by key industries highlighting key factors driving growth

Segments	Key Growth Drivers	(2019-2024 CAGR)
Agrochemicals	• Increasing global population, decreasing arable land, and consequent requirement to improve crop yields. • New demand for agricultural products would also be created by the use of agricultural products for industrial applications such as in fuel blending and polymer manufacturing, opening up new avenues of applications for agrochemicals.	6.6%
Pharma Chemicals	• Growing demand for generic drugs globally and India being the largest provider of generic drugs results in higher demand for domestic consumption of pharma chemicals.	6%
Construction Chemicals	• Rise in construction projects across emerging markets and increased adoption of construction chemicals for improvement in quality of projects.	6.5%
Home Care Ingredients	• Growth in household and industrial and institutional cleaners market • Growing consumption of environmentally friendly products	6%
Personal Care Ingredients	• Growth in demand for personal care products is driven primarily by emerging markets in the Asia-Pacific region, particularly China and India which are expected to grow at more than 10% CAGR. • USA and Europe are expected to grow at ~4% primarily driven by the shift towards natural active ingredients.	6.5%

Segments	Key Growth Drivers	(2019-2024 CAGR)
Paints and Coatings Additives	• Demand driven by growing automotive industry, increasing urban population, rising household consumption expenditure and improving economic conditions.	6.5%
Water Treatment Chemicals	• Strengthening environmental regulations and rising water quality standards for municipal consumption in matured markets of North America and Europe. • In emerging markets, strong economic growth resulting in greater municipal and industrial spending in water treatment effort will drive growth of this segment.	5.7%
Textile Chemicals	• Increasing demand for finishing chemicals that allow a variety of beneficial properties like anti-microbial properties, wrinkle-free properties, stain-resistance, etc. to be imparted to the textile.	4%
Flavours and Fragrances Ingredients	• Strong growth in low-fat and low-carbohydrate foods and beverages in North America. • Higher consumer willingness to experiment with new flavours and fragrances. • Increased production of processed foods in developing countries causing a spurt in the demand for flavours. • A shift in perception of fragrance from being a non-essential attribute to an indispensable part of personal care.	5.9%
Dyes and Pigments	• Growth is demand for high performance pigments which are highly durable pigments, resistant to ultra violet radiation, heat and chemical. • Use of eco-friendly colorants such as low impact dyes is emerging.	5%

Impact of COVID-19

Many leading chemical manufacturers have reduced capital and operational expenditure to address the crisis. Capacity utilizations have scaled down to 40%-60% capacity due to labour shortages and disruptions in the supply of raw material. The supply chains are being reconfigured as competitive order of chemicals producers in the US, Middle East, China and Europe has changed. Demand for chemicals for automotive, transportation and consumer products sectors have fallen by almost 30%. Products that have less exposed to the price of oil have seen stable prices whereas the crude dependent one has been highly impacted.

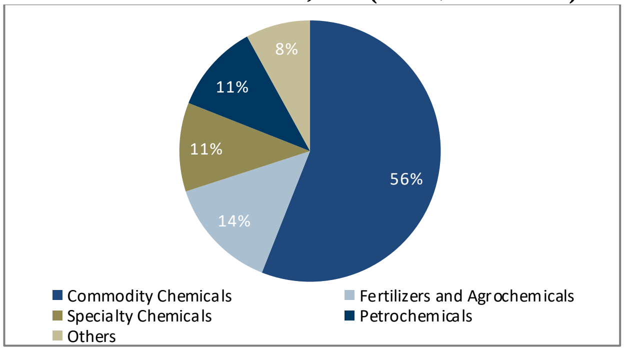
However, given that companies are now transitioning their operations away from China to other geographies like India, overall capacity utilization and labour issues are also expected to be resolved. Companies in the chemical industry have stepped up to produce raw materials for sanitization and safety products that have been the need of the hour. Companies are also looking at innovations around 3D printing, polymer recycling, green hydrogen as a source of energy, bio-based products etc. to have better sustainability and higher margins.

India Overview

India chemicals market is valued at US$ ~200 billion with basic chemicals (also known as commodity chemicals or bulk chemicals) accounting for major share (56%). Basic chemicals comprise of various bulk polymers, inorganic chemicals, etc. Agrochemicals and fertilizers account for 14% of the overall marker which constitute of various differentiated chemicals used in the agri space including pesticides, herbicides, etc. Petrochemicals account for ~11% of the overall demand across commodity and specialty petrochemicals.

The specialty chemicals industry is driven by both domestic consumption and exports. India’s specialty chemical companies are gaining favour with global MNCs because of the geopolitical shift after the outbreak of COVID-19 as the world looks to reduce its dependence on China. Currently, China accounts for ~17-18% of the world’s exportable specialty chemicals, whereas India accounts for merely 1-2% indicating that the country has large scope of improvement and widespread opportunity. It is anticipated that specialty chemicals will be the next great export pillar for India.

Indian chemicals market, 2019 (in US$ 200 Billion)

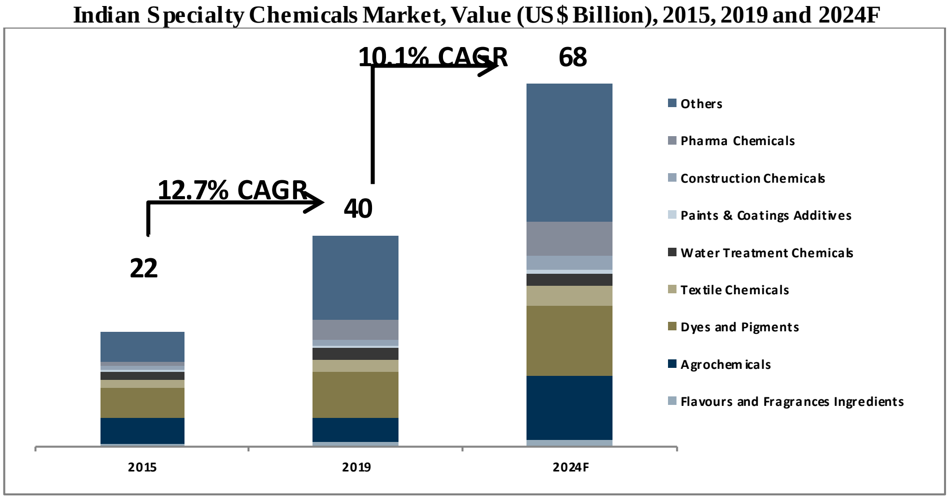


(Source: Frost & Sullivan research & analysis)

Home and personal care chemicals, water treatment chemicals, construction chemicals, agrochemicals, etc. are areas where specialty chemicals find applications. The growth of the market is in conjunction with the overall growth of the Indian economy.

The "Make in India" campaign is also expected to add impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term. Through incentives, subsidies and grants under this campaign, Indian companies could gain further ground as companies would want to reduce dependence on China after the COVID-19 pandemic and shift their supply chains. The decline in raw materials prices could also help the margins and reduce working capital need. However, input costs are a pass through for most companies and benefits could be limited. Overall, the specialty chemicals industry is likely to continue to perform well in the near to medium term and is expected to capitalize on the 'Make in India' benefits to assume leadership position in the market.

Indian Specialty Chemicals Market, Value (US$ Billion), 2015, 2019 and 2024F



Others include: Paints & Coatings, Sealants and Adhesives, etc.
(Source: Frost & Sullivan research & analysis)

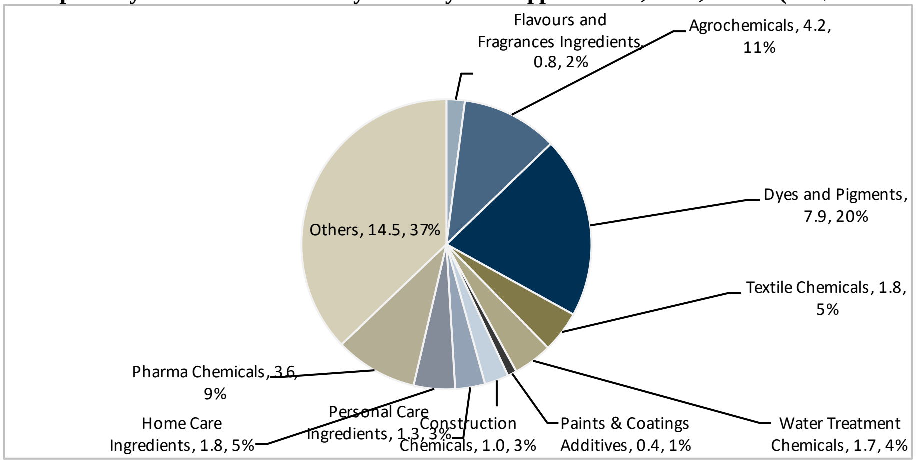
As India is becoming a central manufacturing hub for such chemicals, exports are on the rise. Tightening of environmental norms (e.g., Registration, Evaluation, Authorisation and Restriction of Chemicals Regulations) in developed countries and the slowdown of China are contributing to the growth of exports.

Specialty chemical companies will prosper in India because of its chemistry, research and development skillset and economies of scales achieved by the country. Additionally, India's environmental and health safety practices are much more stringent than other manufacturing centres like China, providing a significant strategic advantage. This is evident from the stock performance of the specialty chemical companies. Stocks of specialty chemical companies have fared better than companies in other sectors. Since the start of 2020, even as the benchmark indices, Nifty and the Sensex have shed over 25%, specialty chemical companies have posted a growth of ~4% till August 2020. This indicates the growth prospects and opportunities for specialty chemical companies in India.

Market Segmentation – by Industry and Application Type

Traditionally, low cost labour and raw material availability are the advantages enjoyed by Indian manufacturing companies. Increasingly, though, specialty chemicals companies are focusing beyond these traditional cost advantages. Product development capabilities have become progressively more important across various segments and differentiate the top and bottom performers.

Indian Specialty Chemicals Market by Industry and Applications, 2019, Value (US$ 40 Billion)



Others include: Paints & Coatings, Sealants and Adhesives, etc.
(Source: Frost & Sullivan research & analysis)

Rise of environmentally friendly specialty chemicals in India

Below is a snapshot of the five year growth forecast split by key industries highlighting key factors driving growth:

Segments	Key Growth Drivers	India Market (2019-24 CAGR)
Agrochemicals	• Increase in awareness levels of farmers • Improvement in rural income encouraged by various government schemes • Need to improve agricultural yields at a faster pace compared to the growth in demand to be able to meet food sufficiency targets • Direct benefit transfer allows for direct transfer of benefit or subsidy to citizens living below poverty line	9.5%
Pharma Chemicals	• India supplying key drugs for treatment of COVID-19 across the world • Growing demand for generic drugs globally and India being the largest provider of generic drugs results in higher demand for domestic consumption of pharma chemicals	10-12%
Construction Chemicals	• Growth in Indian construction industry over the next five years, driven by housing and infrastructure projects • Increase in adoption of global standards of construction in India will lead to growth of this market	10.5%
Paints and Coatings Additives	• Growth in per capita paint consumption in India • Strong growth in automotive industry	11.4%
Water Treatment Chemicals	• The growing urban population is adding to the demand for water purification and waste water management • 'Namami Gange Programme' - an integrated conservation mission, approved as 'Flagship Programme' by the Union Government in June 2014 with budget outlay of ₹ 20,000 crore to accomplish the twin objectives of effective abatement of pollution, conservation and rejuvenation of national river, Ganga	7.1%
Textile Chemicals	• Driven by domestic demand and exports of high quality textiles	6.5%
Flavours and Fragrances Ingredients	• Marketing by FMCG companies has created demand for categories like deodorants, room fresheners and perfumed soaps in rural markets • Increasing demand for processed food	12.8%
Home Care Ingredients	• Growth in population and per capita income to drive growth in this segment	9.8%
Personal Care Ingredients	• Rapid increase in the adoption of personal care products, especially in rural markets	12.4%
Dyes and Pigments	• The current strategy of most European pigment producers is to use their local facilities for high-end performance colorants for new and niche markets and source non differentiated dye, pigments from low-cost facilities based in	11.5%

Segments	Key Growth Drivers	India Market (2019-24 CAGR)
	China and India	

Impact of COVID-19

In 2020, demand is expected to drop by almost 50% of normal growth for most chemicals in India due to longer shut down and delayed response in opening up of the market. Regulatory pressures to ensure standardized quality will take a significant toll on supply moving forward. ~65% of the key raw materials are imported from China which will affect supplies around three-four months even after markets open up.

It is a ripe opportunity for the Ministry of MSME's to fill the gap in imports for select chemicals. The government has deferred equated monthly installment's to ease the flow of working capital. Fundamental factors such as growing population and per capita chemical consumption depict a bright future. Opportunities for domestic capacity scale-up, developing alternative sources of supply and investment in backward integration have opened up, so are the markets for exports where companies are looking for alternatives for China. With increased awareness on sanitation and cleanliness, there is a surge in demand for cleaning chemicals, personal hygiene and personal care products including soaps, surface cleaners and hand sanitizers.

Planned capacity expansions are expected to be delayed by a couple of quarters due to financial stress on investors. This factor adds further stress owing to non-availability of migrant labor, which requires the government to intervene, else will cause further delays.

Impact of Make in India

Chemicals industry contributes approximately 6.6% of national GDP and account for 15-17% of India's manufacturing sector. The government has allowed 100% foreign direct investment ("**FDI**") in this sector under the automatic approval route. Manufacturing of most chemical products inter-alia covering organic/ inorganic, dye-stuff and pesticides is de-licensed. Factors such as boost to specialty (as well as fine agrochemicals) chemicals due to rapid development in construction and agricultural sector, inadequate per capita consumption and strong demand from paints, textiles and diversified manufacturing base shall aid towards the development of Indian chemicals sector.

Frost & Sullivan analysis indicates that the major indicators of success for make in India and governments' permit for 100% FDI is positively impacting specialty chemicals segment; pertaining to competitive manufacturing costs, higher investments in research and development ("**R&D**"), cheaper raw material availability/ transport, strong demand from end-use segments, overall supportive ecosystem, etc. within specialty chemicals, manufacturing of fine chemicals (pesticide ingredients as well active pharmaceutical ingredients), flavour and fragrance ingredients, surfactants and colorants will be most attractive segments in the coming half decade. This is due to their strong growth potential, highly differentiated products folio and high penetration levels predominantly.

Moreover, India's specialty chemical companies are gaining favour with global multinational corporations because of the geopolitical shift after the new coronavirus outbreak as the world looks to reduce its dependence on China. Increasing tariff levels and changing environmental policies in China along with 'make in India' initiative and permit to 100% FDI from India would add more possibilities of specialty chemicals manufacturing base shifting from China to India. This is not going to happen overnight, but definitely over coming half decade.

Across India, the recent revision of Market Access Initiative ("**MAI**") by the Ministry of Commerce and Industry aims at benefiting the small to mid-segment newer industry players which do not possess global sales and marketing reach. As a result of the revised MAI policies, the robust growth in CRAMS industry in India will support newer economies such as Myanmar, Cambodia to collaborate with the local Indian players beneficial for the overall growth of the Asian economy. Moving forward, with a total of over 300 USFDA approved manufacturing sites, the country can become the global leader in the CRAMS industry with the implementation of mandates including Schedule M (Good Manufacturing Practices ("**GMP**") for premises and materials and requirements of GMP in plant and equipment) outlining various requirements for manufacturing good quality drugs and pharmaceuticals, by applying CGMP guidelines.

On the pharma industry front, realigned government policies to reduce the manufacturing facility approval time with a less than two weeks timeline for receiving no objection certificate for export licenses will support the leading players such as Dr. Reddy's Laboratories Ltd., Cadila Pharmaceuticals Ltd., Cipla Ltd., etc. to continue to dominate the API manufacturing in India. Furthermore, with a cost advantage of almost 40-50% as compared to regulated markets and the availability of sufficient R&D infrastructure, India is expected to continue to enjoy a competitive advantage in the region there by assuring a strong CRAMS industry growth.

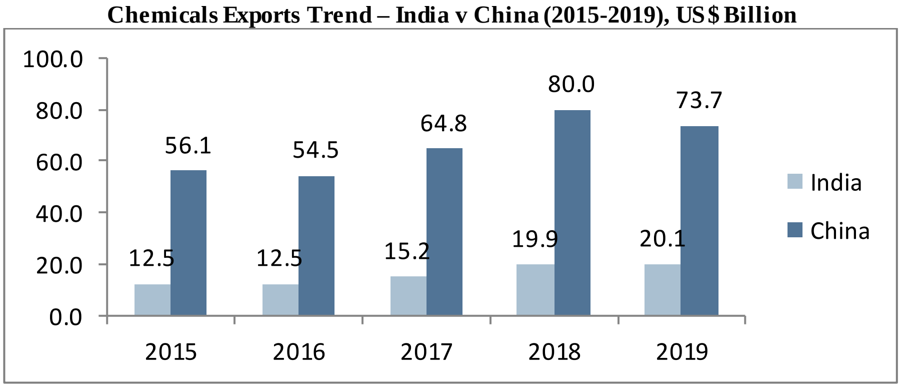
India – Racing Ahead of China

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government, which have led to shutdown of a number of chemical plants.

Chinese government started implementing stricter environmental protection norms from January 2015. With the focus on controlling pollution, the Chinese Ministry of Environmental Protection enforced strict penalties on polluting industries, including chemicals. Some of the major steps taken were:

- Shift towards gas-based power plants from coal-based ones;
- Implementation of strict penalties for non-compliance;
- Construction of compulsory effluent treatment plants;
- Mandatory for all polluting industries to operate from industrial clusters away from habitat:
  - Small to mid-size chemicals plants to relocate by the end of 2020;
  - All larger plants must relocate by the end of 2025 and start the process by no later than 2020;
- Taxes to be levied on polluting industries based on pollution type, location and severity.

Chemicals Exports Trend – India v China (2015-2019), US$ Billion



India CAGR: 13%
(Source: World Bank)

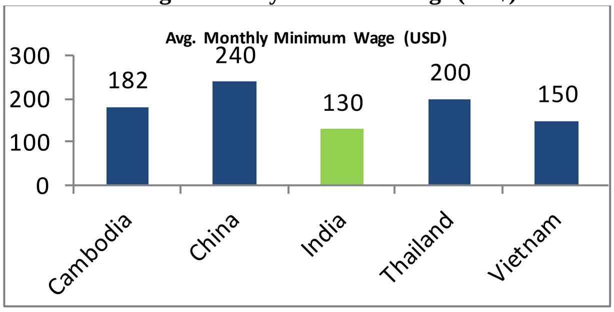
As a result of all of the above, Chinese chemical companies are witnessing a rise in capex and opex costs, making them less competitive in the export market. In 2017, an estimated 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits.

The domestic chemicals industry in China is also witnessing a slowdown, as a result of slower economic growth. China's economic growth is expected to slow down further in the coming years, thus resulting in reduced domestic demand and several plants shutting down in the last three years. This has also resulted in China's overall exports of chemicals growing at a slower rate than India. There is ample replaceable export market for India to capitalize on, and weave a strong growth story for chemicals, led by specialty chemicals.

Cost and Availability of Skilled Labour in India and China

Labor represents one of the main costs of manufacturing goods and importers have watched China's labor costs soar in recent decades, often growing by 10-15% annually. China's minimum wages, which now range from about US$ 140 to US$ 346 per month, are set at the provincial level.

Average Monthly Minimum Wage (US$)



(Source: ASEAN Briefings)

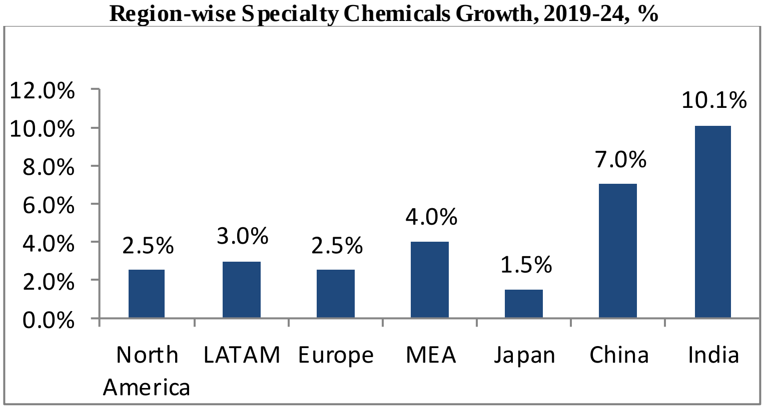
India's minimum wages similarly vary across states and range from about US$ 66 to US$ 202. The mounting US tariffs on Chinese goods over the past year have only strengthened the case for India as a cost-effective manufacturing alternative and importers of labor-intensive products, like specialty chemicals, are in the best position to realize cost savings by moving to India.

In terms of region-wise demand, India's specialty chemicals industry is expected to witness the maximum growth of 10-111% CAGR over the next five years compared with other markets, due to rising demand from end-user industries, coupled with tight global supply on account of stringent environmental norms in China. Markets like Americas, Europe and Japan are expected to clock less than 3% CAGR over the next five years, due to industry saturation in these regions.

The recent downturn observed in China's specialty chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because, very few countries, other than India, have the requisite scale, technology, raw materials and government support to capture this opportunity.

The specialty chemicals growth story in China and India has been led by significant contribution from the unorganised segment comprising a multitude of smaller players. The supernormal growth in China had been contributed by large players as well as multiple small players, who were in non-compliance to environmental norms. These smaller plants have shut down in the recent times amid rising environmental concerns. While this has impacted the overall growth story, larger organised players with established markets and compliance certificates continue to operate.

Region-wise Specialty Chemicals Growth, 2019-24, %



(Source: Frost & Sullivan Research & Analysis)

India also faces threat from environmental concerns and tighter norms. However, considering the strict compliance by organised players in the market, this threat is limited to smaller players and shall serve as an opportunity for larger players to capture the market. Most large players are already making investments in safety, health and environment to ensure plant sustainability.

CRAMS – Global Overview

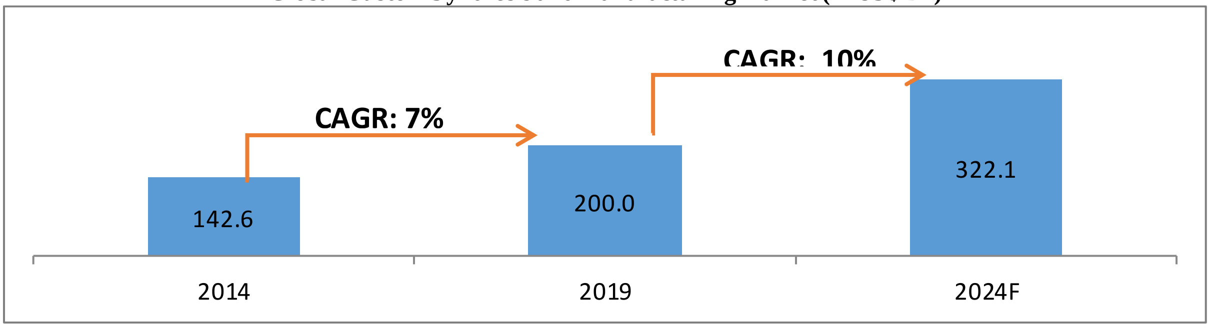
The global market for custom synthesis and manufacturing ("**CSM**") was valued at US$ 200 billion in 2019, for global specialty chemicals contract manufacturing.

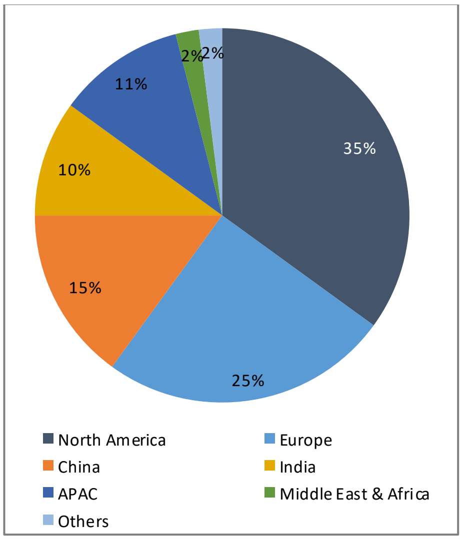
CSM is used for contract synthesis of agrochemical technical grades or active ingredients, intermediates and specialty chemical products along with other fine chemicals like active pharmaceutical ingredients, etc. This market is anticipated to grow at 10% CAGR in the next five years.

Indian market constitute of almost 10% of the global CRAMS market which totals to US$ 20 billion. This market is driven by R&D of new molecules/ chemistries developed followed by willingness for reduced capital investments in the overall fine chemicals segment. The Chinese market for CSM contributes around 15% of global market (by value terms), whereas Japanese market is around 8-9% (by value). North America & European Union countries contribute more than 60% market share in the global CSM segment.

The CSM market across the globe was growing at a CAGR of 7% over 2014-19 and this growth will be continued globally due to increasing trends in contract manufacturing of fine chemicals. The pace of contract manufacturing has been increasing day by day, with companies shifting their focus on core activities. Major drivers of global CSM market are new active ingredients development innovators shifting focus to core competencies and outsourcing of production to low manufacturing cost destinations. India, being a low manufacturing cost destination, has advantage of skilled labour force successfully delivering to the MNC's (their outsourcing needs).

Global Custom Synthesis and Manufacturing Market (in US$ Bn)



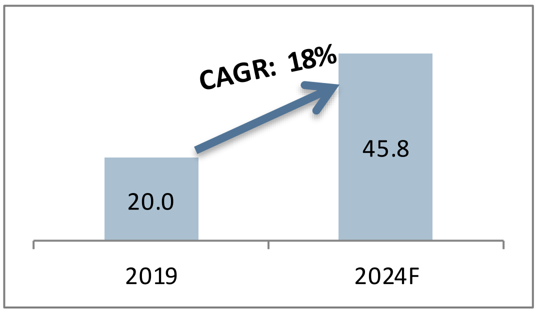


(Source: Frost & Sullivan Research & Analysis)

CRAMS – India Overview

The India market for CRAMS was valued at US$ 11.5 billion for the year 2019 for specialty chemicals. This market is anticipated to grow at 18% growth rate in next five years. The main driver of the market includes increasing contract manufacturing trend of fine chemicals along with niche specialty chemicals in India. Many global companies are preferring investment in contract manufacturing in India. This is predominantly due to lower manufacturing cost available in the country alongside chemistry capabilities, R&D capabilities, environment, health and safety initiatives, etc. Also, shifting of focus of innovators towards core competencies is forcing the manufacturing towards CSM.

Indian Custom Synthesis and Manufacturing Market (in US$ Billion)



(Source: Frost & Sullivan Research & Analysis)

In 2019, almost 80% of the Indian specialty chemicals CRAMS market is captured by specialty chemicals (by value) which are nothing but single molecule compounds widely used across crop protection chemicals and API industries. These single molecule compounds are mainly active ingredients in either agrochemical or pharmaceutical formulation. The active ingredients are the most costly chemicals in the agrochemical or pharmaceutical final consumer product, significantly contributing to the total cost. Indian CRAMS market will be growing at 12% for the next half decade owing to strong growth from end-use demand.

India is the one of the cheapest destination for low manufacturing cost with availability of skilled labour force. Specialty chemicals segment is expected to grow at 12-15% in the next five years. With this strong growth, manufacturing capacities are expected to fall behind (particularly in developed countries), paving a way to contract manufacturing segment from low cost countries. Niche specialty chemicals across the globe like imaging chemicals, flavour and fragrances, personal care ingredients, rubber chemicals, disinfectants, etc. are seeing significant change in business models of the MNCs; significantly outsourcing the manufacturing activities. Contract manufacturing players like Sami Labs Limited, Kumar Organic Products Limited, etc. are at advantage due to this changing business models adopted by the global players. These players are providing their research and manufacturing expertise to synthesize personal care ingredients on contract basis. Another player Vivimed Labs Ltd. has significantly captured the market of imaging chemicals. Similarly, agrochemical active ingredients contract manufacturing is taking place in India with some majors like Aarti Industries Limited actively engaged in long term contract with their formulator customers.

With the spread of COVID-19 pandemic, global manufacturing base is expected to shift from China to other potential regions like Indian sub-continent, South East Asia, etc. Many established fine chemical players are trying to venture out in CSM space to capture the overgrowing segment with their expanded capacities.

Fluorochemicals Market

Global Fluorochemicals Market

Fluorochemicals/ chemicals containing fluorine as an element are one of the most critical classes of chemicals that are used across applications. All fluorochemicals start with the mineral fluorospar, which is then converted to hydrofluoric acid ("**HF**"). Global production of traded HF, the primary intermediary for fluorochemicals is an estimated two million tons per annum. Many fluorochemicals are made from HF, but on a broad level they can be classified as fluorocarbons, inorganics and specialties and fluoropolymers.

Fluorocarbons are organic compounds fluorine and carbon, which are used in the manufacture of aerosol propellants, coolants, refrigerants, oils and greases, synthetic polymers etc. Majority of fluorocarbons are non-flammable, non-reactive, low-toxicity and are stable at high temperatures. Fluoropolymers can be classified as a family of plastic resins based on fluorine/ carbon bonding. They are strong, lightweight and durable. They are far more resistant to chemical attack than conventional chlorinated and hydrocarbon polymers.

Organic fluorochemicals are divided into aliphatic and aromatic compounds. Aliphatic compounds is further sub-segmented into HCFCs and HFCs, whereas aromatic compounds is further sub segmented into ring-substituted, side-chain substituted, and fluorobenzene. Increased applications of organic fluorochemicals in healthcare, pharmaceuticals, and automobile industries support market growth of this segment, and these form the part of specialties. Inorganic fluorochemicals are also expected to witness growth due to their growing application of chemicals such as cryolite, silicofluoride, fluorosilicate, and aluminum fluoride in manufacturing cleaning agents. Aluminium fluoride and anhydrous hydrofluoric acid are few inorganic fluorochemicals which are used in higher volumes.

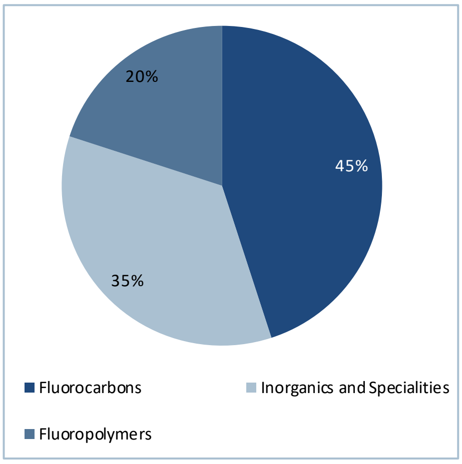
The rising requirement for refrigeration across various industries is a significant driver boosting the growth of fluorochemicals market. With global warming, temperatures are rising and thus creating an increased need for HVAC and refrigeration systems, which in turn has a positive impact on the fluorochemicals market. Refrigerants are used in residential, industrial and commercial sectors. They are most commonly used in the automotive industry. Automobile air conditioning requires refrigerants, and therefore, the increased production of vehicles has led to the higher demand for refrigerants. The increased production in production of electric vehicles will also boost the demand for refrigerants.

Due to lifestyle changes, there is a boost in the demand for refrigerators and cooling systems in industrial as well as domestic sector. Growing demand for blowing agents, which makes use of fluorochemicals in manufacturing foamed plastics, will also broaden the opportunities in the market over coming years. Rising environmental concerns have forced governments worldwide to modify regulations to discontinue their use over time, however, there is focus on R&D to develop innovative environmental friendly products. Another restraining factor is the non-uniform availability of the fluorspar mineral, the key raw material in the production of fluorochemicals.

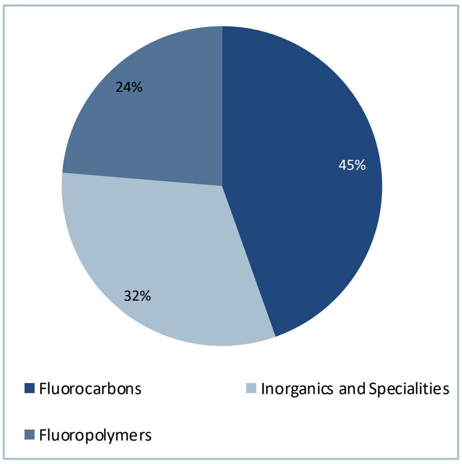
The market size for fluorocarbons is projected to witness significantly in coming years, due to its wide application in propellants, refrigerants, blowing agents, and solvent. Improved fuel economy and reduced emissions in the automotive industry will indirectly support the demand for inorganic and specialty fluorochemicals and fluoropolymers. However, there are rising environmental concerns pertaining to the use of these chemicals, which has laid pressure on governments to discontinue their use overtime. On overall fluorocarbon volume, the developed countries will witness increase in high value fluoro specialty chemicals.

The global fluorochemicals market was valued at US$ 21.4 billion in 2020, and is projected to witness a significant growth at a CAGR of 4.6% to reach US$ 28 billion by 2026. The fluorocarbons segment held the largest share, followed by inorganics and specialties.

Global Florochemicals Market, 2020, Split by Type US$ 21.4 Billion



Global Florochemicals Market, 2026, Split by Type US$ 30.0 Billion



(Source: Frost & Sullivan research & analysis)

Raw Material Supply Scenario

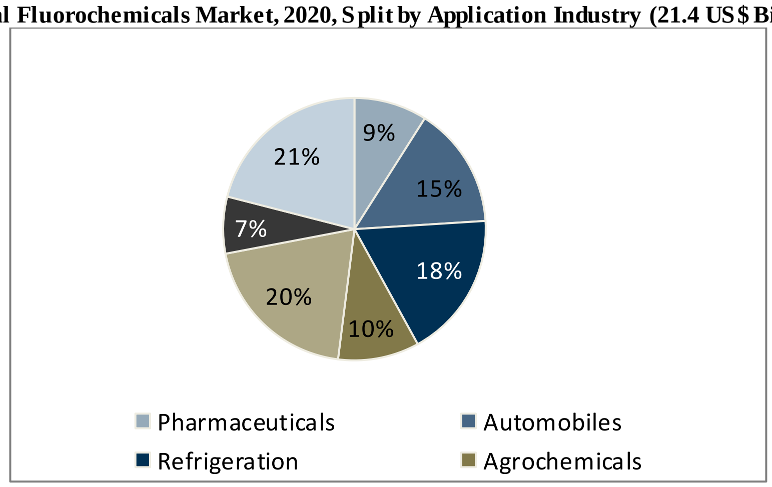
So far China has been in a dominant position in supply of fluorspar and has been the only source for most fluorochemicals manufacturers. However, with the current operational conditions, increasing environmental vigilance and diminishing reserves, manufacturers' world over are looking at alternate sources. Africa has been looked at an alternative with South Africa being a forerunner in this aspect with its 17% of the reserves as against China's 10%. Many of the global manufacturers of fluorochemicals own mines in Africa. By utilising the well-developed logistics infrastructure and geographical positioning, South Africa could prove to be the most preferred destination for sourcing. Mexico (12%), Mongolia (12%) and Kenya (1%) are other regions of importance.

Market Segmentation – by Application/ Industry Type

Pharmaceuticals are among the fastest growing segments. Just by adding fluorine, the pharmacological properties of a drug are significantly improved in terms of potency, allowing smaller doses to create the same effect on the body. Apart from this desirable property, another important advantage of adding fluorine to pharmaceuticals is that the shape of the resulting fluorochemicals is largely unchanged, since the bioactivity of many drugs is highly dependent on the shape of the chemical compound. From anesthetics, antidepressants, antifungals and antibiotics, antacids, cholesterol lowering agents, steroids and other anti-inflammatory agents, almost 50% of drugs contain fluorine.

Fluorochemicals are vital ingredients for pesticides and herbicides. They have replaced bromomethane, a very toxic chemical to the environment. Fluorine provides a viable and valuable alternative to bromomethane in pest-control products. Fluoride derived chemicals are used as fumigants to reduce pest infestation of stored grains and certain other food products. For example, sulfuryl fluoride, derived from fluorine, is used in gas fumigants to reduce the incidence of rats, mice.

Global Fluorochemicals Market, 2020, Split by Application Industry (21.4 US$ Billion)



(Source: Frost & Sullivan research & analysis)

Fluorine is used to make uranium hexafluoride. Fluorochemicals are also used in the synthesis of many different pharmaceuticals, agrochemical compounds, textiles, and lubricants. Fluorochemicals can be used in pesticides, mainly in the agricultural industry. They are also used in a wide range of herbicides.

Refrigeration sector is expected to witness a favourable growth in coming years. With changing lifestyles, the food processing sector is thriving across the globe leading to increased consumption of packaged and frozen food. This is resulted in an increased demand for commercial cooling systems which is expected to propel the market growth. Moreover, with increasing purchasing power and higher quality life, there has been an increase in installations of air conditioning systems.

HFC-134A and R-410A refrigerants find application across small commercial and residential air-conditioning application:

Commercial refrigeration: The food and beverage industry is the major consumer of refrigerants with its storage applications such as supermarkets, fruit and vegetable pack houses, food manufacturers, wineries, etc. having large commercial refrigeration widely use refrigerants such as HFC-134a, R-404A, R-507A, R407C, etc. several supermarkets are experimenting with usage of CO_2 owing to its cost effectiveness. CO_2 will soon be the most common choice in the large supermarkets.

Industrial Refrigeration and Process Cooling: Cooling in petrochemical, food processing, injection moulding, brewing, installation of water chillers, etc. are the main consumers. The most widely used refrigerant in this sector is HFC-134A.

Commercial air-conditioning systems that are installed in malls and huge commercial complexes have been primarily using R22 owing to the price benefit. With the ban they are now primarily charged with R-410A, R-407C, etc. which provides the simplest conversion from R-22 due to its similar pressures.

Mobile Air-Conditioning ("**MAC**") comprises of transportation sector such as passenger cars, luxury and passenger coaches, earth moving equipment, etc. This segment uses HFC-134A on a large scale. The high-end vehicles are experimenting with HFO-1234yf.

Application of Refrigerants

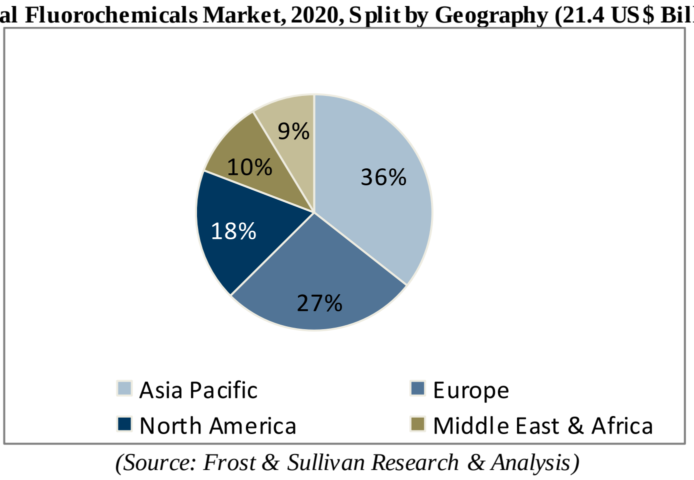
Lightweight and low maintenance characters have revived aluminium usage in the electronic and automotive application. Fluorine-based chemicals like Anhydrous Hydrogen Fluoride ("**AHF**") are extensively used for aluminium production due to its cost-effectiveness, which may stimulate market demand in the future. Fluoropolymers are widely used across the automotive, aircraft, semiconductor, and household appliances. It is an excellent solvent with acids and base resistance, and superior electric properties and non-adhesiveness. Rising application in the healthcare industry for medical implants due to its biocompatibility is expected to drive the market demand in the future.

Fluoropolymers are able to prolong the life of critical components for the performance, emission control and safety in automotive applications. Being durable, they provide excellent protection against heat, aggressive fluids and fuels and humidity. In the automotive industry, gaskets, hoses and tank linings, etc. are made from fluoropolymers to prevent the evaporation of petrol and diesel, which contributes to lower fuel consumption and reduction of CO2 emissions. Modern legal requirements in road transport emission standards, such as "Euro 6" would not have been possible without the use of these materials. It has been estimated that the current maintenance costs of plants and equipment which were approximately 1.2 billion US$ in developed markets have reduced considerably, and the use of fluoropolymers boosts the machinery lifetime up to a factor of two.

Aerosol Propellants: Propellants develop proper pressure within a container and expel the products in the forms of vapor in the formulation of aerosols, which are used across applications. The market for fluorocarbon based propellants are expected to grow at a CAGR of 4%, with growth in usage under, medical applications, household applications, etc. Availability of substitutes like dimethyl ether could act as a restraint but because of the varying applications and regulatory aspects, usage would still be stable.

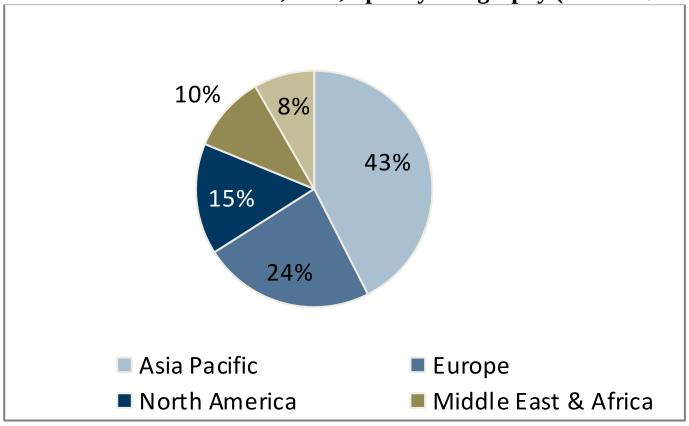
Market Segmentation – by Geography

Global Fluorochemicals Market, 2020, Split by Geography (21.4 US$ Billion)



(Source: Frost & Sullivan Research & Analysis)

Global Fluorochemicals Market, 2026, Split by Geography (30.0 US$ Billion)



(Source: Frost & Sullivan Research & Analysis)

Asia pacific will witness an increased consumption of fluorochemicals due to increasing industrialization, the higher level of disposable income, and a relative lack of environmental regulation. The market in the Asia Pacific region is driven by countries like China, India, South Korea, and Japan and is projected to experience significant growth in the forecast period. Increasing installation of HVAC systems in infrastructure and automobiles may drive market demand in the region. Developing countries in Asia pacific has seen an increased number of departmental stores, hypermarkets, restaurants, supermarkets which has led to the rise of storage facilities for perishable food, which is a driver for cooling systems.

With increased healthcare spending backed by in Europe, the application of fluoropolymers is studied intensively in medical implants. There are strict regulatory norms surrounding the use fluorochemicals in countries such as Norway and Canada, and in the US, these regions are expected to witness comparatively slower growth in coming years. Demand for fluorocarbons in the developed countries will continue to decline, in terms of volume in the future.

The developing food processing industries, restaurants and distribution service, along with transportation in Latin America will fuel the demand for fluorochemicals. Commercial cooling systems for storage of perishable goods will be a significant contributor. With increased construction, Middle East and Africa also hold untapped potential.

Key Raw Material

Due to environmental concerns, China has cut back on fluorspar mining and processing. It is estimated that a global supply gap of 15-20% has been created. The two primary commercial grades of fluorspar produced and traded are acid grade or acidspar and metallurgical grade or metspar. Acidspar, accounts for approximately 60-65% of total fluorspar production, where the two main applications are manufacture of HF, the primary source of all fluorochemicals, and in aluminium production to lower the bath temperature.

Global production of traded HF, the primary intermediary for fluorochemicals is an estimated two million tons per annum. Fluoropolymers and specialty fluorochemicals use ~12% of the total fluorine consumption by tonnage. They have higher margins than the commodity derivatives of HF and HCFCs. With plant shut downs in China, many of the small-scale HF plants will be closed during the forecast period, dropping the Chinese HF capacity to 0.4 million tons per annum.

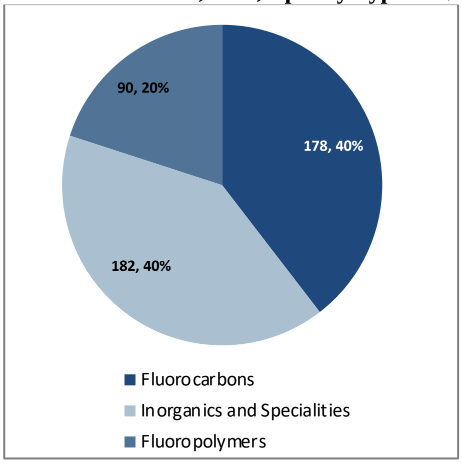
With continuing high cost of acidspar production, capacity reductions in China and depleting high quality fluorspar reserves there is opportunity for new fluorspar sources to enter the market. Most focus has been on South Africa.

Domestic Fluorochemicals Market

Market Segmentation and Growth Overview

The market for fluorochemicals in India was valued at ~US$ 450 million for the FY 2020. The largest share in 2019 was held by fluorocarbons which are closely followed by fluoropolymers.

India Fluorochemicals Market, 2020, Split by Type US$ 450 Million



(Source: Frost & Sullivan research & analysis)

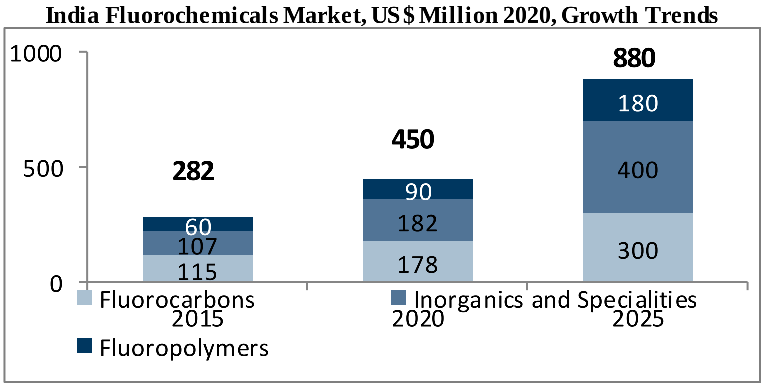
SRF Limited is the largest producer of HF in India, accounting for 40% of the total production in India. Navin Fluorine International Ltd. (26%), Tanfac Industries (21%), Gujarat Fluorochemicals Ltd. (13%) are the other major manufacturers. Production of fluorocarbons is the leading application. Fluorocarbons are mainly used as refrigerants and are highly regulated due to their impact on ozone. They are being phased out in a sequential manner based on their potential hazard across regions. The non-emissive usage of these fluorochemicals / fluorocarbons will still be permitted going forward. Only the emissive usage is being phased out. Emissive application includes foams, solvents, mobile air conditioner (automotive), stationary air conditioner (residential), aerosols, among others. There are however number of substitutes for the old generation HFCs, including hydrofluoroolefins ("**HFOs**"), blends containing HFOs and HFCs and CO2. Many of the manufacturers are also looking to diversify the application base especially if there are restrictions in terms of usage.

It is estimated that up to 20% of pharmaceuticals on the market or in clinical development contain a fluorine atom, and 30% of key blockbuster drugs contain fluorine. 50% of agrochemicals molecules developed recently also contain fluorine. Industry experts believe that in the future, one in every three new API will be based on fluorine chemistry and thus fluorine based organic and inorganic chemical products are gaining high importance in the Indian market which is among the biggest API manufacturer globally. Intermediates molecules with single fluorines, difluoromethylene units and trifluoromethyl groups, as well as fluorinated aromatics are some of the most preferred products for introducing fluorine into APIs for easy process ability.

Fluoropolymers had been one of the highest growth segments. These products have very good resistance to heat/ cold, solvents, acids and bases and thus used in high growth applications like packaging, automotive and electronics, Personal protective equipment, coatings, medical equipment, etc. This growth trend is expected to continue during the forecast period.

India is a tropical country with one of the lowest penetration of air conditioners, with ample space for the country to expand in this regard, also driven by increasing per capita income (with a per capita income target of US$ 2,400), increased urbanization and increasing spending power of the middle class. Overall the market is expected to grow at a CAGR of 15%, showcasing the steepest growth curve across all global markets.

India Fluorochemicals Market, US$ Million 2020, Growth Trends

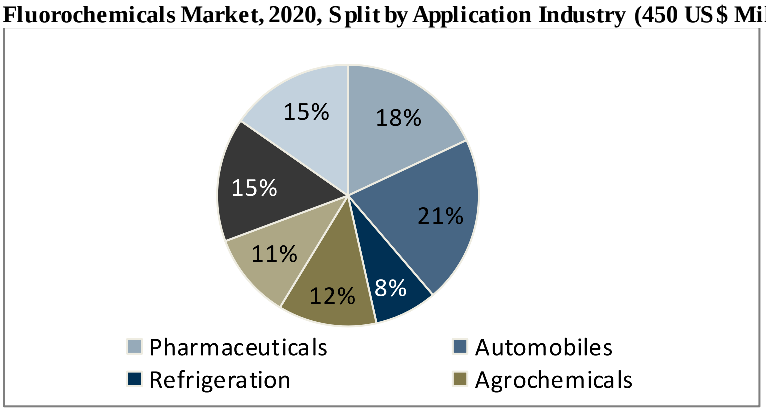


(Source: Frost & Sullivan research & analysis)

The impact of COVID-19 could be felt in some applications like pharmaceuticals and PPE in a positive manner and applications like air conditioning, automotive, etc. in a negative manner. This impact is expected to sustain for about a year before the market regains to normalcy.

Market Segmentation – by Application/ Industry Type

India Fluorochemicals Market, 2020, Split by Application Industry (450 US$ Million)



(Source: Frost & Sullivan research & analysis)

Growth Drivers

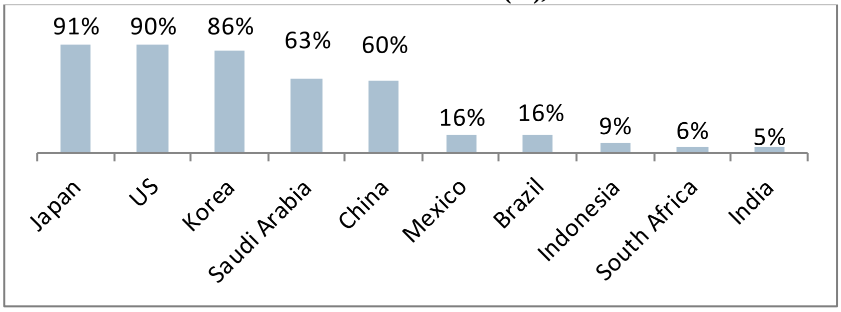
Below is a snapshot of five year growth forecast split by key industries highlighting key factors driving growth:

Segments	Key Growth Drivers	(2020-2025 CAGR)
Pharmaceuticals	• Indian API sector is now growing at a promising rate due to its research-based processes, low cost operations and availability of skilled manpower. • To meet the global demand, many international players are now integrating with Indian companies.	11-12%
Agrochemicals	• Many of the key technical grade pesticides are made in India, and with many global customers looking to move away from China, India will be a key destination of production as well as consumption.	7-8%
Refrigeration	• India being an agrarian economy, there is an increased need for cold storage facilities. • Growth in industrial as well as commercial refrigeration requirements for processed products.	9-10%
Air Conditioning	• 53.3 million middle class households – only 52% have ACs giving high scope for growth. • High rise buildings, shopping complexes, malls, hypermarkets which are growing in tier two cities increasing requirements of AC.	10-12%
Electrical and Electronics	• Growth in urbanization and use of consumer electronics across all economic segments is driving growth for the industry. • Preference for smart homes and smart offices is also accelerating the growth.	8-9%
Automobiles	• Exports from India is expected to drive growth especially for component and ancillary manufacturing segments. • Increasing emphasis on electric vehicles and smart vehicles.	5-7%
Others	• Other applications like coatings, cookware, textiles, medical appliances are in niche stage but being accelerated by growth in Infrastructure and urbanization.	7-8%

Market Outlook

Fluorocarbons: The demand for fluorocarbons would increase owing to growth in consumption of refrigerant gases. Due to global warming, the mean temperatures have been rising across the globe. Research suggests that there has been an average increase of 0.2°C per decade over the last three decades. With increasing temperatures, the use of HVAC systems like ACs is almost a necessity. The penetration of ACs in cars in India has increased tremendously and is estimated to reach 100% over the next one or two years.

AC Penetration – Global (%), 2019



(Source: Frost & Sullivan research & analysis)

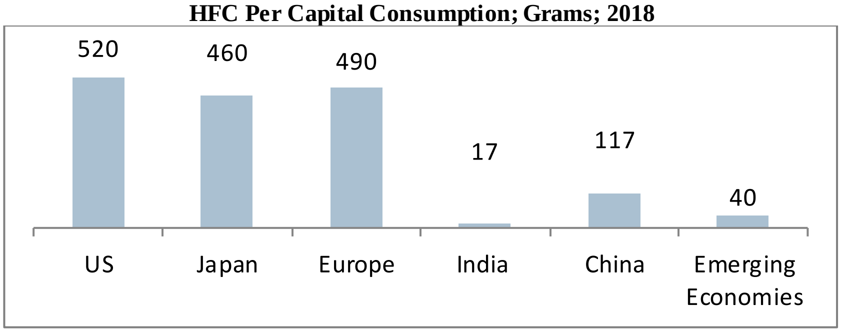
The HVAC market in India is also under penetrated. Penetration of ACs is very low in India. In 2019, air conditioners had a penetration of 4% in India, compared to global average of 30%. While in China it is at 60%, which is a huge opportunity. However, the penetration is expected to grow in near future following higher disposable incomes, shorter replacement cycles, increasing electrification and availability of financing schemes have led to a spurt in demand. Increasing average temperature in summers is also driving demand for ACs in India. Room AC constitutes 70 to 75% of the HVAC market.

Cold chain logistic transport in India is also low as compared to other nations around the world. Cold chain logistics transport share is as low as 4% of total perishable food transported, while the figure in China is between 20% and 40%, whereas it is as high as 98% in the United States, Japan and Europe. This indicates there is a great opportunity for growth of cold chain logistic transport in India. The reefer segment of logistics is poised for a golden era ahead and the business opportunities likely to get further buoyed up by the explosive growth of e-commerce.

India has a ratio of merely 22 cars per thousand individuals, while in the US and UK, 980 and 850 per 1,000 individuals have car respectively. The index per thousand individuals reveals that New Zealand has 774, Australia 740, Canada 662, Japan 591, and China has 164 motor vehicles. It is estimated that India with its giant market and rapid economic growth will step up the global automobile industry. The Indian auto market is one of the fastest growing in the world, off late passenger vehicle sales crashed to decade’s low demand in 2020, however, the demand is expected to revive soon in India. The rise in demand of automobile on a long term will lead to growth in refrigerant demand in India.

Several alternatives that have been discovered, in most cases, contain fluorine. HFOs for example are the new generation of refrigerants, and they offer many of the key properties of the old generation HFCs, but with very low global warming potential and also consume higher HF for production. Hence at an overall level, consumption of fluorocarbons would continue to grow. However, imports of pre-filled equipment could restrain growth in original equipment manufacturer segment.

HFC Per Capital Consumption; Grams; 2018



(Source: Frost & Sullivan research & analysis)

The per-capita consumption of HFCs for developed countries (including the US, Japan and Western Europe) lies at about 470 grams of HFC, for developing countries, the per capita consumption is about 40 grams with India at 17 grams and China at 117 grams of HFC. There is ample scope for India to grow in this segment, owing to the low existing consumption numbers and increased penetration of refrigeration end use segments in the country.

R-134A was introduced as an alternate to R-12 when the phase out of CFCs was proposed in the MAC segment. Post that, it has been the only refrigerant used in MACs. This is because the heat transfer performance of R-134A is better than that of R-12, thereby reducing the amount of refrigerant required. Considering the number of cars being used around the world, MAC after-sales market is a key and fast growing segment in the world. The automobile industry in India is the world's fourth largest. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019.

Constant use of car ACs will require top-ups of refrigerant gas to maintain cooling. Additionally, there may arise a need to refill the gas in the system due to leakages. This primarily constitutes after-sales market and is one of the growing sub segments.

Usage of Refrigerants in Aerosols and Foam Blowing Agents

Drivers:

Growing demand for home insecticide: Home insecticides are becoming more popular, with increased promotional activity in a number of leading supermarkets. The effectiveness of these formats in preventing the spread of ants and cockroaches has led to their popularity among Indian consumers for whom pests are an issue, especially during the hot summer months. This leads to higher consumption of aerosols.

Deodorant is always on the shopping list for Indians: Deodorants are considered important products, given the country's hot climate. With the current economic situation, price-sensitive consumers are cutting down on non-essential items and are trading down to economy brands when it comes to hair removers, bleaches, women's razors and blades. However, when it comes to cosmetics and scents, the customer are spending high amounts and preferring best products. Deodorants are one of those products which has experienced sales growth despite slowdown in economy.

Application:

Traditionally, HFC foam blowing agents have been widely used due to their suitable boiling points and overall performance. The foam blowing agent and foam matrix, which may be bonded to impermeable metal facings, are selected to minimize migration of the blowing agent out of the foam which increases its thermal conductivity. Most importantly, HFCs provide very good insulating properties to the foam and are non-flammable which is ideal for spray polyurethane foam insulation.

Inorganics and Specialties: For more than three decades, India has been fulfilling the regulated market's drug agro technical export demand and is expected to continue the same. Leading multinational companies have set up their formulation facilities in India, which will also cater to the fast growing demand of technical grade products and intermediates.

From 2015-2019, large global API companies have seen patent expiring which is expected to drive pharmaceutical manufacturing in Indian market. Many small-to-medium size bulk drug manufacturing companies in India is expected to gain considerable market share in developing markets in future. Overall, this patent cliff has driven growth in the fine chemical segment including the inorganic and organic fluorine chemicals used. Intermediates molecules with single fluorines, difluoromethylene units and trifluoromethyl groups, as well as fluorinated aromatics are some of the most preferred products for introducing fluorine into APIs for easy process ability. Some of the important products that have fluorine are atorvastatin, lansoprazole, fluoxetine, fluvoxamine, efavirenz, mefloquine, celecoxib, sevoflurane, etc.

In India, manufacturing will see a new strategic inclination towards competing vigorously in the global market as manufacturers from China are losing their competition intensity and other emerging economies in the Asia Pacific region have increased their focus. The market for specialty chemicals in pharmaceuticals and agrochemicals are expected to grow at a healthy double digit. The new incentive scheme for the Government of India to become self-reliant in the pharmaceutical sector would further fuel the growth.

Fluoropolymers: Markets for fluoropolymers especially that of PTFE is expected to increase with growth in end segments of specialty pipes, electrical and electronics and automotive components. The large importers who are the compounder and processors of PTFE have indicated that the end product produced from imported PTFE are more preferred by their eventual end customers abroad than that of locally made PTFE of the same grade and variety. India is an emerging market, though electrical/ electronic shows a higher growth as usage and applications are well established, industrial and automotive grades to be targeted since these get imported from Europe and Russia and thus can be easily substituted with a good local supply.

Over the past few years, India has been witnessing a shift in the consumption of fluoropolymers across various end user industries such as electronics, chemicals, semiconductor, etc. The rising demand for high-performance materials with superior physical and chemical characteristics is driving the demand for fluoropolymers in India. From production of O-rings, gaskets, industrial fabrics, yarns and textiles to drug delivery devices, fluoropolymers are being used in a gamut of applications. However, the consumption of fluoropolymers in India is much less as compared to other developing and developed nations. The US and China are the two largest countries having the highest fluoropolymer coatings consumption in various end user industries. As India has low per capita consumption of fluoropolymer, there is huge opportunity for market to grow and hence it is estimated to be the fastest-growing country in APAC for fluoropolymer coating consumption. India lags behind in domestic production and is largely dependent on fluoropolymer imports from China indicating great opportunity for domestically produced fluoropolymers.

Domestic Consumption

The Indian market is consolidated with top three players controlling over 80% of the market. Key players are SRF Limited, Navin Fluorine International Ltd., Tanfac Industries, and Gujarat Fluorochemicals Ltd.

The market is consolidated mainly because of the following entry barriers prevalent in the industry:

1. Complex chemistry: Strong reactivity of fluorine makes it extremely difficult to segregate in any compound and also requires stringent reaction conditions, which requires extensive experience in the reaction chemistry.
2. High capital investments: Due to the complex reaction requirements, the fluorine business requires additional investments especially from a safety perspective. Also, the key raw material which is highly critical is dependent on imports, so companies are also investing in joint ventures for sustainable supplies.
3. R&D focus: Specialty fluorochemicals that are used in agrochemicals and pharmaceuticals need investments in R&D to support the new innovative products that are approved each year. The research could be in terms of having efficient process to make advance intermediates and /or for alternate routes for manufacturing the products. Not all companies can have such experience or investment profiles thus creating a strong entry barrier.
4. Regulatory compliance: Products of fluorine are highly regulated in production, trade and usage. Not many companies can sustain with such stringent regulatory environment.

Regulatory Environment

Due to the impact of fluorine compounds especially fluorocarbons on ozone and greenhouse emissions, there have been several protocols and legislations across the globe to which India has also been a signatory.

Montreal Protocol: Montreal Protocol came into effect in 1987, signed by 197 parties in the world. The protocol comprises actions for the reduction of the production and consumption of ozone depleting substances, like R-12 and R-22 by each member party/ country. HCFCs are classified as controlled substances under the Montreal Protocol and are subject to phase out on a planned basis. As per Montreal Protocol, all the countries across the world has to freeze the consumption at baseline levels from 2013 and start reduction of 10% from baseline levels from 2015 and subsequent reduction steps leading to 97.5% phase out by 2030 and complete phase out by 2040.

India's leading air-conditioner and refrigerator makers have already started moving towards using gases that have a lower impact on climate and will completely abandon HCFCs within the deadline set at the Kigali meeting to cut global warming. The Indian white goods industry has almost phased out the R22 refrigerant. The new variants of refrigerant are using HFCs, which do not harm the ozone layer. The industry is adopting variants such as R410A, which has lower global warming potential.

India is also taking active initiative to replace HFCs with more eco-friendly version of refrigerants. India will start phasing out the use of HFCs. India will make its first 10% cut in use of HFCs in 2032. Some of the non-HFC gases like R32 and R290 are the recommended substitute of HFCs at present and the industry has already started using them.

Kyoto Protocol: The Kyoto Protocol was adopted five years later (in 1997), entering into force on February 26, 2005. There are currently 192 parties (Canada withdrew effective December 2012) to the Kyoto Protocol. In effect, the Kyoto Protocol required the world’s developed countries to reduce greenhouse gas emissions by 5% compared to the year 1990 levels by 2008-2010. The international phase down of 85% of HFCs by the late 2040s was agreed in 2016.

F-Gas Regulation: This is a legislation specific to Europe, this includes limiting the total amount of the most important F-gases that can be sold in the EU from 2015, banning the use of F-gases in many new types of equipment where less harmful alternatives are widely available and preventing emissions of F-gases from existing equipment by requiring checks, proper servicing and recovery of the gases at the end of the equipment's life.

Newer regulations in China restrains new capacity additions especially for R22 and has caused plant closures, situation expected to relax post 2022, however, companies which are dependent on China for R22 for fluoropolymers production would get impacted.

*Fluoropolymers are regulated by Perfluorooctanoic acid ("**PFOA**"):* PFOA is a surfactant that was commonly used as a processing aid for polymerization of many fluoropolymers and fluoroelastomers. When used, it is usually added in the form of the ammonium salt, ammonium perfluorooctanoate ("**APFO**"). It is used in the main process reactor vessels and allows the ingredients (monomers) to mix and the polymer to grow in molecular weight.

At the end of the polymerization reaction, the aqueous part of the mixture, including most of the PFOA, gets removed and thus gets accumulated in the effluent. Trace amounts can remain in the final product and has been of concern especially in consumer products (cooking utensils, fabrics, etc.)

The Stockholm convention and regional regulatory authorities such as the United States Environment Protection Agency ("**US EPA**") are working to eliminate or restrict the use of PFOA and substances that may degrade to PFOA. There are regulations already in place to do this such as the EU Registration, Evaluation, Authorisation and Restriction of Chemicals regulations, which limits PFOA in articles to less than 25 ppb. During the fluoropolymer and fluoroelastomer manufacturing process, even if PFOA is used, careful rinsing can remove all residual PFOA. Likewise, PFOA residue can be degraded into other substances by heat applied during the article production process. The Stewardship Program that has voluntary corporate commitment by several companies to eliminate PFOA from manufacturing processes was set for 2015, but was achieved by some members as early as 2013.

Specialty Chemicals: Being involved in the manufacturing up to n-2 stage of products, most companies do not come under the purview of product registration requirements. However, if a company plans to make APIs, they would need specific registrations across geographies.

Overview of Chloromethane Segment

Global Overview

Chloromethanes are colourless, water-soluble, highly flammable organic compounds with a faint sweet smell. They are chlorine derivatives that used as intermediates in the production of pharmaceuticals, agrochemicals, refrigerants, silicone polymers and fluoropolymers. They are raw materials for the construction and automotive industries, water treatment, cookware and electronics. The global chloromethanes market was valued at US$ 2.9 billion for the year 2020, growing at a CAGR of 5.0%.

Global Chloromethanes Market, Growth Trend 2015-2025, US$ Million

Global Chloromethanes Market (US$ Million)	2015	2020	2025	CAGR (2020 – 2025)
North America	330	368	417	**2.5%**
Europe	456	516	598	**3.0%**
Middle East & Africa	24	29	37	**4.8%**
India	228	305	427	**7.0%**
China	848	1189	1591	**6.0%**
Rest of Asia	232	296	396	**6.0%**
Rest of the World	170	197	234	**3.5%**
Total	**2,287**	**2,899**	**3,699**	**5.0%**

(Source: Frost & Sullivan Research & Analysis)

The product class is characterised by high toxicity levels and environmental issues associated with the utilization. Owing to the stringent regulations imposed by the major governing bodies such as REACH and US EPA, the market for chloromethanes is complex in nature. Chloromethane is a fragmented market with many players having small shares, Methylene chloride consists of about 60% of the Chloromethane produced, globally, whereas 34%

is chloroform and 5% is carbon tetrachloride.

India Overview

India forms 10-11% of the global market by value with a market size of US$ 305 million for the year 2020. The major products in India include Methylene Chloride ("**MDC**"), Chloroform, Carbon Tetrachloride and Methyl Chloride, with MDC and Chloroform growing at higher growth rates. Methyl chloride and Chloroform are consumed by captive manufacturing units of amines, silicones, refrigerants, etc.

India Chloromethanes Market, Growth Trend 2015-2025, US$ Million

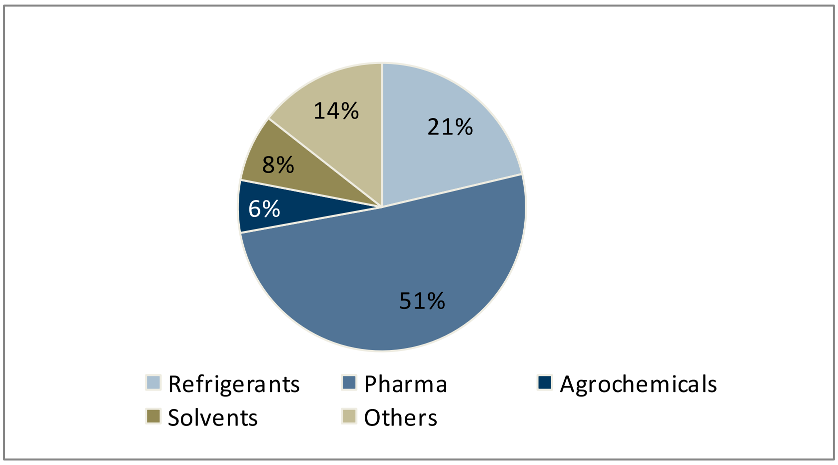
India Chloromethanes Market (US$ Mn)	2015	2020	2025	CAGR (2020 – 2025)
Methylene Chloride (MDC)	146	195	275	**7.1%**
Chloroform	63	85	120	**7.0%**
Carbon Tetrachloride	16	21	28	**5.8%**
Methyl Chloride	2	3	4	**5.8%**
Total	**228**	**305**	**427**	**7.0%**

(Source: Frost & Sullivan Research & Analysis)

In India, carbon tetrachloride is provided only to the licensed users through direct channel whereas other chloromethane are supplied largely through indirect channel. Imports dominate the domestic merchant market across all products, except for methyl chloride, which being a hazardous gas, is difficult to import and has limited domestic demand.

Growth of end-use industries, such as pharmaceuticals, refrigerants, etc. will drive the market for chloromethane. The low potential for substitution (except in the case of use as a paint stripper) ensures that the demand for the products is expected to grow in line with that of the application.

India Chloromethanes Market, 2020, Application Split (305 US$ Million)



Others include: Chemical intermediates in preparation of dyes, plastics, resins, pesticides etc.
(Source: Frost & Sullivan research & analysis)

Global Technical Textiles Market

Global Overview

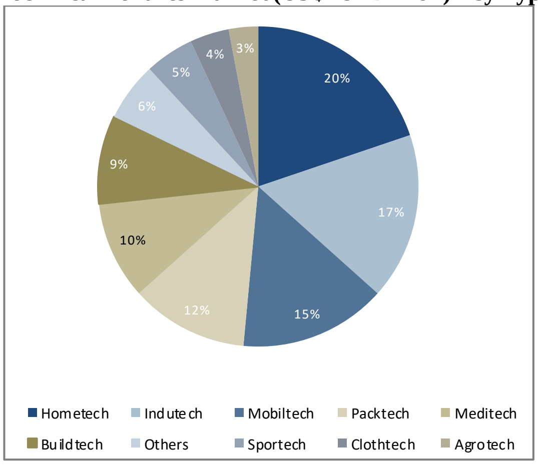
Technical textiles are functional products with end use applications across multiple non-conventional textile industries such as healthcare, construction, automobile, among others. Technical textile products exhibit enhanced performance over traditional textiles. Technical textile products are manufactured using natural as well as man-made fibres such as Nomex, Kevlar, Spandex, Twaron, etc. These fibres exhibit enhanced functional properties like higher tenacity, excellent insulation, improved thermal resistance, etc. Hence, these fibers find application in varied industries and applications.

Technical textile market segmentation is done on the basis of material, technology and application.

- Segmentation as per material is done into composites and uniform materials.
- Segmentation as per technology is done into non-woven, woven and others including braiding, knitting, etc.
- Segmentation as per application is done into 10 sub-segments as:

(a) *Agrotech*: Shade nets, crop covers, fishing nets, etc.
(b) *Buildtech*: Scaffolding nets, awnings, canopies, wall coverings, etc.
(c) *Clothtech*: Coated laces, interlinings, zip fasteners, labels, etc.
(d) *Hometech*: Fibre fill, blinds fabrics, mosquito nets, furniture fabrics, etc.
(e) *Indutech*: Conveyor belts, bolting cloth, coated abrasives, composites, etc.
(f) *Meditech*: Diapers, wipes, surgical sutures, hernia mesh, artificial ligaments, etc.
(g) *Mobiltech*: Tyre cord, seat belt webbing, airbag, insulation felts, seat covers, etc.
(h) *Packtech*: Leno bags, soft luggage, jute hessian and sacks, shopping bags, etc.
(i) *Sportech*: Sport composites, artificial turfs, parachute fabrics, sleeping bags, etc.
(j) *Others*: Oekotech (Geo-membranes, geo-synthetic clay liners, etc.); Protech: Bullet proof jackets, fire retardant apparel, chemical protective clothing, etc.

Global Technical Textiles Market (US$ 187 Billion) – by Type (2019)



(Source: Frost & Sullivan research & analysis)

The hometech textiles segment accounted for the highest market share of 20% in terms of revenue in 2019 and is projected to witness a CAGR of 5.2% from 2020 to 2027. This segment includes products used for household applications including furniture, cushion materials, fireproofing, floor and wall coverings, and textile reinforced structures that provide decoration, comfort, and safety.

Indutech, currently has around 17% share of the total global technical textile consumption, is expected to grow at 8% year-on-year for the next five years driven by increased usage of filtration, conveying, cleaning and other industrial technical textiles across various industries.

Agro textiles are extensively used in agriculture sector for its functional benefits, including superior weather resistance, protection from micro-organisms, protection from solar radiation as well as ultra-violet radiation, and water conservation. These products offer superior crop protection, thereby increasing overall yield and improving the crop quality.

Buildtech textiles are used to support the construction of both temporary or permanent buildings and infrastructure. The product is used for residential and commercial construction, and for construction of infrastructure. In addition, it is used in a wide range of applications including thermal and acoustic insulation, concrete reinforcement, structure foundation, interior construction, and material proofing.

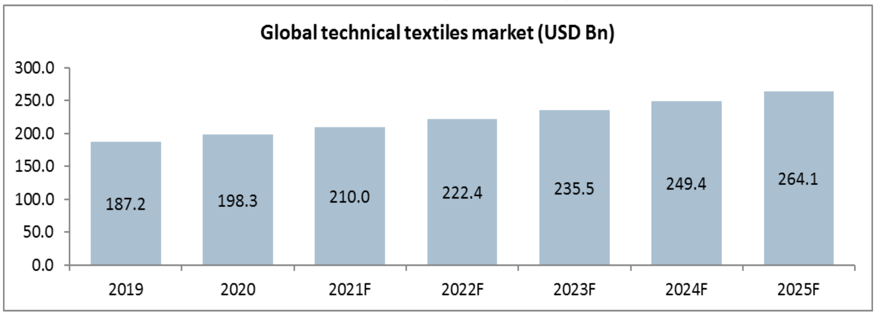
The meditech textiles are being extensively used in hygiene, personal care, surgical, and healthcare applications including baby diapers, sanitary napkins, and adult incontinence products. Rising birth rate, growing aging population and rising awareness regarding menstrual hygiene in the developing economies is expected to drive the product demand for hygiene applications over the forecast period.

Technical textile global market is anticipated to grow from US$ 187.2 billion in 2019 to reach US$ 264 billion by 2025 with a CAGR of 5.9%.

Some of the factors influencing the growth of the market are:

1. Rising demand from new application areas;
2. Varying consumer preferences;
3. Useful physical properties of technical textiles;
4. Innovation and R&D;
5. Government regulations; and
6. Climate change and global warming.

Global technical textiles market (US$ Billion), 2019-2025



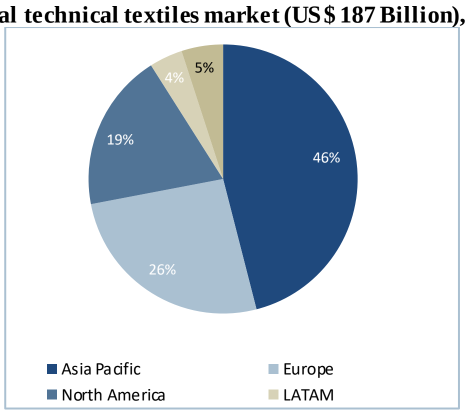
(Source: Frost & Sullivan Research & Analysis)

Rising awareness regarding the benefits of technical textile is projected to propel its demand across various end-use industries including agriculture, construction, aerospace, medical, and packaging. Advancements in biotechnology have led to a rapid change and evolution in traditional farming methods to a more scientific approach. The implementation and employment of highly-efficient technologies in the agricultural industry are expected to increase crop yield, thereby influencing the overall productivity and the demand for technical textiles.

Regional Overview

Asia Pacific dominated the market, accounting for ~46% of revenue share in 2019. The region's dominance trend is expected to continue over the forecast period. The growing demand for apparel and functional clothing is expected to propel industry growth over the forecast period. Expansion of residential, commercial, and industrial sectors, on account of sustainable economic growth in the region, is expected to boost construction activities, thereby driving the product demand over the forecast period. In addition, flourishing tourism has led to an increasing requirement for restaurants, resorts, and food chains, thereby fuelling the growth of the market for technical textile. Indutech is expected to lead the charge for growth in the region, driven by increased usage of filtration, conveying, cleaning and other industrial technical textiles across various industries in the region.

Global technical textiles market (US$ 187 Billion), 2019



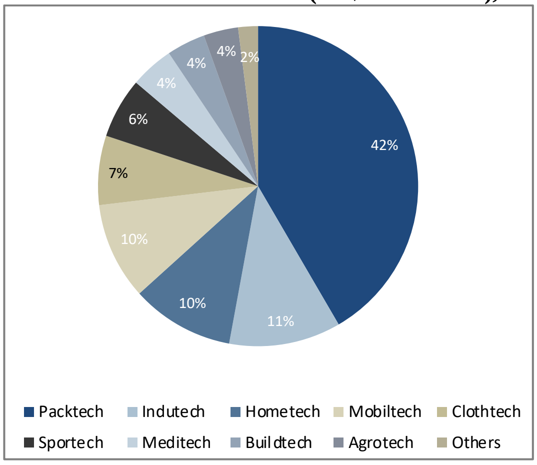
(Source: Frost & Sullivan research & analysis)

In Europe, the market is anticipated to witness exponential growth over the forecast period on account of the rising product demand in household and fashion and clothing applications. In addition, increasing healthcare activities, medical tourism, and rising aging population in the European countries are expected to drive the market for technical textile in the region. Growing residential sector on account of increasing rate of immigration is anticipated to drive demand for build-tech textiles. In addition, rising investments in the development of infrastructure is likely to promote the demand for tarpaulins, awnings, and canopies in new construction as well as renovation activities.

Technical textile market in North America is estimated to grow at a CAGR of ~3.3% with Indutech, Mobiltech, Protech and Geotech driving growth of the technical textiles sector.

India Technical Textiles Market Overview

India technical textiles market (US$ 19.7 Billion), 2019

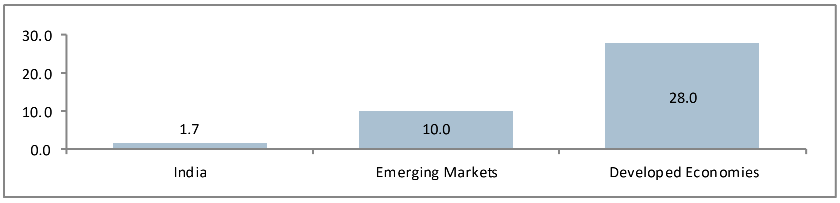


(Source: Frost & Sullivan research & analysis)

Technical textiles as a segment is directly proportional to the stage of industrialisation and economic growth of any country. Developing countries undergoing large scale industrialisation fuel the demand for technical textile products. The usage may range from infrastructure, agriculture, health, defence, automobiles, aerospace, sports, protective clothing, packaging, etc.

With transformation of the Indian economy post liberalisation in the early 1990s, the demand and consumption of technical textiles products in India has been consistently increasing. The growth of technical textiles has also helped growth and innovation of conventional textile products, owing to significant value addition across the textile value chain. All major players in India have started developing technical textiles products as they provide better margins in comparison to conventional textiles.

Per Capita Consumption of Technical Textiles (kg per person)



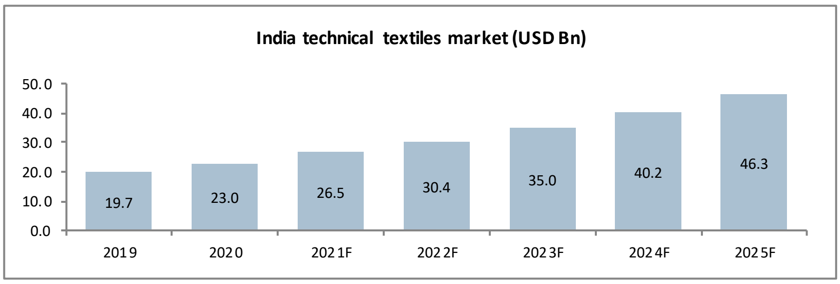
(Source: FICCI Report)

Despite showing impressive growth over the years, per capita consumption of technical textiles in India is very less (1.7 kgs) in comparison to other developing countries (10-12 kgs). This lower consumption in the Indian market is due to the fact that 41.6% of the technical textiles in India focuses on Packtech, which is primarily low-value low-technology product. High value product segments such as Indutech, Mobiltech, Sportech, Meditech, Buildtech, etc., have low market penetration.

Packtech segment is followed by other key high value segments such as Indutech (11.3%), Hometech (10.4%) and Mobiltech (9.8%). The growth of these segments indicates the growth of the Indian economy and the changing socio-economic needs of the population.

High Indutech share indicates high usage of such products in the burgeoning Indian industrial sector. Whereas, high shares for Hometech and Mobiltech sectors indicate higher consumption of such materials by Indian population for their homes and ever growing automotive sector. Whereas, all the other segments such as Clothtech, Sportech, Meditech, etc., have significant growth potential with changing demographics and consumption patterns of Indian consumers and propensity of Indian buyers to adopt technologically advanced products for their inherent advantages.

India technical textiles market (US$ Billion), 2019-2025

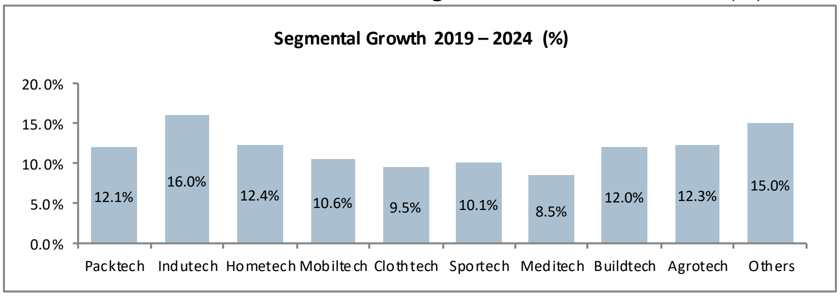


(Source: Frost & Sullivan Research & Analysis)

Currently, share of technical textiles in Indian textile value chain is around 13%. With the growth potential of various related sectors, technical textiles are poised to grow at 18% CAGR during the period 2018-25.

Technical textile industry in India is import dependent. Many products like specialty fibres/ yarns, medical implants, sanitary products, protective textiles, fabric for airbags, etc. are mostly imported. However, technical textiles sector has registered impressive growth in the recent years. As per the baseline survey of technical textile industry by Ministry of Textiles, Indian technical textile industry is estimated to grow at a CAGR of 15% to US$ 35 billion by 2023 and US$ 46 billion by 2025.

India technical textiles market Segmental Growth 2019 – 2024 (%)



(Source: Frost & Sullivan Research & Analysis)

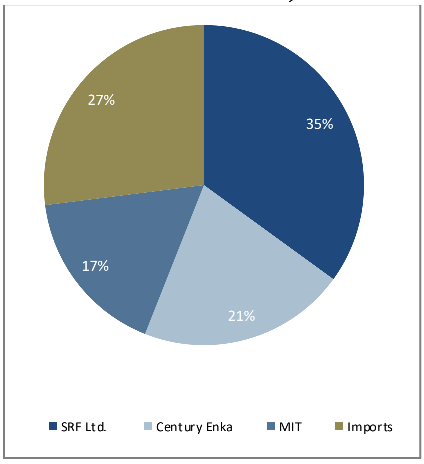
Availability of raw materials such as cotton, wood, jute and silk along with a strong value chain, low cost labour, power and changing consumer trends are some of the contributing factors to India's growth in this sector.

In order to capitalise on the growth potential, technical textiles ecosystem in India needs to grow significantly with focus on research and innovation in high growth sectors such as Mobiltech, Buildtech, Indutech, Meditech, etc., to ensure sustainable growth, the sector needs to adopt global best practices and attract FDIs (100% FDI is allowed under automatic route) and joint ventures with global technical textiles companies.

Nylon Tyre Cord Fabric and Polyester Tyre Cord Fabric

Nylon Tyre Cord Fabric ("**NTCF**") is used as a reinforcement material in bias tyres only. This is made from high tenacity continuous filament yarn by twisting and plying. The tyre cord fabric provides the tyre with its fundamental properties such as shape, size, load carrying capacity, abrasion resistance, fatigue resistance, etc.

India NTCF Market, 2019



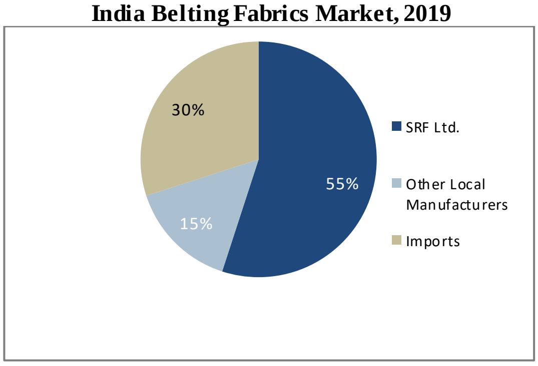
(Source: Frost & Sullivan research & analysis)

SRF Limited is the market leader in India and second largest player globally, supplying ~40% (~52,000 MT) of India's NTCF consumption of 135,000 MT. The other domestic player is Century Enka Ltd. with a capacity of 29,500 MT and Madura Industrial textiles Limited which contributes to about 17% of the overall market. Imports account for the remaining demand of ~35.000 MT.

Belting Fabrics

Belting fabrics are used as reinforcement for conveyor belts. Belting fabrics business has a high correlation to mining, manufacturing and the infrastructure sector as it has high usage in mining, cement and steel industries. SRF Limited is the world's third largest manufacturer of belting fabrics with a capacity of ~11,400 MT.

India Belting Fabrics Market, 2019



(Source: Frost & Sullivan research & analysis)

Impact of COVID-19 on Technical Textiles Market

COVID-19 is creating a pull for safer modes of transport and hence demand for two wheelers / four wheelers is rapidly going up which will boost the tyre cord fabric market. Government's move to shore up the economy hit by COVID-19 through public investment in infrastructure development is leading to a greater demand for polyester industrial yarn for geo textile segment. Belting demand is also moving up as infrastructure spending is dependent on mining, steel and cement industries where belting fabric is used.

Government Initiatives to Boost Technical Textiles Market

- *Harmonized System of Nomenclature ("**HSN**") Codes for Technical Textile:* In 2019, the Ministry of Textiles, Government of India dedicated 207 HSN codes to technical textiles to help in monitoring the data of import and export, in providing financial support and other incentives to manufacturers. The purpose of this classification is to increase international trade, and enable the market size to grow up to $ 26.5 billion by the year 2020-21.
- *100% FDI under Automatic Route:* Government of India allows 100% FDI under automatic route. International technical textile manufacturers such as Ahlstrom Munksjö, Johnson & Johnson, Du Pont

Procter & Gamble, 3M, SKAPS Industries, Kimberly Clark, Terram Geosynthesis Pvt. Ltd., Maccaferri Industrial Group, Strata Geosystems have already initiated operations in India.

- *Technotex India:* It is a flagship event organised by the Ministry of Textiles, in collaboration with Federation of Indian Chambers of Commerce & Industry ("**FICCI**") and comprises of exhibitions, conferences and seminars with participation of stakeholders from across the global technical textile value chain.
- *National Technical Textiles Mission:* With a view to position the country as a global leader in technical textiles, the Cabinet Committee on Economic Affairs has given its approval to set up a National Technical Textiles Mission with a total outlay of US$ 194 million in February 2020.

Some other schemes launched by the Government of India to promote the technical textiles industry in India include:

- Ministry of Textiles is already under the process to create an ecosystem model that would allow creation of new mega textile parks exclusively for technical textiles and upgradation of existing 19 functional textile parks supported by the government. Characteristics of such a textile park could entail a comprehensive 'technology-driven' ecosystem with R&D, start-up incubation, forward linkages with logistics parks and market access systems and backward linkages with creation of textile standards under BIS. The governance model for mega textile park could have a national level SPV where Ministry of Textiles would have 51% ownership and 49% would be by the states represented by the various textile parks set up across the country. The SPV would engage in management of corporate governance structure, acquiring land from the state(s), selection of states through a fair and competitive call for applications.
- The technical textile sector in India is at a nascent stage and therefore R&D play a critical role to gain a lead in this sector. In order to catalyse this and to test basic and applied research, eight centres of excellence and 11 focus incubation centres have been set up by the government in the past years, each having different areas of expertise. Recently, the government has also suggested creating a special fund for R&D worth US$ 13 million in technical textiles. Along with these, more efforts will have to be made in the direction of fostering a well-developed R&D ecosystem.

Road Ahead for Technical Textiles Sector in India

Technical textiles industry is at a nascent stage in India and hence, holds a vast potential for growth. With the government's aim to create world class infrastructure in the country, in addition to the implementation of several policies and schemes to boost the textile sector, technical textiles is poised for growth. For instance, new capex announced by tyre companies i.e., in Andhra Pradesh by CEAT Limited and Apollo Tyres Limited, in Sanand by MRF Ltd. will provide a further fillip to India's technical textiles growth story.

The overall development of the infrastructure, coupled with the availability of skilled and low-cost labour, focus of research and development activities and strong manufacturing capabilities make India increasingly preferable as an attractive investment destination.

India is redefining its position in the world as a formidable destination for FDI in textiles and apparel industry attracting US$ 3.1 billion worth FDI during 2018-19, hence, there is an enormous potential for technical textiles too, to achieve a fast paced growth and capture the rising markets. Garnering direct attention from Prime Minister of India, Narendra Modi and with a favourable policy ecosystem in place, India is already on its way to capitalise the fullest potential of this sector.

Global and India Packaging Films Overview

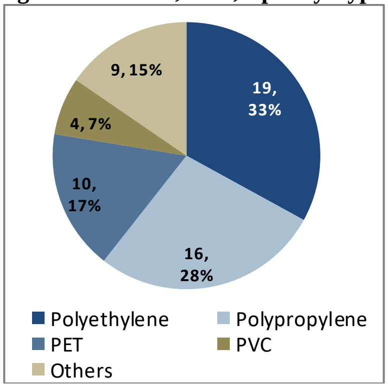
Assessment of Global Packaging Films Market

Packaging has transformed from a functional product to an identity/ brand differentiator for most products. The global packaging market was valued at US$ 900 billion (end product) in 2020, flexible packaging accounted for 28% of the total packaging market and is growing at a higher rate than others. Flexible packaging is growing at 6% over other packaging types which have a CAGR of 4-5%. Key advantages include convenience, flexibility, visual appeal, and differentiation. Food packaging forms over 50% of the total flexible packaging application.

Films are about ~23% of the flexible packaging market size and are estimated to be around US$ 58 billion. Plastic film also can be transparent or colour, printed or plain, single or multi-layered and combined with other materials such as aluminium and paper for the purpose of flexible packaging. Packaging films are generally divided into different types based on the base polymer being used:

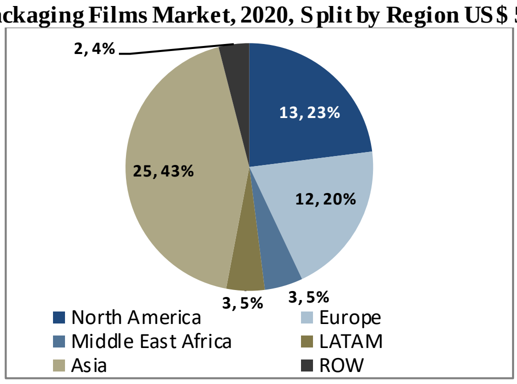
(a) *Polyethylene:* When it comes to packaging films, the first type of film is always polyethylene. They are considered the most durable of all and offer a stronger and superior impact.
(b) *Polypropylene:* Polypropylene films are considered great for retail packaging solutions. They offer excellent strength and clarity. BOPP falls under this type.
(c) *Polyethylene Terephthalate ("**PET**"):* These films are characterized by transparency and excellent gloss. They also have high tensile strength, even at thin levels, is highly impermeable to oxygen and the penetration of grease, and its properties remain intact even at extremely high temperatures. BOPET falls under this type.
(d) *PVC:* These films are used where there is need for gas permeability and necessary for packaging such things as red meat, which require a small amount of oxygen inside the package in order to remain fresh.

Global Packaging Films Market, 2020, Split by Type US$ 58 Billion



(Source: Frost & Sullivan research & analysis)

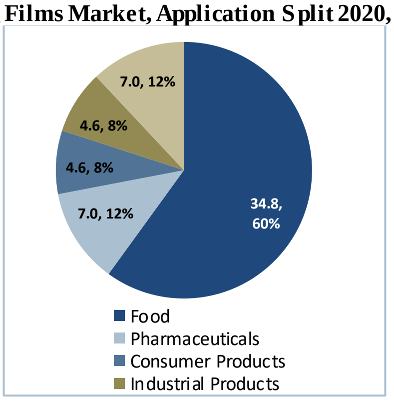
Global Packaging Films Market, 2020, Split by Region US$ 58 Billion



(Source: Frost & Sullivan research & analysis)

The growing disposable income of consumers, urbanization, and the demand for processed foods are increasing in countries, like China, India, and others in the APAC region.

Global Packaging Films Market, Application Split 2020, US$ 58 Billion



(Source: Frost & Sullivan Research & Analysis)

There have been growing demand across developing countries and additional investments in capacity have been announced in Indonesia, Thailand, India, Pakistan, Europe, Russia, South Africa and Nigeria. Market in Thailand has been drawing a lot of attention with growing demand and limited supplies.

Key trends and drivers for global packaging include:

(a) High level of awareness among consumers and globalized needs for products emphasizing need for innovation and standardization of quality.
(b) Multiple option for selection due to increase in e-commerce where online visualisation and experience become more important, hence need for more attractive packaging base.
(c) Frequently changing needs driving business to adopt faster with need for convenience, driving growth for plastic packaging products.
(d) Going Green: driving the need for more recyclable products.

Global BOPET Films Market

Though BOPET is only 17% of the total flexible packaging market, over 30% of the packages have BOPET as a critical component in their multi-layer structure.

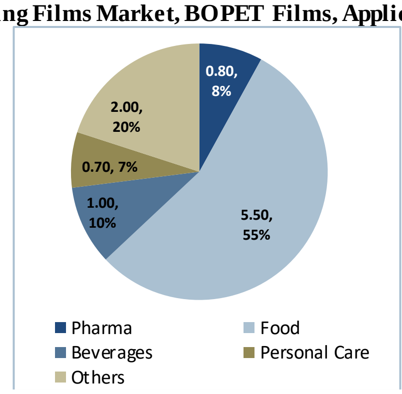
Capacity	Production/ Demand	Utilization %
6712	5430	81

(Source: Frost & Sullivan Research & Analysis)

The global BOPET films market was valued at US$ 10 billion. Like BOPP, the largest demand centre for BOPET films is China with 47% of demand by volume, India is over 9% of the share by volume.

Food and beverages forms over 60% of the pouches such as stand-up and retort pouches, lidding films, and metallized film used for processed food applications are the key applications of BOPET in food and beverage applications. Growing need for extended shelf life to reduce food waste throughout the supply chain have aided higher consumption. The consumption in this application is expected to grow at 6-7%

Global Packaging Films Market, BOPET Films, Application Split 2020

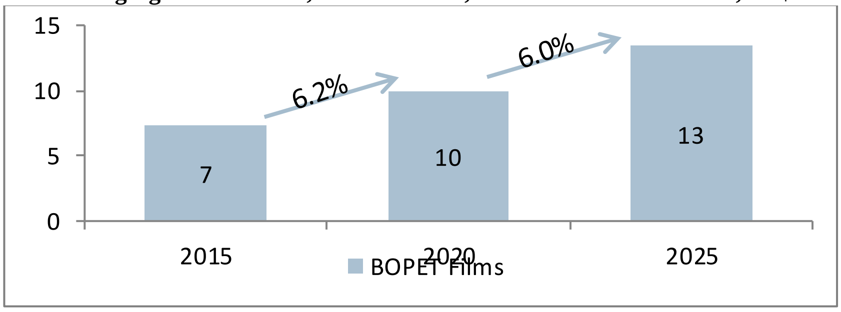


(Source: Frost & Sullivan Research & Analysis)

With the growing snacking trend, the usage of single-serve as well as re-sealable flexible packaging solutions is growing.

Another important usage across applications in manufacturing labels and tapes, attributing to their superior heat sealability and dimensional stability. The application base for such tapes and labels vary from beverages, personal care and beauty, pharmaceuticals to household industries. The demand in this application is growing at 5-6%.

Global Packaging Films Market, BOPET Films, Growth Trend 2015-2020, US$ Billion



(Source: Frost & Sullivan Research & Analysis)

The growth story of BOPET films is expected to continue as:

(a) Continued demand for plastic packaging due to BOPET's favourable properties like lightweight, low cost, corrosion resistance, and excellent barrier to oxygen, water and carbon dioxide.
(b) Growing demand for flexible plastic packaging (28% of overall packaging industry) is driven by the high product-to-package ratio, favourable economics and sustainability benefits.
(c) BOPET demand is driven by food & beverages sector whose demand is non-discretionary and steadily growing.

In the last one year the supply additions have also slowed down bringing more stability to the otherwise cyclic market. The BOPET films industry is fragmented with the top ten players commanding only ~40% by capacity. Barriers to entry are low, but the barrier to scale is high. Integration, economies of scale, geographic expansion, value addition and innovation are critical to succeed which not many players are capable of achieving.

The major growth drivers for BOPET films are:

(a) Growth in food and beverages packaging and also flexible packaging for cosmetics would drive consumption of BOPET films.
(b) BOPET films are suitable for the emerging trends of innovation in packaging with 3D printing, and automation of processes.
(c) BOPET films are also suitable for varying weather conditions, and with global movement of goods, it becomes more apt for companies to use BOPET based packaging for package stability.
(d) The recyclable nature of the polyester and its increasing versatility with changing business environment is also a key factor for growth in consumption.
(e) Dimensional stability allows BOPET packaging films to retain their stability during printing as well as lamination processes and thus has been a preferred choice in food packaging applications.

The major players in BOPET films market globally are Jiangsu Shuangxing Color Plastic New Materials Co., Uflex Industries Ltd., etc.

Global BOPP Films Market

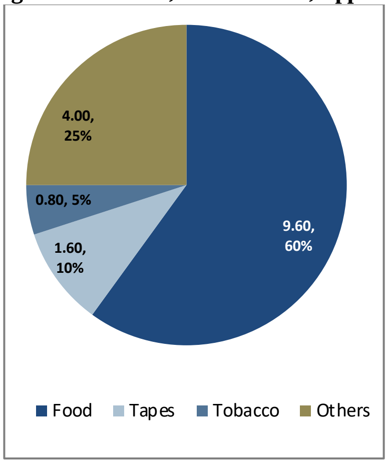
BOPP films are produced by stretching polypropylene film in both machine direction and transverse direction. BOPP films are environment friendly and light weight in nature and due to their excellent gloss and high transparency are well adopted in packaging of processed foods.

Capacity	Production/ Demand	Utilization %
11400	9020	79

(Source: Frost & Sullivan Research & Analysis)

The global BOPP market was valued at US$ 16 billion. Packaging, labelling and lamination are the ley uses of BOPP under flexible packaging applications.

Global Packaging Films Market, BOPP Films, Application Split 2020

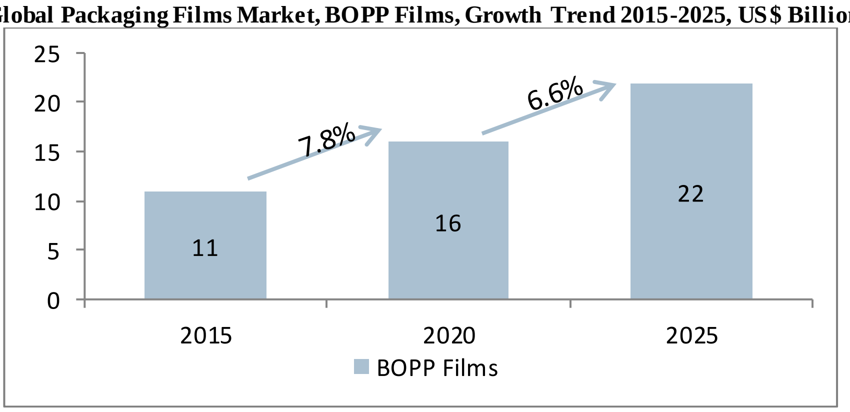


(Source: Frost & Sullivan Research & Analysis)

Over 50% of the applications are for food packaging owing to its moisture protection and aroma preservation, the market is growing at 5-6%. Tobacco packaging segment is another growing segment (4-5%) as the BOPP films offer differential slip and high speed wrapping properties required for the same.

The packaging tapes made from thermoplastic BOPP are also used across industries as they provide ease of labelling and can also be used in various temperature ranges.

Global Packaging Films Market, BOPP Films, Growth Trend 2015-2025, US$ Billion



(Source: Frost & Sullivan Research & Analysis)

China accounts for ~45% of the global market for BOPP films by volume and India forms about 7%. China, India and Indonesia are projected to be the growth centres for BOPP during the forecast period.

Growing requirement of compact and lightweight packaging especially in food categories like in baby food and pet food are the key driving factors of growth for BOPP films. Additionally, BOPP films are also used for packaging of sauces, pet food, ready-to-eat/ frozen meal, candies, chocolates, snacks, dried fruits and nuts, and confectionery products.

Demand for BOPP film is expected to grow at normal pace, despite COVID-19 slowdown experienced in other plastics segments, given its important role in primary food packaging and its core functional characteristic as cost-effective barrier protection. Demand is likely to increase drastically in the food area as the pandemic has raised concerns on eating out and shut many restaurants and food-service outlets. Consumers are continuing to do more of grocery purchases, for which packaging demand will rise. Many consumers are also stockpiling and doing panic purchases of food, beverages, and home-care necessities which have accelerated growth of films in these application areas, one of them being BOPP.

Processed foods are considered to be recession-proof, and growth in packaged foods markets around the world will continue to be a key driver for future demand. Emerging markets especially experiencing population growth, urbanization, and rising incomes are fuelling the growth.

Depending on the severity and duration of the crisis and also the impact of falling crude oil prices margins for raw material suppliers will get impacted during the forecast period.

The major growth drivers for BOPP films can be summarized as:

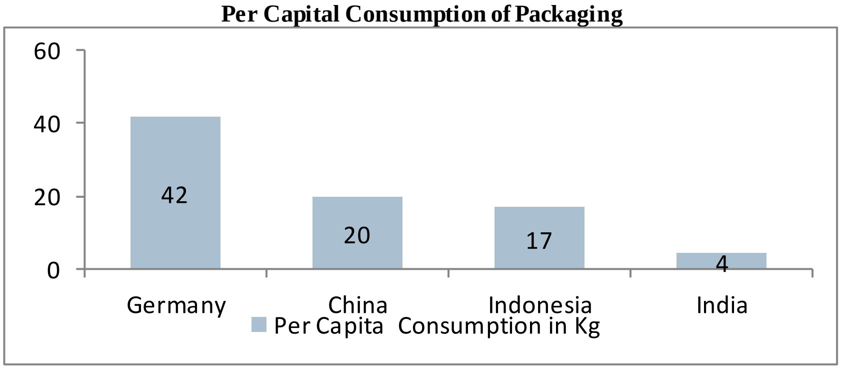
(a) Growth in food and beverages packaging especially in the snacking sub segment is expected to drive consumption of BOPP films. Non-food packaging sector that will drive growth for BOPP is in tobacco packaging
(b) There is an increasing need for UV light barrier films in applications of pharmaceuticals, food and beverages and cosmetics where BOPP films fit the bill.
(c) Another major factor for growth in BOPP film consumption is its reprocessing ability and recyclability.

The major players in BOPP films market globally are Jindal PolyFilms Ltd., Vibac, Toray Plastics, Treofan Group, etc.

Assessment of Indian Packaging Films Market

In 2018, India's per capita consumption of packaging has been only 4.3 kg per person per annum, as against Germany's 42 kg and China's 20 kg, Indonesia's 17 kg, which is very low compared to global standards and has a huge scope for penetration. The value chain is highly fragmented with 22,000 packaging companies in the country covering from raw material manufacturers to machinery suppliers to ancillary material and nearly 85% of them are MSMEs.

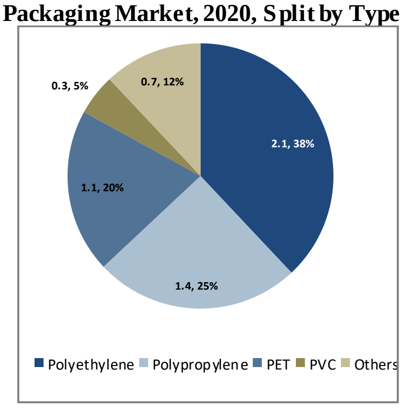
Per Capital Consumption of Packaging



(Source: FICCI Report)

The total Indian packaging market was valued at US$ 18.8 billion (by packaging material), overall packaging as a market, is valued at US$ 75 billion for the year 2020, with 30% for flexible packaging. Indian plastic films companies have gained strong competitive positioning globally and a suitable product mix in terms of the proportion of value-added in the overall, both of which are propelling growth and profitability. Furthermore, they have been constantly investing in innovation and have emerged very successful in certain products or processes.

India Flexible Packaging Market, 2020, Split by Type US$ 5.6 Billion

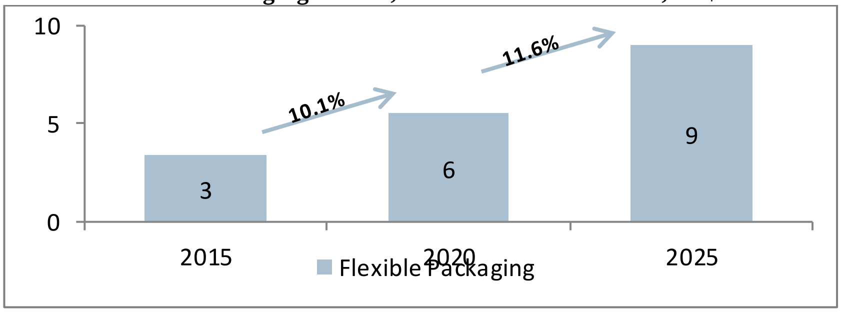


(Source: Frost & Sullivan research & analysis)

A significant portion of the total installed capacity in BOPET and BOPP films is held by Indian companies. Growing food processing sector in the country is propelling the consumption of plastic films with a double digit growth rate. During April 2019 – January 2020, plastic export stood at US$ 7.045 billion with plastic sheets, films and plates at US$ 1.22 billion and other packaging materials at US$ 722.47 million. India is a net exporter of packaging materials.

The manufacturers in India are to a large extent integrated with a good portfolio mix of products.

India Flexible Packaging Market, Growth Trend 2015-2025, US$ Billion



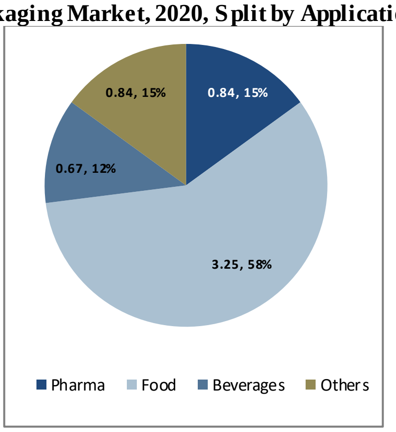
(Source: Frost & Sullivan Research & Analysis)

There have been several investments and initiatives to convert the large unpacked commodities into processed, packed and well-presented commodities, which is thereby increasing need for packaging materials. Food and beverages and pharmaceuticals are the key segments using plastics in flexible packaging.

The Indian food and beverages industry is expected to deliver a strong 18% CAGR over the next five years. Since packaged foods are among the fastest growing segment, it would propel demand for plastic packaging. About 40% of the food items in India currently perish before reaching the market. Emphasis to reduce this wastage and steps taken towards it would aid higher usage of packaging films.

Another high growth sector in the Indian economy has been pharmaceuticals, growing at CAGR of 11-12%. Plastics have been attaining increasing importance in packaging of pharmaceutical goods due to properties such as barrier against moisture, high dimensional stability, high impact strength, resistance to strain, low water absorption, transparency, resistance to heat and flame, etc.

India Flexible Packaging Market, 2020, Split by Application US$ 5.6 Billion



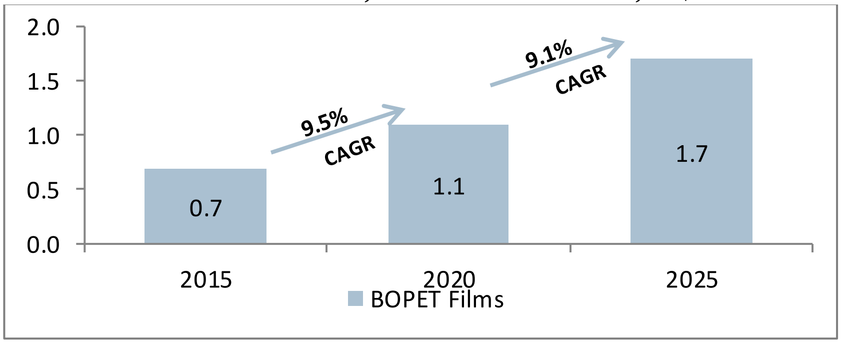
(Source: Frost & Sullivan research & analysis)

The 2016 Plastic Waste Management Rules were an effort to strengthen legislation, and state that every local body has to be responsible for setting up infrastructure for segregation, collection, processing and disposal of plastic waste. Additionally, the 2016 Plastic Waste Management Rules, amended in 2018, introduced the concept of extended producer responsibility, according to which the producers (manufacturers, importers and those using plastic in packaging) as well as brand owners would be held responsible. A new national framework on plastic waste management is in the works, which will have more stringent targets on extended producer responsibility for brand owners and producers, and norms on traceability of plastic waste. It will also introduce third-party audits as part of the monitoring mechanism.

Indian BOPET Films Market

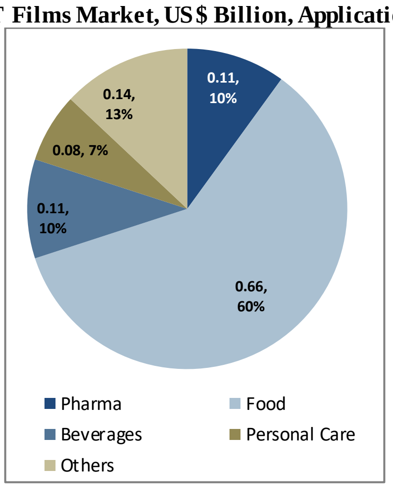
The market for BOPET films in India was valued at US$ 1.1 billion, growing at a CAGR of over 10%. The country is not only a high growth demand centre but also an important manufacturing hub. Capacity rose by CAGR 17% between 2010-2014, and hence utilization had fallen to 65-70%. With not many capacity additions announced after 2019 the favourable situation in BOPET film industry is likely to sustain and the industry capacity utilization is likely to move higher to 80% till 2022. The capacity (with announced capacities) is growing to increase by only 2% till 2022.

India BOPET Films Market, Growth Trend 2015-2025, US$ Billion



(Source: Frost & Sullivan Research & Analysis)

India BOPET Films Market, US$ Billion, Application Split 2020



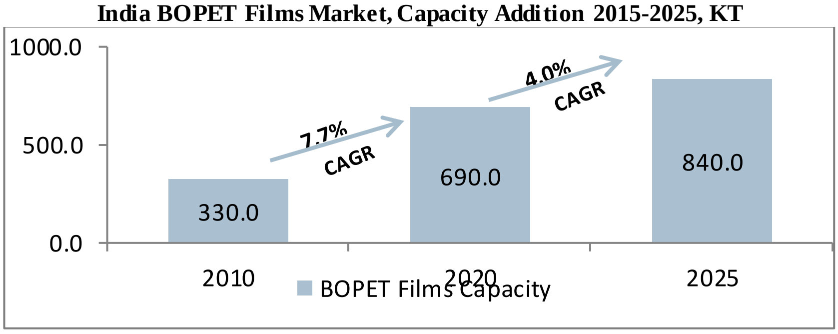
(Source: Frost & Sullivan Research & Analysis)

The markets driving the global consumption of BOPET and BOPP films during the pandemic is expected to drive consumption in India as well viz. many consumer preferring take-away over dining out, preference for hygienically packaged fresh produce and processed foods, stocking of products etc. Additionally, on a long term basis increased need for packaged foods and beverages due to changing lifestyle and urbanization will also drive the consumption of plastic films, BOPET being one of the critical ones.

Food packaging is the largest application for BOPET. The Indian food and beverage industry is expected to deliver a strong 18% CAGR over the next five years. Pharmaceuticals, which is growing at a CAGR of 11-12% is also an important segment with growth in investments.

Over the past decade, Indian capacity has more than doubled and the country is now home to some of the leading global producers of BOPET films. Indian manufacturers would continue to play an important role in the global market, both through exports from domestic plants and overseas production facilities and investments. Indian-owned capacities accounted for nearly 15% of global capacity in 2019 and are expected to remain strong over the next five years.

India BOPET Films Market, Capacity Addition 2015-2025, KT



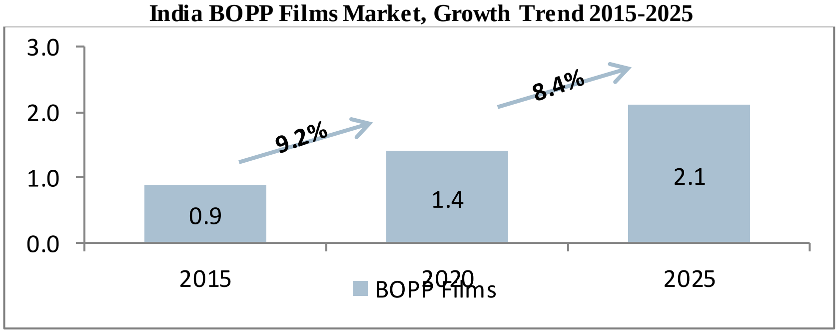
(Source: Frost & Sullivan Research & Analysis)

Indian BOPP Films Market

The Indian BOPP films market is seeing increase in fragmentation with increasing presence of many players operating at both domestic and international markets. BOPP films are substituting the materials, such as cellophane, waxing paper, and aluminium foils etc due to superior properties.

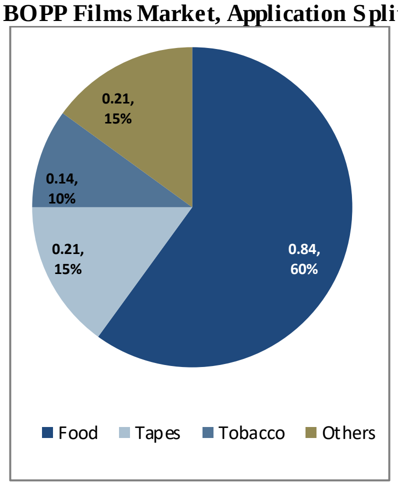
The market for BOPP films in India was valued at US$ 1.4 billion, growing at a CAGR of over 8%.

India BOPP Films Market, Growth Trend 2015-2025



(Source: Frost & Sullivan Research & Analysis)

India BOPP Films Market, Application Split 2020



(Source: Frost & Sullivan Research & Analysis)

BOPP is generally a coextruded, heat-sealable film though non-heat sealable films are also used. The market is driven by growth in processed foods market which is one of the major application of BOPP films. In the price sensitive market like India, BOPP film provides higher surface area per unit weight because of low density which makes it cost effective.

It has very low moisture transmission rate than other packaging films which improves the shelf life and retains crispness of the food products sensitive to moisture and is thus preferred in many snack packaging applications. Capability of customizing the film to suit various customer needs which may be combination of any of optical/ surface, optical/ barrier and optical/ mechanical properties is an added advantage driving usage in many segments.

With increasing environmental concerns from consumers, manufacturers and retailers in the BOPET and the BOPP markets, there has been emphasis on only developing films which are 100% recyclable. Sustainability is acquiring momentum, and has become a key factor for the packaging market.

During COVID-19, with increasing demand for sanitizers, there has been a spike for plastic pouches and bottles. BOPP/ BOPET manufacturing became cheaper due to lower oil prices with global lockdown disrupted trade and economy. Crude derivatives contribute 60-75% of the material costs, and moreover the prices of packaging films rose because of higher demand. The specialty segments including packaging and labelling contributed to higher margins, with sales of hand sanitizers and hand soaps on the rise.

Competitive positioning of Indian Packaging Film Manufacturers

Level of Integration among Indian players:

Installed Capacity	PET Resin/ Chips KT	Coated Films KT	BOPP Films KT	BOPET Films KT	Other Films /Plastics KT
Uflex Limited	NA	NA	65	256	118
Polyplex Corporation Limited	273	24	35	215	95
Jindal Poly Films Limited	176	14	466	127	72
SRF Limited	87	7	64	123	60
Ester Industries Limited	67	NA	NA	60	30
Garware Polyester Limited	66	NA	12	48	NA
SML Films	NA	NA	NA	72	32

BUSINESS

*In this section, unless the context otherwise requires, a reference to "our Company" is a reference to SRF Limited on a standalone basis, while any reference to "we", "us" or "our" is a reference to SRF Limited on a consolidated basis. Some of the information contained in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "**Forward-Looking Statements**" on page 16 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "**Risk Factors**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations**" on pages 30 and 66, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

Data included in this section in relation to certain operating metrics, financial information not otherwise included in the Audited Consolidated Financial Statements and Interim Condensed Consolidated Financial Statements, and certain business information and data (such as number of employees, number of manufacturing plants and number of countries we export to, among others) have been reviewed and verified by J. C. Bhalla & Co., independent Chartered Accountants. The manner in which some of the operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in similar industries in India and other jurisdictions.

*The industry related information contained in this section is derived from the report titled "INDEPENDENT MARKET REPORT for SRF Ltd." prepared by Frost & Sullivan (India) Private Limited dated September 30, 2020 (the "**F&S Report**"), which we commissioned for the purposes of confirming our understanding of the industry in connection with the Issue. Neither we, nor any other person connected with the Issue, including the BRLMs, has independently verified the information derived from the F&S Report. Further, F&S may also base their opinion on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the F&S Report when making their investment decision. For further details, see "**Risk Factors**" on page 30.*

Overview

We are a multi-business chemicals conglomerate engaged in the manufacturing of specialty chemicals, refrigerant gases, industrial chemicals, packaging films, technical textiles, laminated fabrics and coated fabrics. With operations across 11 manufacturing plants in India, and three manufacturing plants across Thailand, South Africa and Hungary, our products may be applied in a wide range of industries, including agrochemicals, pharmaceuticals, fast moving consumer goods, advertising, automotives and ancillary industries. We manufacture a wide range of products across our manufacturing plants, including complex intermediates, refrigerants, industrial chemicals, BOPET and BOPP films, nylon and polyester tyre cord fabrics, belting fabrics and industrial yarn. We are among the top five global manufacturers for key fluorochemicals products, the domestic market leader and the second largest player globally of nylon tyre cord fabric and the world's third largest manufacturer of belting fabric. (*Source: F&S Report*) Our five research and development ("**R&D**") centres located across India enable us to focus on developing new product and process technologies as well as in undertaking technology development. Incorporated in 1970, our business portfolio has grown over the decades to cover exports to over 90 countries in Fiscal 2020, backed by a workforce of over 6,600 full-time employees globally, as of August 31, 2020.

Our business is organized into the following segments:

- <u>*Chemicals*</u>: Our chemicals segment is mainly composed of fluorochemicals and specialty chemicals. The fluorochemicals business involves sale of refrigerants, pharma propellants and industrial chemicals, while the specialty chemicals business involves collaboration with innovators for process development, commercialization and production of complex molecules to be used in agrochemical and pharmaceutical segments. Our Company is a domestic market leader in most segments in the fluorochemicals business. (*Source: F&S Report*) We also manufacture F134a/P, which may be used as a propellant in metered dose inhalers that are used in the treatment of asthma. (*Source: F&S Report*) Manufacturing operations in relation to our chemicals business are undertaken at Bhiwadi, Rajasthan, and Dahej, Gujarat. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 28.35%, 34.44%, 41.26% and 45.64%, respectively, of our revenue from operations.

- *Packaging films*: Our packaging films business includes manufacture and sale of polyester films, *i.e.*, BOPET films (Biaxially-oriented polyethylene terephthalate films) and BOPP films (Biaxially-oriented polypropylene films), and related value-added products, that may be used in packaging of fast moving consumer goods, such as confectionary, dairy, bakery, shampoo and detergents, and in industrial applications such as in solar panels and battery separators, etc. We are ranked among the top 15 players in global BOPET film supply in terms of installed capacity base (total tonnage). (*Source: F&S Report*) Manufacturing operations in relation to our packaging films business are undertaken within India at Kashipur, Uttarakhand, Indore Special Economic Zone, Madhya Pradesh and Domestic Tariff Area, Pithampur, Madhya Pradesh, and also by our overseas Subsidiaries in South Africa, Thailand and Hungary, where we have set up operations closer to certain overseas customers. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 31.31%, 37.34%, 36.12% and 43.84%, respectively, of our revenue from operations.

- *Technical textiles*: Our technical textiles business involves sale of nylon tyre cord fabrics, polyester tyre cord fabrics, belting fabrics and polyester industrial yarn that are typically used by the automotive, steel, mining and cement industries. We are the domestic market leader in nylon tyre cord fabric and the sole domestic producer of polyester tyre cord fabric. (*Source: F&S Report*) Manufacturing operations in relation to our technical textiles business are undertaken at Manali, Viralimalai, and Thiruvallur, all in Tamil Nadu, and Malanpur, Madhya Pradesh. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 32.30%, 24.39%, 18.76% and 8.99%, respectively, of our revenue from operations.

- *Other businesses (Laminated fabrics, Coated fabrics and ancillary activities)*: Our other businesses segment primarily involves sale of laminated fabrics and coated fabrics for use in hoardings, billboards, tents and print banners. Manufacturing operations in relation to our coated fabrics business is undertaken at Thiruvallur, Tamil Nadu, and for our laminated fabrics business at Kashipur, Uttarakhand. Prior to being regrouped under the other businesses segment with effect from April 1, 2018, the laminated fabrics business and coated fabrics business were covered under our technical textiles business segment for the purpose of preparing our audited consolidated financial statements. In Fiscals 2019 and 2020 and the three months ended June 30, 2020, this segment accounted for 3.83%, 3.86% and 1.53%, respectively, of our revenue from operations.

We manufacture our products at 14 manufacturing plants, 11 of which are located within India and three are located overseas. Of the 11 manufacturing plants located in India, four are in Tamil Nadu, three are in Madhya Pradesh, two in Uttarakhand, one in Gujarat and one in Rajasthan. Our three manufacturing plants located overseas in Thailand, South Africa and Hungary are all involved in manufacturing packaging films. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, we generated revenue from operations of ₹ 5,684.87 crore, ₹ 7,099.59 crore, ₹ 7,209.41 crore and ₹ 1,545.15 crore, respectively.

As a manufacturing company, we continuously monitor industry trends to ensure that our products continue to remain relevant and to help our customers meet evolving market demands. We have five R&D centres located across Tamil Nadu, Rajasthan, Haryana and Madhya Pradesh. Our qualified in-house R&D team largely focuses on introducing new technologies that are useful in the development of new intermediates for agro and pharma customers, as well as variants of polyester industrial yarns for different application purposes. As of Fiscal 2020, we employed over 400 employees in our R&D centres. As of August 31, 2020, we have applied for over 200 patents and have been granted over 60 patents globally.

Our Promoter and the Executive Chairman of the Board of Directors, Mr. Arun Bharat Ram has undertaken a variety of functions in the manufacturing industry in the last four decades. He was awarded the Indian Chemical Council Lifetime Achievement Award for 2016 and has also served as President of the Confederation of Indian Industry. Our Managing Director, Mr. Ashish Bharat Ram and Deputy Managing Director, Mr. Kartik Bharat Ram are actively involved in running our business operations, and our Company was awarded The Economic Times Family Business of the Year (Large Companies) Award in 2019. Our leadership team also consists of experienced professionals from various backgrounds and their capabilities are crucial for us in understanding and anticipating market trends, managing business operations and growth, leveraging customer relationships and responding to changes in customer preferences.

In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, we generated a total income of ₹ 5,799.99 crore, ₹ 7,127.56 crore, ₹ 7,258.46 crore and ₹ 1,555.25 crore, respectively, and Adjusted EBITDA of ₹ 975.04 crore, ₹ 1,348.86 crore, ₹ 1,507.49 crore and ₹ 382.44 crore, respectively. Further, in Fiscal 2018, we generated a profit for the period of ₹ 461.71 crore, and in Fiscals 2019, 2020 and the three months ended June 30, 2020, we generated a profit for the period from continuing operations of ₹ 591.58 crore, ₹ 915.90 crore and ₹ 176.87 crore, respectively.

Competitive Strengths

We believe that the following are our principal strengths:

Multi-business chemicals conglomerate with market leadership across businesses

We commenced our business operations by manufacturing nylon tyre cord fabrics in 1974, ventured into the chemicals business by manufacturing refrigerants in 1989, forayed into packaging films in 1995 and have over the years strategically diversified with a focus on chemicals and allied products. Within our chemicals business, we have expanded our operations at our manufacturing plants in Bhiwadi, Rajasthan and Dahej, Gujarat over time from industrial chemicals to refrigerant gases and specialty chemicals. Further, our packaging films business has grown from a single location to its current manufacturing footprint in four countries with six manufacturing plants. In Fiscal 2020, our Company exported its products to over 90 countries globally, and we generated 50.69%, of our revenue from operations from India, and 49.31%, of our revenue from operations from other countries. We manufacture a wide range of products across our facilities, including refrigerants, industrial chemicals, complex intermediates, BOPET and BOPP films, nylon and polyester tyre cord fabrics, belting fabrics and industrial yarns, and undertake custom synthesis manufacturing.

Our specialty chemicals business is characterized by its established relationships with marquee customers, coupled with an established capability in scaling up pilot processes and creating value through operational excellence. We are equipped to handle complex reactions such as halogenation (chlorination, fluorination, bromination and iodination), ethylation, hydrogenation, nitration, diazotization, grignard, isomerization, amination, organocatalysis, and decarboxylation. Our business in the specialty chemicals space involves high levels of customer engagement supported by R&D, technical service, product and quality management.

In our fluorochemicals business, we have fully integrated facilities extending across a wide range of refrigerant gases and industrial chemicals. We are among the top five global manufacturers for key fluorochemicals products, a domestic market leader in most segments in the fluorochemicals business, and have a significant domestic market share in fluorochemicals. (*Source: F&S Report*) We are the largest producer of hydrofluoric acid in India, accounting for 40% of the total domestic production. (*Source: F&S Report*) We hold 60% of the domestic hydrofluorocarbon market. (*Source: F&S Report*) We are also market leaders in fluorination and chloromethanes. (*Source: F&S Report*) We are also manufacture F134a/P which may be used as a propellant in inhalers that are used in the treatment of asthma. (*Source: F&S Report*)

Further, we are ranked among the top 15 players in global BOPET film supply in terms of installed capacity base (total tonnage). (*Source: F&S Report*) We have a highly efficient asset base offering value added products in close proximity to customer locations, and are recognized for our expertise in developing, manufacturing and marketing innovative high-quality film products. With respect to our technical textiles business, we are the domestic market leader and second largest player globally of nylon tyre cord fabric, the sole domestic producer of polyester tyre cord fabric and the world's third largest manufacturer of belting fabrics. (*Source: F&S Report*)

We believe that our positioning in the markets in which we operate and our established relationships with our customers, will enable us to benefit from any growth opportunities in our business segments and markets in which we operate.

Growing addressable market with high entry barriers

The global specialty chemicals industry currently constitutes only approximately 12% of the global chemicals market, and thereby offers a strong growth potential. (*Source: F&S Report*) Given the COVID-19 pandemic, companies would want to reduce dependence on China and shift their supply chains, which when combined with the chemistries, R&D skillset and economies of scale offered by India, as specified in the F&S Report, render the Indian specialty chemicals market with high growth potential. Custom synthesis and manufacturing is on the rise in India as well and is expected to grow over the next half decade owing to strong growth from end-use demand. (*Source: F&S Report*) In so far as fluorochemicals are concerned, there is significant growth potential for HFCs since India currently has low existing consumption numbers and there is increased penetration of refrigeration end use segments. (*Source: F&S Report*) The packaging films market is also going to expand, and will be driven, among other factors, by growth in hygienic packaging during COVID-19, changing lifestyle and urbanization. (*Source: F&S Report*)

We believe that we are well-positioned to capitalize on industry growth given the high entry barriers prevalent in our chemicals and packaging films businesses. The chemicals business, in particular, is knowledge intensive, involves complex chemistries, is subject to high quality standards and stringent impurity specifications for processes and products capabilities, an is based on complex products that are difficult to replicate. Moreover, some of the raw materials and various intermediates that we use can be highly corrosive and require a high degree of technical skill, expertise, and training to manage such toxic chemicals. We believe that the level of technical skill and expertise that is essential for handling such chemicals can only be achieved over a period of time, creating a further barrier for new entrants. Also, dealing in fluorochemicals typically requires high capital investment, R&D focus and involves complex chemistries along with multiple regulatory compliances.

Further, we work closely with our customers, to innovate and develop technologies that can be applied effectively in our customers' processes and products, in order to address concerns of operational efficiency and improving end-product performance. Our customers have grown to increasingly rely on us since we are able to address their varied requirements given the integrated nature of our business model and also assure them of price stability. This type of strategic relationship with customers enhances the stability of our revenue base and facilitates the development of new product applications and markets. We believe that factors such as the highly-technical and specialized nature of our business, continuous requirement for R&D, patented processes, stringent quality benchmarks and certifications serve as effective entry barriers to new players in the industry.

Strong R&D, process innovation and chemicals expertise

We are focused on developing customized products, handling complex chemistries and differentiated process technologies, and our R&D is at the forefront of our innovations. We have five R&D centres located across India which are recognised by the Department of Scientific and Industrial Research, Government of India, and that collectively comprise, over 400 employees in our R&D centres as of Fiscal 2020. Our Company has made enhanced investment over time in R&D from a manpower, assets, process and capabilities perspective. Our R&D centres are enabled with kilo labs, pilot facilities, engineering labs, chemical screening, IT enabled analytical abilities, artificial intelligence capabilities and automated product development and life cycle management tools that assist us in pursuing efficiencies from the initial conceptualization of a product up to commercialization. Our multi-disciplinary R&D staff are skilled, experienced and highly educated employees, and have a high focus on innovation. In Fiscals 2018, 2019 and 2020, we spent ₹ 90.83 crore, ₹ 100.34 crore and ₹ 99.68 crore, constituting 1.60 %, 1.41 % and 1.38 % of our revenue from operations, respectively, on research and development (revenue expenditure).

Our R&D efforts place significant emphasis on improving our production processes, augmenting the quality of our existing products, carrying out safety studies for new molecules and are often driven by specific needs communicated by our customers. While we believe we are skilled in working with fluorine, which as covered in the F&S Report, has strong reactivity rendering it extremely difficult to segregate in any compound and requiring extensive experience in reaction chemistry, in recent years, we have successfully diversified in terms of process capability and have expanded our expertise into other complex chemistries and multi-step synthesis capabilities as well. We collaborate with innovators on various complex chemistries and are engaged in production and commercialization of new molecules, process re-engineering, reverse engineering, and commercialization and production of complex molecules for agrochemical and pharmaceutical industries. We are also a solutions provider in respect of custom synthesis. We have integrated our testing capabilities to enable faster product development, and have been consistently engaging with our customers in relation to the testing and development process. Further, we have a New Product Development (NPD) lab that is involved in developing sustainable solutions for our packaging films business.

We have been focused on developing environmentally-sustainable products with lower global warming potential ("**GWP**") and sustainable hydrofluorocarbon blends. In Fiscal 2020, we obtained ASHRAE (American Society of Heating, Refrigeration, Air-conditioning Engineers) certification for R-467A, our low GWP refrigerant blend for stationary air-conditioning application. This was developed using in-house patented technology. We have also set up a unique process to manufacture HFO 1234yf, a low-GWP refrigerant gas that we believe will be increasingly used in car air-conditioning systems in the future. As of August 31, 2020, we have applied for over 200 patents and have been granted over 60 patents globally. Further, as of June 30, 2020, our Company has invested over ₹ 180 crore towards our R&D-related infrastructure. We are currently conducting research and development for other new products which find application in, and as, agro and pharma intermediates.

Multi-product facilities at varied locations designed to serve global customers

We have 14 manufacturing plants, 11 of which are located within India and three are located overseas. Of the 11 manufacturing plants located in India, four are in Tamil Nadu, three are in Madhya Pradesh, two in Uttarakhand, one in Gujarat and one in Rajasthan, while our three manufacturing plants overseas are located in Thailand, South Africa and Hungary. Our manufacturing plants are each dedicated to one of the business segments and are accordingly tailored to address the needs of the corresponding products manufactured, thereby improving efficiency and faster delivery, while also being optimally placed to manage the process and quantum of production for each product, depending on the demand for such product in the market. The location of some of our manufacturing plants render situational advantages as well, for instance, our largest manufacturing plant (in terms of revenue) for Fiscal 2020 is located in Dahej, Gujarat which provides us access to raw materials and the ability to export our products easily due to proximity to ports. Three of our manufacturing plants are located in overseas locations that provide us the strategic advantage of easily accessing local customers in the respective locations that we have expanded to.

Our robust product portfolio and expanded geographical footprint enable us to cater to a wide array of customers in local markets and overseas, and manufacture products that are used for application in industries such as agrochemicals, pharmaceuticals, fast moving consumer goods, automotive and ancillary industries. The backward integration of our businesses in certain product categories, reduces our reliance on third party supplies, reduces our logistics costs, and improves our operating margins, while the forward integration aspect enables us to innovate products, widen our offering and customize products to meet the needs of our customers and enable margin expansion. We are constantly focused on improving our production capabilities and product portfolio and accordingly undertake capital expenditure investments for such purpose. Product quality and production process standards are key to our operations, and we ensure quality standards by adhering to industry standard quality framework and assurance procedures at every stage of product development, manufacturing and distribution process. Certain of our manufacturing plants are certified to ISO 9001, ISO 14001 and/or ISO 45001 and BS OHSAS 18001 standards. In addition, business specific certifications include energy management ISO 50001, FSMS (food safety) ISO 22000, HALAL and Kosher certifications for packaging films, Social Accountability SA 8000 for both the chemicals manufacturing plants and “Responsible Care” certification from the Indian Chemical Council. We also adhere to CGMP (Current Good Manufacturing Practice) standards at our Dymel facility and are compliant with regulatory as well as typical customer specific requirements. Certain of our customers undertake customer audits to verify compliance with regulatory aspects, confirm supplier capability, quality and strategic fit, and to ensure that adequate safety and security measures are in place.

Experienced Promoters with strong management team

Our Company has undertaken considerable diversification in terms of business segments and expansion of operations, both geographically and in terms of product portfolio, under the leadership of our Promoters. Our Promoter and Executive Chairman, Mr. Arun Bharat Ram has been associated with our Company for over four decades. Our Promoter and Managing Director, Mr. Ashish Bharat Ram and Promoter and Deputy Managing Director, Mr. Kartik Bharat Ram are actively involved in running our business operations. Our Promoters are ably assisted by a management team that ensures compliance with corporate governance principles and is focussed on growing our business and creating increasing value for our stakeholders.

Our leadership team is largely homegrown and has over 250 years of combined work experience with us, which has nurtured our leadership model by fostering a culture of strong integration and co-ordination on functions. Our senior management has considerable experience and has fostered customer relationships over the years that have enabled in augmenting our operating capabilities, improving the portfolio and quality of our products, facilitating our growth, leveraging our relationships and aptly responding to changes in customer preferences. We believe that the knowledge and experience of our senior management provides us with a significant competitive advantage as we expand in our existing markets and enter new geographies. We will continue to leverage on the experience of our management team and their understanding of our business segments to identify, explore and implement strategic objectives related to our business, operations and market opportunities.

Robust growth backed by strong financial returns

We believe that our strong balance sheet and financial performance instills confidence in our stakeholders that we have steady operating cash flows for us to meet the present and future needs. Over the years, we have taken efforts to ensure de-bottle necking at our manufacturing plants, and strategically invested significantly in capacity expansion, addition of new products and also in our R&D endeavours. We believe that our ability to make such investments helps strengthen trust and engagement with our customers, which enhances our ability to retain these customers and extend our engagement across products and geographies. We also have a risk management framework to identify and evaluate business risks, which facilitates fair presentation of our financial results in a complete and reliable manner and ensures financial discipline in the operations of our business.

The tables below set forth certain key financial indicators for Fiscals 2018, 2019, 2020 and the three months ended June 30, 2020:

(₹ in crore, unless otherwise specified)

Particulars	Q1 Fiscal 2021*	Fiscal 2020**	Fiscal 2019**	Fiscal 2018
Revenue from Operations				
- Technical textiles	8.99%	18.76%	24.39%	32.30%
- Chemicals	45.64%	41.26%	34.44%	28.35%
- Packaging films	43.84%	36.12%	37.34%	31.31%
- Others	1.53%	3.86%	3.83%	8.04%
Adjusted EBITDA	382.44	1,507.49	1,348.86	975.04
PAT	176.87	915.90	591.58	461.71
Adjusted EBITDA Margin	24.75%	20.91%	19.00%	17.15%
PAT Margin (PAT/ Revenue from operations)	11.45%	12.70%	8.33%	8.12%

* *The figures specified are in relation to continuing operations for the respective financial periods. For details, please refer to "**Financial Information – Notes to Interim Condensed Consolidated Financial Statements – Note 13**" on page F-25.*
***The figures specified are in relation to continuing operations for the respective financial periods. For details, please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111.*

Particulars	Fiscal 2020*	Fiscal 2019*	Fiscal 2018
Earnings per share (in ₹)	159.34	102.95	80.41
Return on net worth	18.57%	14.33%	12.96%
Net debt / Equity	0.77	0.83	0.82
Net debt / Adjusted EBITDA	2.53	2.55	3.01

* *The figures specified in respect of Earnings per share, Return on net worth and Net debt/Adjusted EBITDA are in relation to continuing operations for the respective fiscal years. For details, please refer to "**Financial Information – Notes to Fiscal 2020 Audited Consolidated Financial Statements – Note 42**" on page F-111.*

Competitive Strategies

We believe that the following are our principal strategies:

Focus on growth in our chemicals business and product range

Our chemicals business is our highest revenue generating segment and we are focused in growing our market position in the specialty chemicals and fluorochemicals businesses. The Government of India's "Make in India" campaign is expected to add impetus to the emergence of India as a manufacturing hub for the chemicals industry in the medium term, and Indian corporates could gain further ground through incentives, subsidies and grants under this campaign, since companies would want to reduce dependence on China after the COVID-19 pandemic and shift their supply chains. (*Source: F&S Report*) Further, stricter environmental protection norms in China since January 2015 have raised certain business operating costs and caused some factory closures, which coupled with the rising costs of labour and the recent trade friction between China and the United States has reduced Chinese exports thereto in recent times, and is increasingly rendering Chinese chemical companies less competitive in the export market. (*Source: F&S Report*) Currently, China accounts for approximately 17% - 18% of the world's exportable specialty chemicals, whereas India accounts for merely 1-2% indicating that the country has large scope of improvement and widespread opportunity. (*Source: F&S Report*)

In our specialty chemicals business, we have a strong pipeline of new products in agrochemicals and pharmaceuticals and are focused on driving growth in our specialty chemicals business by expanding on the manufacture of active intermediates for agrochemicals and key starting materials for active pharmaceutical ingredients. We have recently commissioned a facility to produce specialty chemicals (P-33) for the agro industry at Dahej, Gujarat in August 2020. Our Board of Directors also approved the setting up of dedicated facilities to produce specialty chemicals at Dahej in February 2020. We believe that such increased operations will help garner high traction among multi-national companies and our existing customers.

As far as the fluorochemicals market is concerned, the rising requirement for refrigeration across various industries is a significant driver boosting the growth of the market since with global warming, rising temperatures have enhanced the need for HVAC (Heating, Ventilation and Air Conditioning) and refrigeration systems, thereby having a positive impact on the fluorochemicals market. (*Source: F&S Report*) We are the largest producer of hydrofluoric acid in India, accounting for 40% of the total domestic production, and hold 60% of the domestic hydrofluorocarbon market. (*Source: F&S Report*) We are focused on increasing our market share in the domestic refrigerant market, *i.e.*, in hydrofluorocarbons as well as in future refrigerants. We seek to expand our capacity for production of chloromethane and are setting up a plant for such purpose at Dahej, Gujarat. Further, we are also in the process of setting up an integrated facility for development of PTFE with a R22 plant as feedstock in Dahej, Gujarat. While this project has been delayed owing to the global economic scenario rendered by COVID-19, this will enable us to enter the fluoropolymers industry and further enhance our value chain in the fluorine segment.

In addition, our Company continues to evaluate inorganic growth opportunities strategically for our chemicals business and will pursue any such opportunity based on the size of operations, and on evaluating whether it fits with our growth strategy and possesses synergistic advantages.

Expand our packaging films business

The market driving global consumption of BOPET and BOPP films during COVID-19 is expected to drive consumption in India as well with customers preferring hygienically packaged food, and on a long-term basis, the increased need for packaged foods and beverages due to changing lifestyle and urbanization is expected to drive the consumption of plastic films, including BOPET films. (*Source: F&S Report*) We are ranked among the top 15 players in global BOPET film supply in terms of installed capacity base (total tonnage) and are well placed to capture the cyclical uptick with capacity expansion in the short term in BOPET films. (*Source: F&S Report*) We currently have six manufacturing plants in respect of our packaging films business in four countries, *i.e.*, three in India, and one each in Thailand, South Africa and Hungary, and are aimed at expanding our capacity by periodically assessing the supply-demand gap in the relevant market, availability of raw material, cost of production, market size and growth rate, market protection from imports, presence of competitors in the region, and incentives and synergistic benefits that may be availed. We have an integrated model of business that we shall continue to capitalize on, which involves backward integration with our resin plants in India and Thailand, thereby improving our cost competitiveness, as well as forward integration in terms of producing value added metallized and coated films using metallizers and offline coating machines.

We are focussed on leveraging our relationships with our customers to understand how to develop various products, applications and customized delivery models as well as increase our offerings, and we facilitate periodic audits to assure them of the quality, safety standards and certifications in respect of our business. Further, we constantly review our product portfolio to either include or eliminate products based on costs incurred and profits generated. We have a healthy sales mix based either on contracts, wherein we agree on a formula-linked pricing with corporate customers, or on spot volumes, wherein we undertake sales based on market pricing, and this mix is instrumental in consistently ensuring sales. We intend to leverage our integrated model, engagements with international customers, product portfolio and sales mix to capitalize on new market opportunities presented by other product segment and increase our market share. We are also in the process of setting up a BOPP film line in Thailand to strengthen our presence as a packaging films producer in the South East Asian region.

Ensure self-sufficiency of the technical textiles business

We are the domestic market leader and second largest player globally of nylon tyre cord fabric, the sole domestic producer of polyester tyre cord fabric and the world's third largest manufacturer of belting fabrics. (*Source: F&S Report*) In recent times, however, our technical textiles business has been facing challenges owing to the auto sector slowdown and sluggish domestic demand in Fiscal 2020, and we intend to focus on turning this business segment around into a significant cash generator. In pursuance of such strategy, we are continuing our efforts to achieve de-bottle necking of the technical textiles business given its propensity to typically generate lesser revenue from operations in comparison to our specialty chemicals business and packaging films business. One of our measures in relation thereto, for instance, was our announcement on the closure of operations of our nylon tyre cord fabric plant at Rayong, Thailand in September 2019 since it was becoming economically unviable to continue running the plant due to high costs and lack of visibility on future growth prospects. However, according to the F&S Report, with COVID-19 increasing demand for safer modes of transport such as two wheelers and four wheelers, and the Government of India's initiatives to boost the technical textiles market and strive to create world class infrastructure in the country, technical textiles seems poised for growth. Further, India is the only country in the region, other than China, with an entire textile value chain in both natural and synthetic fibres, and is accordingly well-positioned to capitalize on opportunities presented by domestic and international markets due to the availability of raw materials. (*Source: F&S Report*) We seek to avail of the prevailing prospects and participate in this growth by continuing to focus on enhancing the operational excellence parameters of our existing four technical textile business manufacturing plants in India through cost saving and energy efficient methodologies.

Continue to nurture innovation through R&D

We believe that our R&D team possesses the necessary skills, technology, know-how capabilities and intellectual property competence to develop products and processes that can be manufactured or used in operations in both domestic and international markets. Our growth has been primarily driven by process innovation and it continues to be our Company's future strategy, with a prioritization on innovation from the executive team to the production staff. We intend to continue nurturing innovation in-house and pursue development of multiple reaction products and complex molecules that are used as intermediates in development of the final product, for innovators in the agrochemical and pharmaceutical industries. Apart from developing new age molecules, the R&D team is focused on building knowledge-based value added products and new competencies in the chemical technology space, scaling up the capacity of existing products while lowering the cost of production and improving the existing design parameters to increase the yields and thus the overall product. Given the prevailing framework where governments are working to reduce use of single-use plastics, our R&D team is working on processes that would enable us to use more recycled chips in our films production and focus on developing sustainable products in respect of both BOPET films and BOPP films that will be easy to recycle. The R&D team was also involved in developing products for our technical textiles business in association with certain academic and research institutes for research projects.

Description of Our Business

Business segments

<u>Chemicals business</u>

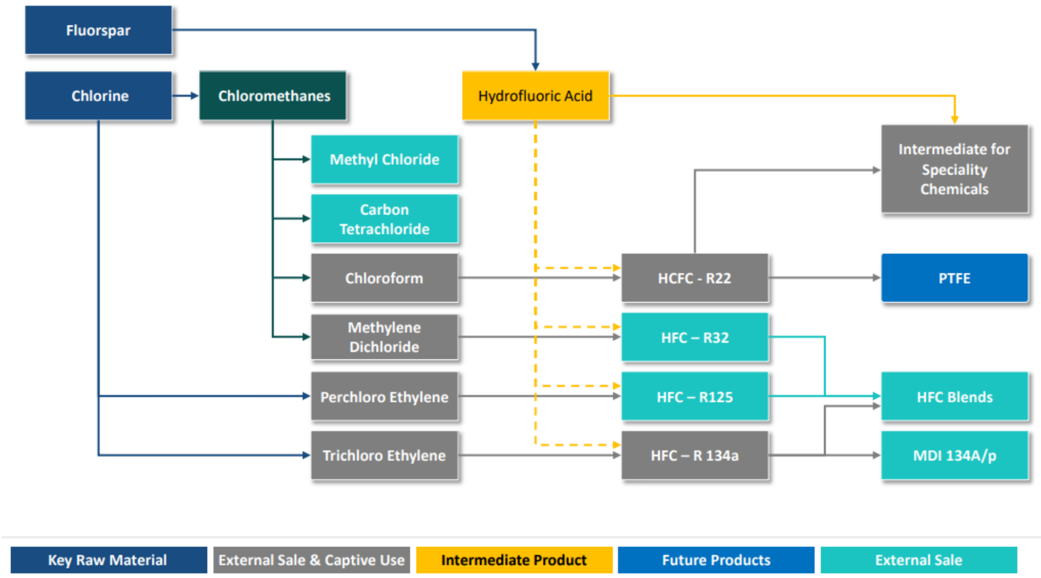
We commenced our chemicals business operations in 1989 and currently operate two manufacturing sites in Dahej, Gujarat and Bhiwadi, Rajasthan. Our chemicals business primarily comprises specialty chemicals business and fluorochemicals business. The specialty business is fully integrated across the value chain, from in-house process research and development, lab synthesis, flexible manufacturing in varying batch sizes (in our pilot labs, kilo labs and R&D labs), to setting up dedicated plants for commercial production for its customers. The manufacturing plants have well-equipped quality and assurance labs that are equipped with advanced equipment and are accredited with the National Accreditation Board for Testing and Calibration of Laboratories to ensure that quality parameters are duly met in respect of our products. The business processes and systems are audited from time to time by some of our pharmaceutical and agrochemical customers.

Our specialty chemicals business involves the manufacture of products that find application in the agrochemicals industry and the pharmaceutical industry. While our core chemistries are in respect of halogenations and include chlorination, fluorination, bromination and iodination, we have also expanded over the years to deal with hydrogenation, nitration, diazotization, isomerization, grignard, organocatalysts, amination, ethylation and decarbonoxylation. We manufacture intermediates used by the agrochemical industry as active ingredients for producing herbicides, fungicides, insecticides, etc. and by the pharmaceutical industry in preparing key starting materials or intermediates for active pharmaceutical intermediates, and may also be used in material sciences, surface chemistry, etc. We also undertake contract manufacturing of intermediates and active ingredients for agro and pharma innovators, and custom research and synthesis operations. We are capable of manufacturing varying batch sizes in our pilot labs, kilo labs and R&D labs and are accordingly flexible when it comes to meeting the requirements of our customers. We also adhere to CGMP standards at our Dymel facility. We typically supply and manufacture our specialty chemicals products on the basis of long-term contractual arrangements.

Our fluorochemicals business involves the manufacture and sale of refrigerants, pharma propellants and industrial chemicals. Our refrigerants are manufactured under the brand 'FLORON' and include F 32, F 22, F 134a, F125, and HFC blends such as F 410A, F 404A, F 407C that may be used for preparing the cooling medium in room air conditioners, automobile air conditioners and in commercial refrigeration. We further manufacture industrial chemicals and chloromethanes, including methylene chloride, chloroform, carbon tetra chloride, trichloroethylene, perchloroethylene and hydrochloric acid that may be used as solvents in pharma and agrochemical industries, as feedstock for our range of refrigerants and as a cleaning agent in foam blowing and dry cleaning. As far as propellants are concerned, we manufacture F 134a/P under the brand 'DYMEL' which may be used as a propellant in inhalers, that are used for treatment of asthma, and other F 134a propellants under the brand 'FLORON'. Separately, our fluorochemicals business also produces N-Butane that is used as fuel for butane torches, A/C Air Pure that purifies the ducts and coils of split air conditioners and car air conditioners, and cleaning chemicals that are used in floor, glass and toilet bowl cleaning. We typically manufacture and supply our fluorochemicals products on the basis of medium-to-long term arrangements with our customers or dealers, and also undertake certain spot sales.

Set forth below is a chart demonstrating the integrated nature of our chemicals business operations.

Integrated Chemicals Business Operations



Packaging films business

We commenced our packaging films business operations in 1995 and currently have three manufacturing plants in India at Kashipur, Uttarakhand, SEZ Indore, Madhya Pradesh and Domestic Tariff Area, Pithampur, Madhya Pradesh, and three overseas manufacturing plants at Durban, South Africa, Rayong, Thailand and Jaszfenyszaru, Hungary. Our manufacturing plants are all involved in producing BOPET films and/or BOPP films with a wide range of microns.

We manufacture transparent, metallized and high performance BOPET and BOPP films which are marketed under our brands 'PETLAR' and 'OPLAR' respectively. Apart from BOPET films and BOPP films, we are involved in producing value added products such as specialty coatings, chemical or acrylic coatings and metallized films under our brands 'PETLAR' and 'OPLAR'. We are a comprehensive solutions provider for both BOPET and BOPP films with a focus on technology and innovation, and our packaging films may be used in fast moving consumer goods industries, such as confectionery, dairy, bakery, household spices, ready-to-eat / frozen meals, pet food, shampoos, detergents, packaging for perfumes and cardboard, and in industrial application purposes such as in hot stamping foils, thermal transfer, electric cables, air ducting, solar panels, battery separators and flat screen displays.

We typically manufacture and supply our products for this business based on short-term contract arrangements with our customers or dealers, wherein the pricing for the product is generally based on the prevailing prices of the raw materials used. We also undertake certain spot sales.

Technical textiles business

We commenced our technical textiles business in 1974 and currently have four manufacturing plants in India at Malanpur, Madhya Pradesh, Thiruvallur, Tamil Nadu, Manali, Tamil Nadu and Viralimalai, Tamil Nadu. Our technical textiles business involves manufacturing of tyre cord fabric, belting fabric and polyester industrial yarn. Within tyre cord fabric, we manufacture nylon tyre cord fabric that may be used for tyre reinforcements in bias tyres, and polyester tyre cord fabrics that may be used for tyre reinforcements in radial tyres. The belting fabric that we manufacture may be used in producing reinforcement material for conveyor belts. Polyester industrial yarn has a plethora of uses, including manufacture of geo-grids, seat belts, ropes and cardage, solid woven fabrics, transmission belts, PVC conveyor belts, hoses and narrow woven belts. We typically manufacture and supply our products for this business on the basis of short-term contractual arrangements with our customers, wherein the pricing for the product is generally based on prevailing prices of the raw materials used.

Other business (Laminated fabrics and Coated fabrics)

We commenced our laminated fabric business in 2010 and currently have one manufacturing plant in India at Kashipur, Uttarakhand. Laminated fabrics are two or more layered constructions with polymer film bonded to a fabric, that are marketed under our brands 'SRF FABGLOW', 'SRF Hi-GLOSS', 'SRF FLEXIKAWACH' and 'SRF ARJUN', and may be used in print banners, hoardings, billboards, tent dome covers and pandal covers.

We commenced our coated fabric business in 2011 and currently have one manufacturing plant in India at Thiruvallur, Tamil Nadu. Coated fabrics are fabric that has been treated to render them long lasting, stronger and more weather-resistant, and are coated with substances on the surface of the fabric to leave them impervious to damage. We market our coated fabrics under the brands 'TUFTOP', 'SRF FABAWN', 'SRF DURALITE', 'SRF DURASHIELD', 'SRF DURATUFF TARPS', 'SRF ECOLITE' and 'SRF SAVEN', and these may be used in awnings, tents, pagodas, customized tarpaulin and static covers.

Our supply of laminated fabrics and coated fabrics is typically driven by assignment-based arrangements with dealers and advance payments.

Manufacturing Plants

We manufacture our products at 14 manufacturing plants, 11 of which are located within India and three are located overseas. Of the 11 manufacturing plants located in India, four are in Tamil Nadu, three are in Madhya Pradesh, two in Uttarakhand, one in Gujarat and one in Rajasthan. In terms of business segments, we have two manufacturing plants for our chemicals business, four for our technical textiles business, three for our packaging films business and one for each of our laminated fabrics business and coated fabrics business. Our three manufacturing plants located overseas in Thailand, South Africa and Hungary are all involved in manufacturing packaging films. Our integrated manufacturing plants are capable of handling various types of reactions with optimal efficiency and consistency, and give us the flexibility to produce new products in a short span of time and scale-up to meet the demands of our clients. Most of our manufacturing plants are fully automated with either programmable logic controllers or distributed control systems, and employ modern technologies. We have also installed environmental health and safety facilities and systems for treatment of solid, liquid and gaseous waste at our manufacturing plants.

The following table sets forth certain key details of our manufacturing plants:

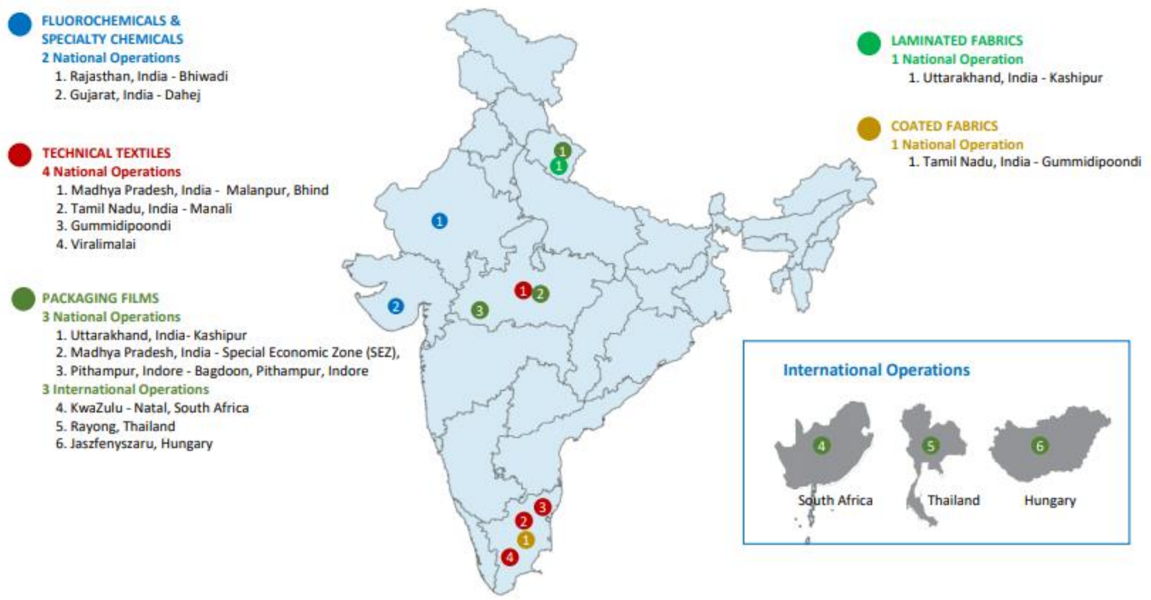
<table>
<tr><th>Business Segments</th><th>Location</th><th>Product</th></tr>
<tr><td colspan="3">Manufacturing Plants in India</td></tr>
<tr><td rowspan="2">Chemicals business</td><td>Bhiwadi, Rajasthan</td><td rowspan="2"><u>Specialty chemicals</u>:
Intermediates for API / AI :
<u>Agrochemical Industry</u>: Active Ingredients for Herbicides, Fungicides, Insecticides, etc.
<u>Pharmaceutical Industry</u>: Key starting materials for active pharmaceutical intermediates, contract manufacturing of intermediates / AI for agro and pharma innovators.
Also used as intermediates that find application in material sciences, surface chemistry, etc.

<u>Fluorochemicals</u>:
Refrigerants and industrial chemicals</td></tr>
<tr><td>Dahej, Gujarat</td></tr>
<tr><td rowspan="3">Packaging films business</td><td>Kashipur, Uttarakhand</td><td>BOPET films</td></tr>
<tr><td>SEZ Indore, Madhya Pradesh</td><td>BOPET films and Polyethylene Terephthalate resin</td></tr>
<tr><td>Domestic Tariff Area, Pithampur,</td><td>BOPET films and BOPP films</td></tr>
</table>

Business Segments	Location	Product
	Madhya Pradesh	
Technical textiles business	Malanpur, Madhya Pradesh	Nylon tyre cord fabric
	Thiruvallur, Tamil Nadu*	Nylon tyre cord fabric, dipped nylon tyre cord fabric, polyester tyre cord fabric and polyester industrial yarn
	Manali, Tamil Nadu	Nylon tyre cord fabric and dipped nylon tyre cord fabric
	Viralimalai, Tamil Nadu	Belting fabric
Other business	Kashipur, Uttarakhand	Laminated fabrics
	Thiruvallur, Tamil Nadu*	Coated fabrics
Manufacturing Plants Overseas		
Packaging films business	Durban, South Africa	BOPP films
	Rayong, Thailand	BOPET films
	Jaszfenyszaru, Hungary	BOPET films

**Covered as the Gummidipoondi plant in the map below*

The following map sets forth the location of our manufacturing plants in India and overseas:



(Map not to scale)

Research and Development

We have five R&D centres located in India, which include three in respect of the chemicals business at Bhiwadi, Rajasthan, Manali, Tamil Nadu and Gurugram, Haryana, one in respect of the technical textiles business at Manali, Tamil Nadu and one in respect of the packaging film business at Indore, Madhya Pradesh. As of Fiscal 2020, we employed over 400 employees in our R&D centres. The facilities available in each R&D centre are tabulated below.

S.No.	Location	Facilities
1.	Bhiwadi, Rajasthan	Pilot Plant, Kilo Lab, R&D and Testing facility (analytical), Engineering Lab and associated effluent treatment plant facilities
2.	Manali, Tamil Nadu	General R&D, Exploratory R&D and Testing facility (analytical)
3.	Manali, Tamil Nadu	Pilot facility, Testing facility and library
4.	Gurugram, Haryana	IT software, Electronic library and computers
5.	Indore, Madhya Pradesh	Pilot facility and Testing facility

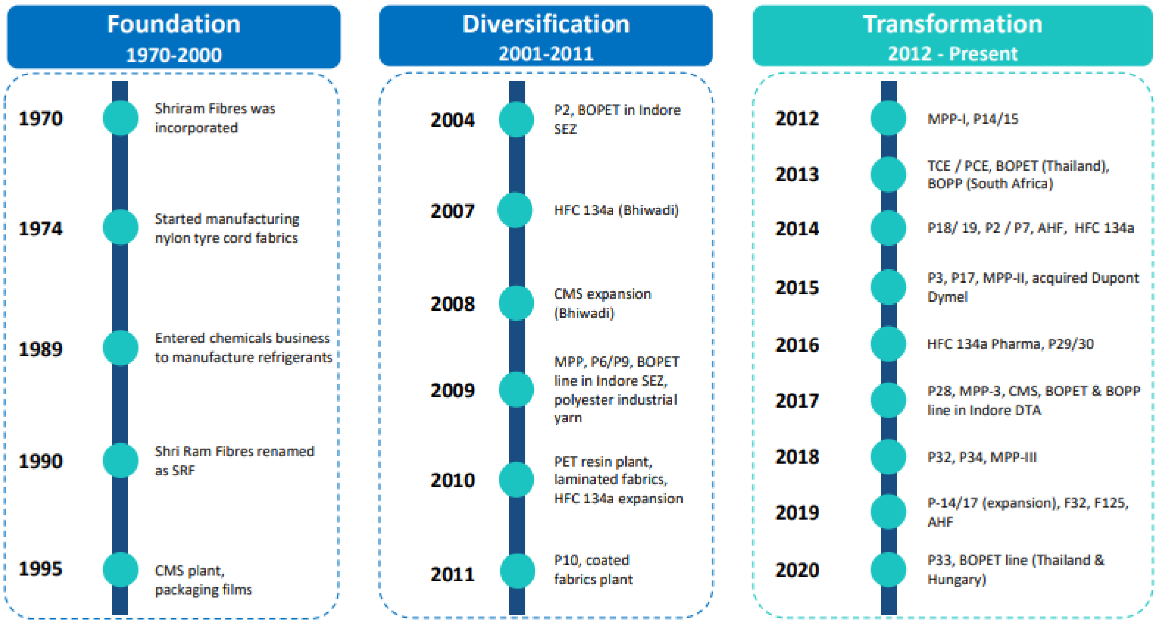
The scientists at our R&D centres for chemicals business have been driving the development of new products and process technologies as well as undertaking technology development. They have been involved in introducing new technologies that are useful in the development of new intermediates for agro and pharma customers, and in the development of many variants of polyester industrial yarns for different application purposes. Our R&D capabilities are focused on continuous process improvement and developing more efficient processes by exploring new chemistries and scaling them up for successful commercialization.

Our R&D team operates on a detailed product development stage-gate system from customer query to product commercialization, assuring quality, safety as well as data integrity and security. Products synthesized in the R&D laboratories at gram scale are sequentially developed in kilo-labs, scaled up to pilot stages where the technology transfer team is fully involved in validating the processes and engineering inputs. Equipment and process designs are validated through use of risk-prevention techniques such as HAZOP and FMEA at various stages. Quality control methods are established for fabricated as well as bought out equipment and for input materials, as part of assuring quality and safety in project and commissioning activities.

We believe that our R&D has and will continue to assist us in developing newer technologies and manufacturing processes for existing as well as new products, which will help reduce the cost of production, simplify manufacturing processes to improve safety, reduce environmental load and provide us with other growth opportunities. In Fiscals 2018, 2019 and 2020, we spent ₹ 90.83 crore, ₹ 100.34 crore and ₹ 99.68 crore, respectively, on research and development (revenue expenditure).

Major Events and Milestones

The illustration below sets forth some of the major events in our history.



* *In the illustration above, please note that 'CMS plant' refers to a chloromethane facility, 'MPP' refers to multi-purpose plants and each of 'P2, P10, P14/15, P18/19, P2/P7, P3, P17, P29/30, P32, P34, P-14/17 and P33' refers to the facilities at our manufacturing plants.*

Raw Materials

The key raw materials that we use are either sourced domestically or imported and include (i) methoxy acetic acid, trichloroacetyl chloride, acetonitrile, liquid nitrogen and hydrazine hydrate in respect of our specialty chemicals business, and fluorspar, methanol, sulphuric acid, chlorine and liquid nitrogen in respect of our fluorochemicals business, (ii) pure terephthalic acid and monoethylene glycol, polyester chips, additives, polypropylene, various co-polymers and additives in respect of our packaging films business, (iii) caprolactum, nylon yarn, polyester chips, polyester yarn and other process chemicals such as spin finish oil, formaldehyde, resorcinol, and latex in respect of our technical textiles business, and (iv) polyvinyl chloride resin and polyester fabric in respect of our laminated fabrics business and polyester yarn and polyvinyl chloride resin in respect of our coated fabrics business.

We typically enter into contracts to source key raw materials from approved suppliers for operations in our manufacturing plants or procure them from the open market, depending on market conditions. Over the years, we have continued to diversify our procurement base, as well as evaluate manufacturing certain items in-house.

Quality Control and Safety, Health and Environmental Policy

Our businesses operate on an integrated quality control system in respect of each segment, which is one of the core elements of the overall management system framework based on total quality management. Quality control is central to our business operations, spanning the full product lifecycle from product planning and R&D, through the stages of development, setting up of facilities, manufacturing operations, sales and supply chain, to the customer evaluation of our products as well as management systems. Separately, supplier quality evaluation processes are also established and carried out for incoming materials, both for existing and new products manufactured by our Company.

As part of integrated management systems, product quality, safety, occupational health and environmental aspects have been established across all our businesses and operations. Certain of our manufacturing plants are certified with ISO 9001, ISO 14001 and/or ISO 45001 and BS OHSAS 18001 standards. In addition, business-specific certifications include energy management ISO 50001, FSMS (food safety) ISO 22000, HALAL and Kosher certifications for packaging films, Social Accountability SA 8000 for both the chemicals manufacturing plants and "Responsible Care" certification from the Indian Chemical Council. We also adhere to CGMP standards at our Dymel facility and are compliant with regulatory as well as usual customer-specific requirements. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees.

Our Subsidiaries

SRF Global B.V. ("**SRF Global**"): SRF Global was incorporated in the Netherlands on October 20, 2008 for the purpose of holding investments and mobilizing funds for step-down subsidiaries of our Company. SRF Global has not made any contribution to our revenue from operations for Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020.

SRF Industries (Thailand) Limited ("**SRF Thailand**"): SRF Thailand was incorporated in Thailand on October 30, 1990, and is currently engaged in the manufacture and distribution of packaging films. In Fiscal 2020, the nylon tyre cord fabric plant at Rayong, Thailand was closed owing to high costs and lack of visibility on reaching profitable operations in the immediate future. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this Subsidiary accounted for 11.15 %, 6.98 %, 6.39 % and 9.38 %, respectively, of our revenue from operations.

SRF Flexipak (South Africa) (Pty) Ltd. ("**SRF Flexipak South Africa**"): SRF Flexipak South Africa was incorporated in South Africa on May 11, 2011, and is currently engaged in the manufacture and distribution of packaging films. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this Subsidiary accounted for 6.20 %, 5.96 %, 6.15 % and 6.88 %, respectively, of our revenue from operations.

SRF Industex Belting (Pty) Ltd. ("**SRF Industex South Africa**"): SRF Industex South Africa was incorporated in South Africa on June 13, 2008, and is currently engaged in the business of trading in refrigerant gases in South Africa and other neighboring countries. In Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020, this Subsidiary accounted for 0.80%, 0.00%, 0.05% and 0.02%, respectively, of our revenue from operations.

SRF Europe Kft ("**SRF Europe**"): SRF Europe was incorporated in Hungary on April 25, 2018 to undertake the manufacture of packaging films in Hungary. SRF Europe has not made any contribution to our revenue from operations for Fiscals 2019 and 2020 and the three months ended June 30, 2020.

SRF Holiday Home Limited ("**SRF Holiday Home**"): SRF Holiday Home was incorporated in India on December 4, 2006, and is currently engaged in the business of acquisition and renting of real estate properties. SRF Holiday Home has not made any contribution to our revenue from operations for Fiscals 2018, 2019 and 2020 and the three months ended June 30, 2020.

Competition

In the pharmaceutical industry, leading players such as Dr. Reddy's Laboratories Limited, Cadila Pharmaceuticals Limited and Cipla Limited dominate domestic manufacture of active pharmaceutical ingredients, while contract manufacturing involves key players such as Sami Labs Limited, Kumar Organic Products Limited, Vivimed Labs Limited and Aarti Industries Limited. (*Source: F&S Report*) We compete with Uflex Limited, Polyplex Corporation Limited, Jindal PolyFilms Limited, Ester Industries Limited, Garware Polyester Limited and SML Films in respect of our packaging films business. (*Source: F&S Report*) Our Company is the domestic market leader for nylon tyre cord fabric and competes with Century Enka Limited and Madura Industrial Textiles in this business (*Source: F&S Report*).

Intellectual Property

Our Company has registered the trademark "SRF" under classes 1, 4, 17 and 22 with the Registrar of Trademarks under the Trade Marks Act, 1999. Additionally, our Company has also registered trademarks including certain word marks, logos and device marks under various classes in India, including "DYMEL", "SRF DURASHIELD", , , and and has applied for registration of certain trademarks, including "SRF" under classes 3, 5, 16 and 24. As of August 31, 2020, our Company has applied for more than 200 patents and has been granted over 60 patents globally.

Insurance

Our operations are subject to hazards inherent in manufacturing plants such as risk of equipment failure, work accidents, fire, chemical spillage, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for property, material damage, standard fire and special perils policy for our warehouses, management liability insurance, employees compensation insurance, office protection, commercial general liability, product liability, business public liability, marine cargo, electronic equipment, fidelity guarantee, burglary, trade credit, and group mediclaim and erection all risk.

Employees

As of August 31, 2020, we employed approximately 6,600 full-time employees globally. Our employees include, among others, engineers, management graduates and persons from other professionally qualified streams performing managerial or supervisory roles, who are recruited from college or laterally from other organizations. We also engage employees pursuant to government schemes like NEEM (National Employability Enhancement Mission) Scheme at certain of our manufacturing plants.

We have a structured approach towards training and development of our management and non-management staff. Our workmen and staff cadres are skilled to handle various roles at our manufacturing facilities, and skill development through a rigorous implementation of skill matrix methodology is undertaken as a key focus area. All behavior-related development needs for the management staff of our Company are handled by the Chief Human Resource Officer.

In terms of the evaluation process for our employees, periodic performance assessments are conducted at regular intervals for all employees and feedback is duly provided for improvement. Our Company has a performance management system that has evolved with time and we ensure proper evaluation of management cadre employees on the achievement status of their key performance indicators.

Awards

Over the years, we have won several awards and accolades including:

Calendar Year	Award
Awards for business excellence	
2019	The Economic Times Family Business of the Year (Large Companies) Award
2019	Bhamashah Award by the Rajasthan Government
2018	Syngenta Supplier Award for Innovation
2017	CHEMEXCIL's Certificate Of Merit For The Outstanding Export Performance In Chemicals Panel - Large Scale Sector for the year 2015-2016
Awards for sustainability, safety and CSR	
2020	ICC Award for excellence in management of Health & Safety for 2019 by the Indian Chemical

Calendar Year	Award
	Council
2019	National CSR Award 2018
2018	Five Star Occupational Health and Safety Audit – Five Stars for SRF Packaging Film Business – Sector 3, Indore SEZ - until July 2019 by the British Safety Council
2017	FICCI CSR Award for the year 2016-2017 (for Category 2: Education, Skill Development and Livelihood Private Sector Companies with ₹ 3,001 crore per annum and above)
2017	Bayer Supplier Award 2017 in the category of Sustainability
2016	Syngenta Supplier Award for Health, Safety & Environment
2016	Certificate of Excellence for PUSH (Chemical Intermediates) by Bayer Group of Companies in India
2015	CRY Child Rights Champion Award
2013	Aaj Tak Care Award Category "Education"
2013	Greentech CSR Award (Silver Category)
2012	Deming Prize for Chemicals Business Outstanding Merit in the Statistical Control of Quality
2012	FICCI Businessworld FICCI Corporate Social Responsibility Award (Category III – Innovative Approach toward CSR)
2009	International Labour Organisation Appreciation for leadership provided in successful implementation of HIV/ AIDS Programme
2006	Greentech Platinum Award in Chemical Sector Safety Management
2006	Greentech Gold Award for Environment Management
2004	Deming Prize for Industrial Synthetics Business Outstanding Merit in the Statistical Control of Quality
Leadership Awards	
2020	EY Entrepreneur of the Year 2019 – Manufacturing Category to Mr. Arun Bharat Ram
2017	Indian Chemical Council Lifetime Achievement Award to Mr. Arun Bharat Ram
2006	Jamsetji Tata Award conferred on Mr. Arun Bharat Ram by the Indian Society for Quality
Miscellaneous Awards	
2014	Pt. Madan Mohan Malviya Award Bronze Award for Best CSR Practice in Education
2011	Forbes Asia 'Best Under a Billion List' (For the Region's Top 200 Small and Midsize Companies)

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our CSR activities are carried out through the SRF Foundation, which is a trust set up by us and is involved in the areas of education, vocational skills, women empowerment and preventive health programme. In accordance with the CSR policy, our Company may undertake CSR activities in and around manufacturing facilities of the Company, and that relate to, amongst others, imparting employment enhancing vocational skills, promoting gender equality and empowering women, promoting preventive healthcare, ensuring environment sustainability and promoting rural sports.

As part of our community engagement initiatives, we have been involved in improving infrastructure and academic facilities under the School Education Program, promoted digital based learning through the World on Wheels programme, set up a residential training centre 'Udaan' for girls, improved the employability of people around our Company's manufacturing facilities by providing vocational skills and improved the livelihood of economically weaker families near the manufacturing plant at Bhiwadi, Rajasthan by adoption of the watershed-based livelihood and environment conservation approach through the Natural Resource Management programme.

Properties

Our Company has purchased the premises on which the registered office of our Company is located at The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2nd Floor, Mayur Place, Mayur Vihar Phase I Extension, New Delhi 110 091, India. We have executed a lease deed in respect of our corporate office located at Block C, Sector 45, Gurugram 122 003, India, for a term that is valid up to October 31, 2026.

Certain of our manufacturing facilities are located on land leased at Indore Special Economic Zone, Madhya Pradesh, Domestic Tariff Area, Pithampur, Madhya Pradesh, Malanpur, Madhya Pradesh, Bhiwadi, Rajasthan and Thiruvallur, Tamil Nadu while we own the land on which our manufacturing facilities at Manali, Tamil Nadu, Viralimalai, Tamil Nadu and Kashipur, Uttarakhand are located. The execution of lease deed in respect of the leasehold land allotted to our Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

In accordance with our Articles of Association, read with applicable provisions of the Companies Act, our Company is required to have not less than three Directors and not more than 15 Directors. However, our Company may appoint more than 15 Directors pursuant to a special resolution. Currently, our Company has 11 Directors.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Name, Address, DIN, Term, Occupation and Nationality	Age (in years)	Designation
Arun Bharat Ram *Address:* No. 1, Silver Oak Avenue, Westend Green Farms, Rajokri, New Delhi – 110038, India *DIN:* 00694766 *Term:* Five years with effect from June 15, 2018 as Chairman and liable to retire by rotation as a director. *Occupation:* Industrialist *Nationality:* Indian	79	Executive Chairman
Ashish Bharat Ram *Address:* 2 Silver Oak Avenue, Westend Green Farms, Rajokri, New Delhi – 110038, India *DIN:* 00671567 *Term:* Five years with effect from May 23, 2020 as Managing Director and liable to retire by rotation as a director. *Occupation:* Industrialist *Nationality:* Indian	51	Managing Director
Kartik Bharat Ram *Address:* No. 1 Silver Oak Avenue, Westend Green Farms, Rajokari, New Delhi – 110038, India *DIN:* 00008557 *Term*: Five years with effect from June 1, 2016. *Occupation:* Industrialist *Nationality:* Indian	49	Deputy Managing Director
Pramod Gopaldas Gujarathi *Address*: 26 Yash Bunglow, Dharansi Park Opp. G.I.D.C Guest house, Post – GIDC Vapi, Gujarat – 396195, India *DIN:* 00418958 *Term:* Three years with effect from April 1, 2020 and liable to retire by rotation. *Occupation:* Management and Consulting Engineer	68	Executive Director

Name, Address, DIN, Term, Occupation and Nationality	Age (in years)	Designation
Nationality: Indian		
Dr. Meenakshi Gopinath *Address:* A - 86, Nizamuddin East, New Delhi – 110013, India *DIN:* 00295656 *Term:* Liable to retire by rotation *Occupation:* Professor *Nationality:* Indian	71	Non-executive Director
Lakshman Lakshminarayan *Address:* G B, No 11, Prithivi Avenue, 2nd Street, Teynampet, Chennai – 600018, Tamil Nadu, India *DIN:* 00012554 *Term*: Five years with effect from April 1, 2019 *Occupation:* Industrialist *Nationality:* Indian	74	Independent Director
Vellayan Subbiah *Address:* Old No. 7, New No. 12, Valliammai Achi Road, Kotturpuram, Chennai – 600085, Tamil Nadu, India *DIN:* 01138759 *Term:* Five years with effect from April 1, 2019 *Occupation:* Industrialist *Nationality:* Indian	51	Independent Director
Tejpreet Singh Chopra *Address*: C – 1/40, Safdarjung Development Area, New Delhi – 110 016 *DIN:* 00317683 *Term:* Five years with effect from April 1, 2019 *Occupation:* Industrialist / Businessman *Nationality:* Indian	50	Independent Director
Bharti Gupta Ramola *Address:* E-2244, Palam Vihar, Gurgaon – 122017, India *DIN:* 00356188 *Term:* Up to February 3, 2024 *Occupation:* Independent Professional *Nationality:* Indian	61	Independent Director

Name, Address, DIN, Term, Occupation and Nationality	Age (in years)	Designation
Puneet Yadu Dalmia *Address:* 18, Golf Links, New Delhi – 110 003, India *DIN:* 00022633 *Term:* Up to March 31, 2024 *Occupation:* Industrialist *Nationality:* Indian	47	Independent Director
Yash Gupta *Address:* 46 - A, Friends Colony East, Delhi - 110065, India *DIN:* 00299621 *Term:* Up to March 31, 2024 *Occupation:* Business *Nationality:* Indian	52	Independent Director

Borrowing Powers of the Board

Pursuant to our Articles of Association, subject to applicable laws and pursuant to a special resolution dated August 7, 2018 passed by our shareholders, our Board has been authorised to borrow sums (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of our paid-up share capital, free reserves and securities premium, up to ₹ 4,000 crores.

Interests of our Directors

All our Directors may be deemed to be interested to the extent of remuneration, commission, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment, including sitting fees payable to our Non-Executive Director and Independent Directors for attending meetings of the Board or a committee thereof, see " – ***Remuneration of the Directors***" on page 153. Our Directors may also be deemed to be interested to the extent of their direct or indirect shareholding in our Company, any dividend payable to them and other distributions in respect of such shareholding and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members.

For details of the Equity Shares held by our Directors, see "– ***Shareholding of Directors***" below.

For details on related party transactions, see "***Related Party Transactions***" on page 29.

Other than Arun Bharat Ram, Ashish Bharat Ram and Kartik Bharat Ram, who are our Promoters, our Directors have no interest in the promotion of our Company as on the date of this Preliminary Placement Document.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which our Directors are interested. Further, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Relationship between Directors

Except for Arun Bharat Ram, who is the father of Ashish Bharat Ram and Kartik Bharat Ram, none of the Directors are related to each other.

Shareholding of Directors

Other than as set forth below, our Directors did not hold any Equity Shares as on October 12, 2020:

Name	Number of Equity Shares	Percentage (%) of the pre-Issue issued and paid-up share capital as on October 12, 2020
Arun Bharat Ram	27,500	0.05%
Puneet Yadu Dalmia	17,800	0.03%
Vellayan Subbiah	13,407	0.02%
Tejpreet Singh Chopra	578	Negligible

Terms of appointment of Executive Directors

Arun Bharat Ram

Arun Bharat Ram was last re-appointed on our Board for a period of five years with effect from June 15, 2018 as Chairman, pursuant to a Board resolution dated May 22, 2017 and a Shareholders' resolution dated August 8, 2017.

In accordance with the above mentioned resolutions, our Company has approved the following terms of his appointment and remuneration:

- **Remuneration:** ₹ 3.63 crores, for the period from April 1, 2020 to March 31, 2021, within which overall ceiling the components of remuneration shall be as decided by the Company in accordance with the Nomination, Appointment and Remuneration Policy. He is entitled to sitting fees for attending the meetings of the Board or its committees.

- **Commission:** Annual commission as may be decided by our Board or the Nomination and Remuneration Committee, provided that the overall remuneration (comprising of salary, perquisites and commission) shall not exceed 5% of the net profits of our Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

- **Perquisites:** Perquisites as may be decided by our Company in accordance with the Nomination, Appointment and Remuneration Policy.

Ashish Bharat Ram

Ashish Bharat Ram was last re-appointed on our Board for a period of five years with effect from May 23, 2020 as Managing Director, pursuant to a Board resolution dated February 3, 2020 and a Shareholder's resolution dated August 17, 2020.

In accordance with the above mentioned resolutions, our Company has approved the following terms of his appointment and remuneration:

- **Remuneration:** ₹ 5.44 crore, for the period from April 1, 2020 to March 31, 2021, within which overall ceiling the components of remuneration shall be as decided by the Company in accordance with the Nomination, Appointment and Remuneration Policy.

- **Commission:** Annual commission as may be decided by our Board of the Company or the Nomination and Remuneration Committee, provided that the overall remuneration (comprising of salary, perquisites and commission) shall not exceed 5% of the net profits of our Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

- **Perquisites:** Perquisites as may be decided by our Company in accordance with its Nomination, Appointment and Remuneration Policy.

Kartik Bharat Ram

Kartik Bharat Ram was last re-appointed on our Board for a period of five years with effect from June 1, 2016 as Deputy Managing Director, pursuant to a Board resolution dated February 8, 2016 and a Shareholder's resolution dated August 8, 2016.

In accordance with the above mentioned resolutions, our Company has approved the following terms of his appointment and remuneration:

- **Remuneration:** ₹ 5.44 crore for the period from April 1, 2020 to March 31, 2021, within which overall ceiling the components of remuneration shall be as decided by the Company in accordance with the Nomination, Appointment and Remuneration Policy. He is entitled to sitting fees for attending the meetings of the Board or its committees.

- **Commission:** Annual commission as may be decided by the Board of our Company or the Nomination and Remuneration Committee, provided that the overall remuneration (comprising of salary, perquisites and commission) shall not exceed 5% of the net profits of our Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

- **Perquisites:** Perquisites as may be decided by our Company in accordance with its Nomination, Appointment and Remuneration Policy.

Pramod Gopaldas Gujarathi

Pramod Gopaldas Gujarathi was last re-appointed as an Executive Director on our Board for a period of three years with effect from April 1, 2020, pursuant to a Board resolution dated February 3, 2020 and a Shareholder's resolution dated August 17, 2020.

In accordance with the above mentioned resolutions, our Company has approved the following terms of his appointment and remuneration:

- **Remuneration:** ₹ 0.20 crore for the period from April 1, 2020 to March 31, 2021.

- **Commission:** Annual commission as may be decided by our Board or the Nomination and Remuneration Committee, provided that the overall remuneration (comprising of salary, perquisites and commission) shall not exceed 5% of the net profits of our Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

- **Perquisites:** Perquisites as may be decided by our Company in accordance with its Nomination, Appointment and Remuneration Policy.

Remuneration of the Directors

A. Executive Directors

The following tables sets forth the compensation paid to, or provided for, by our Company to the Executive Directors during Fiscals 2020, 2019 and 2018, and for the period April 1, 2020 to September 30, 2020:

(in ₹ crore)

Arun Bharat Ram					
Fiscal / Period	**Salary & allowances**	**Perquisites**	**Provident fund and superannuation**	**Commission (provided)/ Professional fees**	**Total**
For the period between April 1, 2020 to September 30, 2020	1.40	0.12	0.24	1.75#	**3.50**
Fiscal 2020	2.64	0.24	0.45	3.50	**6.83**
Fiscal 2019	2.40	0.22	0.41	2.50	**5.53**
Fiscal 2018	2.22	0.19	0.38	2.25	**5.04**

\# *Represent amount of commission to directors, computed on estimate basis, which is yet to be approved by the Company.*

(in ₹ crore)

Ashish Bharat Ram					
Fiscal / Period	**Salary & allowances**	**Perquisites**	**Provident fund and superannuation**	**Commission (provided)/ Professional fees**	**Total**
For the period between April 1, 2020 to September 30, 2020	1.79	0.54	0.23	1.50#	**4.07**
Fiscal 2020	3.24	1.05	0.65	3.00	**7.94**
Fiscal 2019	1.75	1.69	0.47	2.00	**5.91**
Fiscal 2018	1.56	1.53	0.42	1.60	**5.11**

 # Represent amount of commission to directors, computed on estimate basis, which is yet to be approved by the Company.

(in ₹ crore)

Kartik Bharat Ram					
Fiscal / Period	**Salary & allowances**	**Perquisites**	**Provident fund and superannuation**	**Commission (provided)/ Professional fees**	**Total**
For the period between April 1, 2020 to September 30, 2020	1.79	0.44	0.23	1.50#	**3.96**
Fiscal 2020	3.24	0.96	0.65	3.00	**7.85**
Fiscal 2019	1.75	1.62	0.47	2.00	**5.84**
Fiscal 2018	1.56	1.44	0.42	1.60	**5.02**

 # Represent amount of commission to directors, computed on estimate basis, which is yet to be approved by the Company.

(in ₹ crore)

Pramod Gopaldas Gujarathi					
Fiscal / Period	**Salary & allowances**	**Perquisites**	**Provident fund and superannuation**	**Commission (provided)/ Professional fees**	**Total**
For the period between April 1, 2020 to September 30, 2020	0.09	-	0.00	-	**0.09**
Fiscal 2020	0.18	-	0.01	-	**0.19**
Fiscal 2019	0.18	-	0.01	-	**0.19**
Fiscal 2018	0.17	-	0.01	-	**0.18**

For further details of compensation paid to our executive Directors during Fiscals 2018, 2019 and 2020, see "***Related Party Transactions***" on page 29.

B. Non-Executive Directors and Independent Directors

Pursuant to a resolution passed by our Board on May 11, 2015, our Non-Executive Director and Independent Directors are entitled to receive a sitting fee of ₹ 40,000 for attending each meeting of our Board, Audit Committee and Nomination and Remuneration Committee, ₹ 30,000 for attending each meeting of the Corporate Social Responsibility Committee and ₹ 20,000 for attending each meeting of the Stakeholders' Relationship Committee, with effect from May 11, 2015. Further, pursuant to a Shareholders' resolution dated August 8, 2016, our Non-Executive Directors and Independent Directors are also entitled to receive commission not exceeding one per cent per annum of the net profits of our Company, calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013, in such manner and in all respects as the Nomination and Remuneration Committee and/or our Board may determine.

The following table sets forth the compensation paid to, or provided for, by our Company to our Non-Executive Director and Independent Directors during Fiscals 2021, 2020, 2019 and 2018:

(in ₹ crore)

Name	***Sitting Fees***				***Commission (provided)/ Professional fees #***				***Total***			
	For Fiscal ended March 31,											
	2021*	***2020***	***2019***	***2018***	***2021****	***2020***	***2019***	***2018***	***2021****	***2020***	***2019***	***2018***
Dr. Meenakshi Gopinath(1)	0.00	0.02	0.02	0.02	0.06	0.12	0.13	0.13	0.06	0.14	0.15	0.15

Name	*Sitting Fees*				*Commission (provided)/ Professional fees #*				*Total*			
	For Fiscal ended March 31,											
	*2021**	*2020*	*2019*	*2018*	*2021**	*2020*	*2019*	*2018*	*2021**	*2020*	*2019*	*2018*
Lakshman Lakshminarayan	0.02	0.04	0.04	0.03	0.00	0.12	0.10	0.08	0.02	0.16	0.14	0.11
Vellayan Subbiah	0.02	0.03	0.03	0.03	0.00	0.12	0.10	0.08	0.02	0.15	0.13	0.11
Tejpreet Singh Chopra	0.02	0.03	0.04	0.04	0.00	0.12	0.10	0.08	0.02	0.15	0.14	0.12
Bharti Gupta Ramola(2)	0.02	0.03	-	-	0.00	0.12	-	-	0.02	0.15	-	-
Puneet Yadu Dalmia(3)	0.02	0.02	-	-	0.00	0.12	-	-	0.02	0.14	-	-
Yash Gupta(4)	0.02	0.04	-	-	0.00	0.12	-	-	0.02	0.16	-	-
Vinayank Chatterjee(5)	-	-	0.06	0.05	-	-	0.10	0.08	-	-	0.16	0.13
Pramod Bhasin(6)	-	-	0.02	0.02	-	-	0.10	0.08	-	-	0.12	0.10

**For the period from April 1, 2020 to September 30, 2020.*
#*On accrual basis, The commission for a Fiscal Year is paid to the respective Director only in the successive Fiscal Year.*
(1)*Dr. Meenakshi Gopinath was appointed as Director (CSR) and as Chairman of the Corporate Social Responsibility Committee pursuant to a resolution of our Shareholders adopted at the annual general meeting held on August 6, 2015. She is entitled to consolidated fees of ₹ 1,00,000 per month (subject to deduction of applicable taxes) plus service tax and a Company-maintained car, and sitting fees for attending meetings of our Board and Committees of our Board on which she is nominated, except the Corporate Social Responsibility Committee.*
(2)*Appointed on our Board with effect from February 4, 2019.*
(3)*Appointed on our Board with effect from April 1, 2019.*
(4)*Appointed on our Board with effect from April 1, 2019.*
(5)*Ceased to be a director on our Board with effect from March 31, 2019.*
(6)*Ceased to be a director on our Board with effect from February 4, 2019.*

Corporate Governance

As on the date of this Preliminary Placement Document, we have 11 Directors on our Board, which comprises four Executive Directors, one Non-Executive Director and six Independent Directors. Further, we have two women Directors, one of whom is an Independent Director. Our Company is in compliance with the corporate governance requirements prescribed under the SEBI Listing Regulations and Companies Act in relation to the composition of our Board and constitution of committees thereof.

Committees of our Board of Directors

Our Company has constituted the following five committees in terms of the SEBI Listing Regulations and the Companies Act, each of which functions in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations, as applicable:

(i) Audit Committee;
(ii) Stakeholders' Relationship Committee;
(iii) Nomination and Remuneration Committee;
(iv) Corporate Social Responsibility Committee; and
(v) Risk Management Committee.

The details of these committees are as follows:

A. Audit Committee

The members of the Audit Committee are:

1. Lakshman Lakshminarayan (*Chairperson*);
2. Vellayan Subbiah (*Member*); and
3. Bharti Gupta Ramola (*Member*).

B. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Tejpreet Singh Chopra (*Chairperson*);
2. Ashish Bharat Ram (*Member*);
3. Kartik Bharat Ram (*Member*); and
4. Yash Gupta (*Member*).

C. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Tejpreet Singh Chopra (*Chairperson*);
2. Puneet Yadu Dalmia (*Member*); and
3. Yash Gupta (*Member*).

D. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Dr. Meenakshi Gopinath (*Chairperson*);
2. Lakshman Lakshminarayan (*Member*);
3. Arun Bharat Ram (*Member*); and
4. Kartik Bharat Ram (*Member*).

E. Risk Management Committee

The members of the Risk Management Committee are:

1. Ashish Bharat Ram (*Chairperson*);
2. Kartik Bharat Ram (*Member*); and
3. Bharti Gupta Ramola (*Member*)

Key Managerial Personnel

In addition to Arun Bharat Ram, Ashish Bharat Ram, Kartik Bharat Ram and Pramod Gopaldas Gujarathi, the details of our other Key Managerial Personnel are set forth below:

S. No.	Name	Designation	Experience with the Company/ SRF group (in years)
1.	Prashant Yadav	President and Chief Executive Officer - Fluorochemicals Business	26
2.	Anurag Jain	President and Chief Executive Officer - Specialty Chemicals Business & Chemicals Technology Group	26
3.	Prashant Mehra	President and Chief Executive Officer - Packaging Films Business, Coated Fabrics & Laminated Fabrics Business	24
4.	Sanjay Chatrath	President and Chief Executive Officer - Technical Textiles Business	35
5.	Rahul Jain	President and Chief Financial Officer	11
6.	Rajat Lakhanpal	Vice President (Corporate Compliance) & Company Secretary	20*

* *Rajat Lakhanpal has been employed with our Company for over a year and collectively with the SRF group for over 20 years.*

Senior Management

In addition to Arun Bharat Ram, Ashish Bharat Ram, Kartik Bharat Ram, Pramod Gopaldas Gujarathi and our Key Managerial Personnel, the details of our other senior management are set forth below:

S. No.	Name	Designation	Years of Experience at our Company (in years)
1.	Ajay Chowdhury	President and Chief Human Resource Officer	10
2.	Sanjay Rao	Group Chief Information Officer & Shared Services Head	25

Shareholding of Key Managerial Personnel and Senior Management

In addition to the shareholding of Arun Bharat Ram, Ashish Bharat Ram, Kartik Bharat Ram and Pramod Gopaldas Gujarathi as disclosed above in " *– Shareholding of Directors*", our Key Managerial Personnel and members of our Senior Management hold the following Equity Shares as on October 12, 2020:

Name	Number of Equity Shares	Percentage (%) of the pre-Issue issued and paid-up share capital as on October 12, 2020
Prashant Mehra	22,470	0.04
Anurag Jain	21,550	0.04
Prashant Yadav	20,200	0.04
Sanjay Rao	1,070	Negligible
Sanjay Chatrath	900	Negligible
Rahul Jain	300	Negligible
Rajat Lakhanpal	341	Negligible
Ajay Chowdhury	14	Negligible

Interest of Key Managerial Personnel and Senior Management

Except as stated in " *– Interest of our Directors*" above and in "*Related Party Transactions*" on pages 151 and 29 respectively, and to the extent of their shareholding in our Company, and remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business and Equity Shares that have been allotted to them under the Incentive Plan, our Key Managerial Personnel and Senior Management do not have any other interest in our Company.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which our Key Managerial Personnel or members of the Senior Management are interested.

Other confirmations

Except as otherwise stated above in "*– Interests of our Directors*" and "*– Interest of Key Managerial Personnel and Senior Management*" on pages 151 and 157 respectively, none of our Directors or Key Managerial Personnel or members of the senior management have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

None of our Promoters or Directors have been identified as wilful defaulters, as defined under the SEBI ICDR Regulations, except as below:

S. No.	*Particulars*	*Details*
1.	Name of the person declared as a wilful defaulter	Arun Bharat Ram
2.	Name of the company declared as a wilful defaulter in which the person was an independent director.	Samtel Glass Limited ("**SGL**") (where Arun Bharat Ram was an Independent Director)
3.	Name of the bank declaring the person as a wilful defaulter	State Bank of India ("**SBI**")
4.	Year in which the person was declared as a wilful defaulter	2013
5.	Outstanding amount when the person was declared as a wilful defaulter	Demand of SBI from SGL in November 2012 was ₹13,01,36,393.10 (exclusive of interest)
6.	Steps taken, if any, by the person for removal of the person's name from the list of wilful defaulters	Arun Bharat Ram, our Executive Chairman and one of our Promoters was reported as a wilful defaulter by SBI in relation to a default in repayment of loan(s) availed by SGL from SBI in March 2013, although he had resigned as an independent director from SGL's board of directors with effect from December 29, 2011. Our Company, on behalf of Arun Bharat Ram, has written to the Stressed Assets Resolution Group of SBI ("**SARG**") on March 14, 2019, highlighting that he had not been given an opportunity to appear before the Grievance Redressal Committee, and
7.	Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision	

S. No.	Particulars	Details
		requested that as an independent director of SGL, he was not involved in the management of SGL, and accordingly his name be removed from the wilful defaulter list. SBI, through its letter dated June 7, 2019, denied not following the prescribed procedure under applicable law and has refused to accede to the request for removal of his name from the wilful defaulter list.
8.	Any other disclosure as specified by the Board	-

None of our Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI.

ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was incorporated on January 9, 1970 under the laws of the Republic of India as 'Shriram Fibres Limited' with a certificate of incorporation granted by the Registrar of Companies, Delhi at New Delhi. We obtained a certificate of commencement of business on June 3, 1971. Subsequently, the name of our Company was changed to 'SRF Limited' pursuant to a resolution of our Shareholders dated March 14, 1990 and a fresh certificate of incorporation dated May 2, 1990, granted by the Registrar of Companies, Delhi and Haryana at New Delhi.

Our Company's CIN is L18101DL1970PLC005197. The registered office of our Company is located at The Galleria, DLF Mayur Vihar, Unit No.236 & 237, Second Floor, Mayur Place, Mayur Vihar, Phase-I Extension, New Delhi – 110 091, India and our corporate office is located at Block – C, Sector 45, Gurugram – 122 003, Haryana, India.

Organizational Structure

Subsidiaries

As on the date of this Preliminary Placement Document, our Company has six wholly owned subsidiaries:

(i) SRF Global B.V. (incorporated in Netherlands);
(ii) SRF Industries (Thailand) Limited (incorporated in Thailand);
(iii) SRF Flexipak (South Africa) (Pty) Ltd (incorporated in South Africa);
(iv) SRF Industex Belting (Proprietary) Limited (incorporated in South Africa);
(v) SRF Europe Kft. (incorporated in Hungary); and
(vi) SRF Holiday Home Limited (incorporated in India).

Associates

As on the date of this Preliminary Placement Document, our Company has two associates:

(i) Vaayu Renewable Energy (Tapti) Private Limited; and
(ii) Malanpur Captive Power Limited.

Investment in both these group captive power companies are held by our Company as a consumer in accordance with the requirements of the Electricity Act, 2005. Our Company does not exercise significant influence as defined under Ind AS over these companies and accordingly their annual accounts are not consolidated with the annual accounts of the company.

Others

We had incorporated SRF Nitol (Bangladesh) Limited ("**SRF Nitol**") in Bangladesh on June 13, 2011 in order to undertake manufacture of packaging films. SRF Nitol has been non-operational since incorporation and the investment of $5,600 made by SRF Global B.V. has been written-off. We propose to wind-up the entity in the near future.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on September 30, 2020, is set forth below:

Table I: Summary statement holding of specified securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter and Promoter Group	2	30,076,500	0	0	30,076,500	52.32	30,076,500	0	30,076,500	52.32	0	52.32	0	0.00	0	0.00	30,076,500
(B)	Public	69,935	27,404,000	0	0	27,404,000	47.68	27,404,000	0	27,404,000	47.68	0	47.68	0	0.00	NA	NA	26,549,012
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total:	**69,937**	**57,480,500**	**0**	**0**	**57,480,500**	**100.00**	**57,480,500**	**0**	**57,480,500**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**56,625,512**

Table II: Statement showing shareholding pattern of the Promoters and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian																		
(a)	Individuals/ Hindu undivided Family		1	27,500	0	0	27,500	0.05	27,500	0	27,500	0.05	0	0.05	0	0.00	0	0.00	27,500
	ARUN BHARAT RAM	AAAPB2686F	1	27,500	0	0	27,500	0.05	27,500	0	27,500	0.05	0	0.05	0	0.00	0	0.00	27,500
(b)	Central Government/ State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Financial Institutions/ Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Any Other		1	30,049,000	0	0	30,049,000	52.28	30,049,000	0	30,049,000	52.28	0	52.28	0	0.00	0	0.00	30,049,000
	KAMA HOLDINGS LIMITED	AAFCS9521A	1	30,049,000	0	0	30,049,000	52.28	30,049,000	0	30,049,000	52.28	0	52.28	0	0.00	0	0.00	30,049,000
	Sub-Total (A)(1)		**2**	**30,076,500**	**0**	**0**	**30,076,500**	**52.32**	**30,076,500**	**0**	**30,076,500**	**52.32**	**0**	**52.32**	**0**	**0.00**	**0**	**0.00**	**30,076,500**
(2)	Foreign																		

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		**2**	**30,076,500**	**0**	**0**	**30,076,500**	**52.32**	**30,076,500**	**0**	**30,076,500**	**52.32**	**0**	**52.32**	**0**	**0.00**	**0**	**0.00**	**30,076,500**

Table III: Statement showing shareholding pattern of the public shareholders

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Institutions																		
(a)	Mutual Funds		28	6,370,533	0	0	6,370,533	11.08	6,370,533	0	6,370,533	11.08	0	11.08	0	0.00	NA	NA	6,370,533
	KOTAK DEBT HYBRID	AAATK4475F	1	2,831,425	0	0	2,831,425	4.93	2,831,425	0	2,831,425	4.93	0	4.93	0	0.00	NA	NA	2,831,425
	NIPPON LIFE INDIA TRUSTEE LTD - A/C NIPPON INDIA MULTI ASSET FUND	AAATR0090B	1	641,398	0	0	641,398	1.12	641,398	0	641,398	1.12	0	1.12	0	0.00	NA	NA	641,398
	MIRAE ASSET EQUITY SAVINGS FUND	AACTM0203B	1	616,856	0	0	616,856	1.07	616,856	0	616,856	1.07	0	1.07	0	0.00	NA	NA	616,856
(b)	Venture Capital Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Foreign Portfolio Investors		201	9,832,742	0	0	9,832,742	17.11	9,832,742	0	9,832,742	17.11	0	17.11	0	0.00	NA	NA	9,832,742
	KOTAK FUNDS - INDIA MIDCAP FUND	AAGCK4148L	1	828,768	0	0	828,768	1.44	828,768	0	828,768	1.44	0	1.44	0	0.00	NA	NA	828,768
	AMANSA HOLDINGS PRIVATE LIMITED	AAKCA7237L	1	3,671,404	0	0	3,671,404	6.39	3,671,404	0	3,671,404	6.39	0	6.39	0	0.00	NA	NA	3,671,404

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY	AAVCS6547E	1	633,780	0	0	633,780	1.10	633,780	0	633,780	1.10	0	1.10	0	0.00	NA	NA	633,780
(f)	Financial Institutions/ Banks		22	28,641	0	0	28,641	0.05	28,641	0	28,641	0.05	0	0.05	0	0.00	NA	NA	21,232
(g)	Insurance Companies		5	118,532	0	0	118,532	0.21	118,532	0	118,532	0.21	0	0.21	0	0.00	NA	NA	118,332
(h)	Provident Funds/ Pension Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(i)	Any Other																		
	Sub Total (B)(1)		**256**	**16,350,448**	**0**	**0**	**16,350,448**	**28.45**	**16,350,448**	**0**	**16,350,448**	**28.45**	**0**	**28.45**	**0**	**0.00**	**NA**	**NA**	**16,342,839**
(2)	Central Government/ State Government(s)/ President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Sub Total (B)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**NA**	**NA**	**0**
(3)	Non-Institutions																		
(a)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs		65,540	6,601,384	0	0	6,601,384	11.48	6,601,384	0	6,601,384	11.48	0	11.48	0	0.00	NA	NA	5,768,305
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs		11	324,505	0	0	324,505	0.56	324,505	0	324,505	0.56	0	0.56	0	0.00	NA	NA	324,505

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(b)	NBFCs Registered with RBI		4	2,015	0	0	2,015	0.00	2,015	0	2,015	0.00	0	0.00	0	0.00	NA	NA	2,015
(c)	Employee Trusts		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Overseas Depositories (Holding DRs) (Balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Any Other																		
	TRUSTS		13	3,165	0	0	3,165	0.01	3,165	0	3,165	0.01	0	0.01	0	0.00	NA	NA	3,165
	ALTERNATIVE INVESTMENT FUND		15	249,745	0	0	249,745	0.43	249,745	0	249,745	0.43	0	0.43	0	0.00	NA	NA	249,745
	NON RESIDENT INDIANS		2,079	117,710	0	0	117,710	0.20	117,710	0	117,710	0.20	0	0.20	0	0.00	NA	NA	114,684
	CLEARING MEMBERS		125	98,789	0	0	98,789	0.17	98,789	0	98,789	0.17	0	0.17	0	0.00	NA	NA	98,789
	Qualified Institutional Buyer		15	2,073,003	0	0	2,073,003	3.61	2,073,003	0	2,073,003	3.61	0	3.61	0	0.00	NA	NA	2,073,003
	SBI LIFE INSURANCE CO. LTD	AAFCS2530P	1	615,590	0	0	615,590	1.07	615,590	0	615,590	1.07	0	1.07	0	0.00	NA	NA	615,590
	NON RESIDENT INDIAN NON REPATRIABLE		1,048	706,556	0	0	706,556	1.23	706,556	0	706,556	1.23	0	1.23	0	0.00	NA	NA	706,556
	BODIES CORPORATES		828	497,353	0	0	497,353	0.87	497,353	0	497,353	0.87	0	0.87	0	0.00	NA	NA	486,079

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
	IEPF		1	379,327	0	0	379,327	0.66	379,327	0	379,327	0.66	0	0.66	0	0.00	NA	NA	37,9327
	Sub Total (B)(3)		**69,679**	**11,053,552**	**0**	**0**	**11,053,552**	**19.23**	**11,053,552**	**0**	**11,053,552**	**19.23**	**0**	**19.23**	**0**	**0.00**			**10,206,173**
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)		**69,935**	**27,404,000**	**0**	**0**	**27,404,000**	**47.68**	**27,404,000**	**0**	**27,404,000**	**47.68**	**0**	**47.68**	**0**	**0.00**			**26,549,012**

Table IV: Statement showing shareholding pattern of the non-promoter non-public shareholders

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Custodian/ DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**			**0**

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "**Selling Restrictions**" and "**Transfer Restrictions**" on pages 183 and 192, respectively. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Our Company, the Book Running Lead Managers and their respective directors, shareholders, employees, counsels, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THIS ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

This Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the Shareholders have adopted a special resolution approving the Issue. Such special resolution must specify (a) that the Allotment of Equity Shares is proposed to be made pursuant to the QIP; and (b) the Relevant Date;
- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose among other things, the particulars of the issue and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be Allotted through this Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;
- this Issue must be made through a private placement offer letter (i.e., this Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom this Issue is made;
- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- the Promoters and Directors of our Company are not fugitive economic offenders;
- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;
- our Company shall have completed allotments with respect to any previous offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter (i.e., this Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom this Issue will be made. This Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe; and
- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about this Issue is prohibited.

At least 10% of the Equity Shares issued to Eligible QIBs shall be Allotted to Mutual Funds, provided that, if this portion or any part thereof to be Allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the QIP Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the approval of the Shareholders on October 8, 2020 by way of postal ballot, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving this Issue and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of Allotment, see "***– Pricing and Allocation – Designated Date and Allotment of Equity Shares***" below.

The Equity Shares issued pursuant to this Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document and the Placement Document shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by our Board of Directors on August 31, 2020 and approved by our Shareholders on October 8, 2020 by way of postal ballot.

The minimum number of Allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and

- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of this Issue. For details of what constitutes "same group" or "common control", see the section "***— Bid Process—Application Form***" below.

Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange. Allotments made to VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States (as defined in Regulation S) in reliance on Regulations S. For the selling restrictions in certain other jurisdictions, please see "*Selling Restrictions*" on page 183. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 183 and 192, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Our Company has also filed a copy of this Preliminary Placement Document with each of the Stock Exchanges. We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE, each dated October 12, 2020.

Issue Procedure

1. Our Company and the Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company, in consultation with the Book Running Lead Managers.

2. **The list of QIBs to whom this Preliminary Placement Document cum Application Form will be delivered, shall be determined by our Company in consultation with the BRLMs, at their sole discretion. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Managers.

4. Bidders will be required to indicate the following in the Application Form:

    - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, phone number, permanent account number, e-mail address and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;

- an undertaking that they will deliver an offshore transaction letter to our Company prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act;

- details of the depository account to which the Equity Shares should be credited; and

- a representation that it is outside the United States and it has agreed to certain other representations set forth in the "***Representations by Investors***" on page 4 and "***Transfer Restrictions***" on page 192 and certain other representations made in the Application Form.

5. Each Bidder shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, Application Amount received for subscription of the Equity Shares shall be kept by our Company in the Escrow Account, *i.e.*, a separate bank account with a scheduled bank, and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event, among others, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to the Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or a Bidder withdraws the Bid prior to the Issue Closing Date, or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "- ***Refunds***" below.

6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

9. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, after the Issue Closing Date, our Company shall, in consultation with the Book Running Lead Managers, determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers, on behalf of our Company, will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe

to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated and the Refund Amount (if any) due to the Successful Bidders. Please note that the Allocation will be at the absolute discretion of our Company, in consultation with the Book Running Lead Managers.

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to this Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to this Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Non-Debt Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in this Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹ 25 crore;
- provident funds with minimum corpus of ₹ 25 crore;
- public financial institutions;

- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies,

subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of the FEMA Non-Debt Rules, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means common ownership of more than fifty per cent or common control) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI including its investor group shall be below 10% of the total paid-up Equity Share capital of our Company. In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done,the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates. The existing aggregate investment limit for FPIs in our Company is 100% of the paid up capital of our Company.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Subject to receipt of valid Bids, a minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, our Promoters or any person related to our Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoters:

- rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of our Promoter Group;

- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to our Promoters.

Our Company and the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, advisors, representatives, agents or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations.

Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 2, 4, 183, and 192, respectively:

- The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;
- The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;
- The Eligible QIB confirms and consents to its name and percentage of post-Issue shareholding (assuming full subscription in the Issue) will be included as a 'proposed allottee' in the Issue in the Placement Document;
- The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;
- The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
- The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

- The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to this Issue, if any. The Eligible QIB further confirms that its holding of the Equity Shares, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

- The Eligible QIB confirms that its Bids would not result in triggering an open offer under the SEBI Takeover Regulations;

- The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

- The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that the disclosure of such details in relation to it in the Placement Document will not guarantee Allotment to it, as Allotment in the Issue shall continue to be at the sole discretion of our Company;

- The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

  a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary (ies) or holding company and any other QIB; and

  b. "Control" shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- The Eligible QIB confirms that it is outside the United States, it is purchasing the Equity Shares in an offshore transaction in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate.

- The Eligible QIB acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

- The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

- The QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated August 28, 2017.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY

PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form.

Once a duly completed Application Form is submitted by a Bidder, whether signed or not, the submission of such Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares that may be Allotted to such Bidder and shall become a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited. The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

Axis Capital Limited
Axis House, Level 1
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai - 400 025
Maharashtra, India
Contact Person: Mr. Sanjay Kathale
Email: Sanjay.Kathale@axiscap.in
Phone No.: +91 22 4325 5585

Ambit Private Limited
Ambit House, 449, Senapati Bapat Marg
Lower Parel
Mumbai - 400 013
Maharashtra, India
Contact Person: Praveen Sangal
Email: srf.qip@ambit.co
Phone No.: +91 22 6623 3000

HDFC Bank Limited
Investment Banking Group
Unit No. 401 & 402
4th Floor, Tower B, Peninsula Business Park
Lower Parel, Mumbai - 400 013
Maharashtra, India
Contact Person: Harsh Thakkar / Ravi Sharma
Email: project.everest2020@hdfcbank.com
Phone No.: +91 99203 27474 / +91 75063 77488

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. C-27
G Block, Bandra Kurla Complex
Bandra (East),
Mumbai - 400 051
Maharashtra, India
Contact Person: Karl Sahukar
Email: srf.qip@kotak.com
Phone No.: +91 22 4336 0000

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

All Bidders submitting a Bid in the Issue, shall pay the entire Application Amount within the Issue Period.

Payment of Application Amount

Our Company has opened the "**SRF Limited QIP Escrow**" with HDFC Bank Limited, the Escrow Bank, in terms of the arrangement among our Company, the Book Running Lead Managers and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheque or demand draft or cash shall be rejected.

If the payment is not made favouring the Escrow Account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in the Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) refund of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "- ***Refunds***" below.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Determination and Allocation

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company, in consultation with the BRLMs, may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders pursuant to a resolution adopted on October 8, 2020 by way of postal ballot.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation on a discretionary basis in consultation with the Book Running Lead Managers and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the Application Forms and Application Amount, our Company in their sole and absolute discretion, in consultation with the Book Running Lead Managers, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price, the Application Amount for the Equity Shares Allotted and the Refund Amount (if any) shall be notified to such Successful Bidders.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, the Eligible QIB would be deemed to have made the representations and warranties as specified in "***Notice to Investors***" on page 2 and such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by the Stock Exchanges.

Designated Date and Allotment of Equity Shares

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs' beneficiary accounts maintained with the Depository Participant, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in this Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Book Running Lead Managers and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Successful Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Successful Bidder, or the Application Amount paid by a Successful Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Successful Bidder and the Issue Price, the excess Application Amount paid by such Successful Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the CAN issued to such Successful Bidder. The Refund Amount will be transferred to the relevant Successful Bidders within two Working Days from the date of issuance of the CAN.

In the event that a Bidder withdraws the Application Form prior to the Issue Closing Date or does not receive any Allocation in the Issue, or the Issue is cancelled prior to Allocation or at any time after that for any reason, the Application Amount paid by such Bidder (or all Bidders, if the Issue is cancelled) will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue within 60 days from the date of receipt of the Application Amount, or the Issue is cancelled post Allocation, or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, our Company shall repay the Application Amount within 15 days from expiry of 60 days or such other time period as applicable under applicable law, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see – "***Bid Process***" and – "***Refund***" above.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the specified beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the QIBs.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the Escrow Account to our Company until receipt of notice from the Book Running Lead Managers, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement Agreement

The Book Running Lead Managers and our Company have entered into the Placement Agreement dated October 12, 2020 ("**Placement Agreement**"), pursuant to which each Book Running Lead Manager has agreed, subject to certain conditions, to use its reasonable efforts to place the Equity Shares with Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations and warranties, as well as indemnity from our Company and the Issue is subject to the satisfaction of certain conditions and subject to the termination of the Placement Agreement in accordance with the terms contained therein.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares. See "***Offshore Derivative Instruments***" on page 10.

From time to time, the Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for our Company, its affiliates, shareholders or their respective affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking, investment banking and other banking transactions with our Company, its affiliates, shareholders or their respective affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Company will not, for a period of 60 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences associated with the ownership of any of the Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares), regardless of whether any of such transactions are to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise; (c) deposit Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) with any depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares or such other securities in any depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided that the foregoing restrictions do not apply to any sale, transfer or disposition of Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares) pursuant to (A) the Issue; or (B) issue of Equity Shares or other securities pursuant to any scheme of amalgamation or arrangement or otherwise in connection with any merger or acquisition of securities, business, property or other assets or other strategic corporate transaction, subject to providing prior intimation to each Book Running Lead Manager; or (C) the issue of options or Equity Shares pursuant to exercise of options granted in terms of the Incentive Plan.

Promoters' Lock-up

The Promoters shall not, during the period commencing on the date hereof and ending 30 days after the Closing Date ("**Lock-up Period**"), without the prior written consent of the Book Running Lead Managers, directly or indirectly: (a) offer, issue, pledge, sell, encumber, contract to sell or announce the intention to sell, lend, purchase any option or contract to sell, grant or sell any option, right, contract or warrant to purchase, lend, make any short sale or otherwise transfer or dispose of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities that the Promoters may acquire during the Lock-up Period, whether now owned or hereinafter acquired, (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Equity Shares, whether now owned or hereinafter acquired; whether any such transaction described in clause (a) or (b) above is to be settled by delivery of Equity Shares, in cash or otherwise; or (c) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Shares in any depository receipt facility, or (d) publicly announce its intention to enter into the transactions referred to in (a) to (c) above.

Further, nothing would restrict the inter-se transfer of any Equity Shares between the Promoters and any member of the Promoter Group. In addition, the Promoters shall not, without the prior written consent of the Book Running Lead Managers, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration of any Equity Shares or any other securities of our Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities that the Promoters may acquire during the Lock-up Period, whether now owned or hereinafter acquired.

SELLING RESTRICTIONS

General

No action has been taken or will be taken that would permit an offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required, except in India and Malaysia. The Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each subscriber of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and in "***Notice to Investors***", "***Representations by Investors***", and "***Transfer Restrictions***" on pages 2, 4 and 192, respectively.

Republic of India

The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder.

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, or an advertisement and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Preliminary Placement Document and nothing in this Preliminary Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Preliminary Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Preliminary Placement Document and the Equity Shares that shall be offered pursuant to this Preliminary Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Preliminary Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Preliminary Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Preliminary Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

This Preliminary Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

This Preliminary Placement Document does not constitute a public offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Book Running Lead Managers of such fact in writing and has received the consent of the Book Running Lead Managers in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom (additional restrictions)

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Preliminary Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or
(b) in other circumstances which do not result in this Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Preliminary Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Preliminary Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Malaysian Capital Markets and Services Act 2007 (as amended) ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares offered in the Issue which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval or authorisation of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Equity Shares offered in the Issue in Malaysia. This Preliminary Placement Document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the SC under the CMSA.

Accordingly, this Preliminary Placement Document and any other document or material in connection with the Issue will not be circulated or distributed, nor will the Equity Shares offered in the Issue be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in

Malaysia other than (i) a closed end fund approved by the SC; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares offered in the Issue, as principal, if the offer is on terms that the Equity Shares offered in the Issue may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the SC; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares offered in the Issue is made by a holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by a Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Book Running Lead Managers or any placement agent acting on their behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Book Running Lead Managers nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Book Running Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Book Running Lead Managers are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Offer. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended (the "**CMA Regulations**"). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and
(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Preliminary Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Preliminary Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares or any other securities and is not an "offer to the public" as contemplated in the South African Companies Act. This Preliminary Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue of the Equity Shares. As a result, this Preliminary Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Preliminary Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments of the Company is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Preliminary Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Company is not a financial services provider licenced as such under the FAIS Act.

South Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The Equity Shares offered in the Issue may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares offered in the Issue may be publicly distributed or otherwise made publicly available in Switzerland. The Equity Shares offered in the Issue shall only be offered to regulated financial intermediaries, such as banks, securities dealers, insurance institutions and fund management companies, as well as institutional investors with professional treasury operations.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering of the Equity Shares in the Issue have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Preliminary Placement Document will not be filed with, and the offer of the Equity Shares offered in the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA. The offer of the Equity Shares in the Issue has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to purchasers of the Equity Shares offered in the Issue.

This Preliminary Placement Document is personal to the recipient only and is not for general circulation in Switzerland.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document and nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in this Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "***Transfer Restrictions***" on page 192. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "***Transfer Restrictions***" on page 192.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchange, is not permitted for a period of one year from the date of Allotment. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "***Selling Restrictions***" on page 183.

United States

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted, agreed and acknowledged as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Company and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Company, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and acknowledgements.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 govern the voluntary and compulsory delisting of equity shares from the stock exchanges.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such public shareholding having fallen below the 25% threshold. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both, the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015. The SEBI Insider Trading Regulations prohibit and penalize insider trading in India and impose certain restrictions on the communication of information by listed companies. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information, subject to certain limited exceptions.

The SEBI Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI has framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set out below is certain information relating to the share capital of our Company, including a brief summary of certain provisions of our Company's Memorandum and Articles of Association and the Companies Act, 2013 and certain related legislations of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹ 3,36,00,00,000, divided into 12,00,00,000 Equity Shares of ₹ 10 each, 10,00,000 preference shares of ₹ 100 each, 12,00,000 cumulative preference shares of ₹ 50 each and 2,00,00,000 cumulative preference shares of ₹ 100 each. Our issued share capital as of the date of this Preliminary Placement Document is ₹ 61,53,72,550 divided into 6,15,37,255 Equity Shares of ₹ 10 each. Our subscribed and paid up equity share capital as of the date of this Preliminary Placement Document is ₹ 57,48,05,000 divided into 5,74,80,500 Equity Shares of ₹ 10 each.

Dividends

Under the Companies Act, 2013, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the shareholders. Unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any fiscal except, among other things, out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act, 2013. Further, under the Companies Act 2013, a company is not permitted to declare any dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against the profit of the company for the current year.

The Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014 provides that if the profit for a year is inadequate or nil, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared shall not exceed the average of the rates at which dividend was declared by a company in the three years immediately preceding that year; (ii) the total amount to be drawn from such accumulated profits from previous years shall not exceed one-tenth of the sum of the paid-up share capital and free reserves as appearing in the latest audited financial statements; (iii) the amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared; and (iv) the balance of reserves after withdrawal must not be below 15% of paid-up share capital as appearing in the latest audited financial statements. In accordance with the SEBI Listing Regulations, dividend declared by a company has to be on a per share basis only.

According to the Articles of Association, the Shareholders of our Company may declare dividends in a general meeting to be paid to the Shareholders, which shall not exceed the amount of the dividend recommended by our Board. Subject to the provisions of Section 123 of the Companies Act, our Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of our Company. Our Board may, before recommending any dividend, set aside out of the profits of our Company, such sums as it thinks fit for reserves which shall at the discretion of our Board be applicable for any purpose to which the profits of our Company may be properly applied, including provision for meeting contingencies or for equalizing dividends, and pending such action, such amounts may either be employed in the business of our Company or be invested in such investment (other than shares of our Company) as our Board deems fit. Our Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve. All dividends shall be declared and paid according to the amounts paid or credited, as paid on the Equity Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Equity Shares in our Company, dividends may be declared and paid according to the amounts of the Equity Shares. No amount paid or credited as paid on an Equity Share in advance of calls shall be treated as paid on the Equity Share.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited, as paid on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid. But, if any Equity Share is issued on terms providing that it shall rank for dividend, as from a particular date, such Equity Share shall rank for dividend accordingly. Our Board may deduct from any dividend payable to any Shareholder all sums of money, if any, presently payable by him to our Company on account of calls or otherwise in relation to the Equity Shares of our Company. No dividend shall bear interest against our Company.

Under the Companies Act, 2013, dividends must be paid within 30 days from the date of its declaration. Unclaimed dividend shall not be forfeited by our Company unless the claim thereof becomes barred by law. In terms of the provisions of the Companies Act, 2013, our Company shall credit such unclaimed dividends to the unpaid dividend account of our Company, and any money transferred to the unclaimed dividend account of our Company which remains unpaid and unclaimed for a period of seven years from the date they became due for payment, shall be transferred by our Company to the 'Investor Education and Protection Fund', established by the Central Government.

Issue of Bonus Shares and Capitalization of Reserves

In addition to permitting dividends to be paid out of current or retained earnings, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account, to its shareholders, in the form of fully paid up bonus shares, which are similar to a stock dividend. Bonus shares are distributed to shareholders in the proportion of the number of ordinary shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to regulations issued by SEBI. Further, as per the Companies Act, 2013, for the issuance of bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The bonus issue must be made out of free reserves built out of profits or share premium account collected in cash only and not from reserves created by revaluation of fixed assets. Further, bonus shares cannot be issued in lieu of dividend.

Our Company, in a general meeting by way of an ordinary resolution, may upon the recommendation of our Board, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss account or otherwise available for distribution, among such Shareholders as would be entitled to receive dividends. The sum aforesaid shall not be paid in cash but shall be applied either in or towards (a) paying up any amount for the time being unpaid on any Equity Shares held by such Shareholders respectively; (b) paying up in full, unissued Equity Shares of our Company to be allotted and distributed, credited as fully paid-up, to and amongst such Shareholders; (c) partly in the way specified in (a) and partly in that specified in (b); (d) a securities premium account or capital redemption reserve account may be applied in the paying up of unissued Equity Shares to be issued to our Company's Shareholders as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Under Section 62(1)(a) of the Companies Act, 2013, the shareholders have the pre-emptive right to subscribe for new shares in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any person, and the notice shall contain a statement of this right. The board of directors is authorized to distribute any new shares not purchased by the pre-emptive rights holders in a manner which is not disadvantageous to the shareholders and the company.

Under Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by a company's shareholders in a general meeting.

Our Articles of Association provide that our Company may, from time to time, by ordinary resolution:

- Increase its share capital by such sum, to be divided into shares of such account, as provided in the resolution;

- Consolidate and divide all or any of its share capital into shares of larger amount than the existing shares;

- Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

- Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association; and

- Cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

Preference Shares

Subject to Section 55 of the Companies Act, 2013, any new shares may be issued as preference shares which are liable to be redeemed within a period not exceeding 20 years from the date of their issue, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption subject to the conditions provided in the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014.

Our Articles of Association provide that our Company shall have the power to issue preference shares in accordance with Section 55 of the Companies Act, 2013, with the sanction of an ordinary resolution, on the terms that they are to be redeemed on such terms and in such manner as our Company, before the issue of the shares may, by special resolution, determine.

General Meetings of Shareholders

There are two types of general meetings of the Shareholders:

(i) Annual General Meeting, and
(ii) Extraordinary General Meeting

In accordance with Section 96 of the Companies Act, 2013 a company must hold its annual general meeting within six months after the expiry of each fiscal provided that not more than 15 months shall elapse between the annual general meeting and the next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months.

Our Board may, whenever it thinks fit, call an Extraordinary General Meeting and an Extraordinary General Meeting shall on the requisition of members or in case of default by the Board, may be called by such requisitionists as provided by Section 100 of the Companies Act, 2013. Since our Company has more than 5,000 members, 30 members personally present shall constitute the quorum for a general meeting, as provided under Section 103 of the Companies Act, 2013. If the quorum is not present within half an hour of the scheduled time for holding of the general meeting, the meeting, convened upon requisition of members shall be dissolved, but in any other case it shall stand adjourned and reconvened to the same day in the next week.

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the Shareholders entitled to vote. A document may be served by the company on any member thereof and the notice of every meeting of the company shall be given to every member in any manner authorized by and as provided in Sections 20 and 101 of the Companies Act, 2013.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the Bank's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode. Due to the outbreak of COVID-19 pandemic and the restrictions imposed on gathering of people through social distancing norms, the MCA, by way of its, General Circular No. 14/ 2020 dated 8 April 2020, General Circular No. 17/2020 dated 13 April 2020 and General Circular No. 20/2020 dated 5 May 2020 and SEBI, by way of its Circular No. SEBI/ HO/CFD / CMD1/ CIR/P/2020/79 dated 12 May 2020, has permitted companies to hold meetings, including annual general meetings through video conferencing or other audio visual means, during the calendar year 2020.

Voting Rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of the company. On a show of hands, every member holding Equity Shares and present in person shall have one vote. On a poll, every member holding Equity Shares therein shall have voting rights in proportion to his share of the paid-up equity share capital. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy.

Any business other than upon which a poll has been demanded may be proceeded with, pending the taking the poll. No Shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of the shares in the Company have been paid. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act, 2013 provides that to amend the articles of association of a company, a special resolution is required to be passed in a general meeting.

Section 47 of the Companies Act, 2013 provides that any preference shareholder present at any meeting of our Company, shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company.

Under the Companies Act, 2013 and our Articles of Association, every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, shall be signed by an officer or any attorney duly authorized by it. The proxy so appointed shall have no right to speak at such meeting and shall not be entitled to vote except on poll.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, is required to be deposited at the Registered Office of our Company at least 48 hours before the time of holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours before the time appointed for taking the poll and in default, the instrument of proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by our Company at the Registered Office before the meeting or adjourned meeting.

Register of Members

Every person whose name is entered as a member in the register of the members shall be entitled to receive within two months after allotment or within fifteen days after the application for registration of transfer or transmission or within such other period as the condition for such issue shall provide: (a) one certificate for all his shares without payment of any charges; (b) several certificates, each for or more of his shares, upon payment of such charges as may be fixed by the board of directors for each certificate after the first.

Our Company shall keep its register of members/debentures or other security holders in accordance with Section 88 of the Companies Act, 2013 and the Depositories Act at its Registered Office or at such other place as may be decided by our Board and shall enter the particulars of shares/debentures/other securities held in any medium. Our

Company shall have the power to keep in any country outside India, a register of members/debenture holders for the members/debenture holders resident in that country.

Subject to the provisions of Section 91 of the Companies Act, 2013, our Board shall have the power to close the register of members for such periods, not exceeding 45 days in aggregate in a year and 30 days at any one time, subject to giving of previous notice of at least seven days or such lesser period as may be specified by SEBI. Under the SEBI Listing Regulations, our Company may, upon at least seven working days' advance notice to such Stock Exchanges, set a record date and/or close the register of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of members is closed.

Directors

The Articles of Association of our Company provide that unless otherwise determined by the Shareholders of our Company at a general meeting, the number Directors shall not be less than three and not be more than 15, provided that our Company may appoint more than 15 Directors after passing a special resolution. The Directors shall be appointed by our Company in a general meeting subject to the provisions of the Companies Act, 2013, and our Articles of Association. Pursuant to the Companies Act, 2013, not less than two-thirds of the total numbers of our Directors shall be persons whose period of office is subject to retirement by rotation and one third of such Directors, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office at every annual general meeting. The Directors to retire are those who have been the longest in the office since their last appointment.

The Directors may from time to time appoint one or more Directors as the managing director or joint/deputy managing directors or whole-time director(s) for such term and with such powers and at such remuneration, whether by way of salary or commission, or partly in one way and partly in another, as they may think fit, and a Director or Directors so appointed shall, while holding that office may be, subjected to retirement by rotation, or taken into account in determining the rotation or retirement of Directors. The Directors may from time to time, appoint one or more of the Directors as chairman. Subject to applicable laws, the Chairman may hold the position of chairman and managing director/chief executive officer/equivalent position thereof in our Company.

As per the provisions of Section 161 of the Companies Act, 2013, a casual vacancy in the board of directors (for instance, due to the death or resignation of a director) who is appointed by the Shareholders can be filled by our Board of Directors at a meeting of our Board, and the person so appointed shall hold office only until the date which the Director in whose place he is appointed would have held office. Our Board shall also have the power to appoint any person to act as an alternate director for a Director during the latter's absence for a period of not less than three months from India.

Our Board is entitled to appoint any person who has rendered significant or distinguished services to our Company or to the industry to which our Company's business relates or in the public field, as the chairperson emeritus of our Company. The chairman emeritus may attend any meetings of our Board or committee thereof but shall not have any right to vote or shall not be deemed to be a party to any decision of our Board or committee thereof.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company. Under Section 137 the Companies Act, 2013, a company must file the financial statements with the registrar of companies within 30 days from the date of the annual general meeting. As required under the SEBI Listing Regulations, copies of such balance sheet and the statement of profit and loss account are required to be simultaneously sent to the stock exchanges on which the shares of the company making such filings are listed. A listed company must also publish its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of such company is situated. Our Company submits certain information online, including its financial results and the shareholding pattern statement, in accordance with the requirements of the SEBI Listing Regulations and as may be specified by SEBI from time to time.

Transfer and Transmission of shares

Equity shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the depository participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold).

Under Section 58 of the Companies Act, 2013, if a public company without sufficient cause refuses to register a transfer of shares within 30 days from the date on which the instrument or intimation of transfer is delivered to the company, the transferee may, within a period of 60 days of such refusal or where no intimation has been received from the company, within 90 days of the delivery of the instrument of transfer, appeal to the National Company Law Tribunal seeking to register the transfer of shares.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, our Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Companies Act, 2013 provides that the shares or debentures of a publicly listed company shall be freely transferable. However, our Board of Directors may, under our Articles of Association, subject to Section 58 of the Companies Act, 2013 and the SCRA, at any time in its absolute discretion decline to register transfer of shares. Notice of such refusal must be sent to the transferee within two months of the date on which the transfer was lodged with our Company.

On giving not less than seven days' previous notice in accordance with Section 91 of the Companies Act, 2013, the registration of transfers may be suspended at such times and for such periods as the board of directors may determine from time to time. Provided that such registration shall not be suspended for more than 30 days at any time or for more than 45 days in the aggregate in any year.

According to our Articles of Association, a person on becoming entitled to shares by reason of the death or insolvency of the holder(s) shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a member in respect of the shares, be entitled to exercise any rights conferred by membership in relation to meetings of our Company. Provided that our Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by our Board and subject as hereinafter provided, elect, either (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made, our Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Acquisition by our Company of its own Equity Shares

Sections 68, 69 and 70 of the Companies Act, 2013 read with Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 relate to the power of a company to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of the issue of any shares or other specified securities (other than from the proceeds of an earlier issue of the same kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back has been authorized by the articles of association of the company;

- a special resolution has been passed in a general meeting of the company authorizing the buy-back. Under the Companies (Management and Administration) Rules, 2014, such resolution authorizing buy-back has to be passed through a postal ballot;

- the buy-back is for less than 25% of the total paid-up capital and free reserves of the company, provided that the buy-back of equity shares in any financial year shall not exceed 25% of its total paid-up equity capital in that financial year;

- the ratio of the aggregate of secured and unsecured debts owed by the company after buy-back is not more than twice the paid-up capital and its free reserves;

- all the shares or other specified securities for buy-back are fully paid-up; and

- the buy-back is in accordance with the regulations made by SEBI in this behalf.

The requirement of special resolution mentioned above would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back or to issue the same kind of securities for six months subject to certain exceptions. Every buy-back must be completed within a period of one year from the date of passing of the special resolution or resolution of the board of directors, as the case may be. Under Section 70 of the Companies Act, 2013, a company is also prohibited from purchasing its own shares or other specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company or group of investment companies or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act, 2013. Subject to certain conditions, a company is also prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person for any shares in the company or its holding company.

Winding up

The Company shall be wound up in accordance with the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016 (to the extent applicable).

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
SRF Limited
The Galleria, DLF Mayur Vihar, Unit No. 236 & 237,
Second Floor, Mayur Place, Noida Link Road,
Mayur Vihar Phase I Extn,
Delhi- 110 091.

Subject: Statement of possible tax benefits ("the Statement") available to SRF Limited ("the Company") and its shareholders prepared in accordance with the requirement under Schedule VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("the ICDR Regulations")

This report is issued in accordance with the Engagement Letter dated September 12, 2020.

We hereby report that the enclosed Annexure prepared by the Company, initialed by us for identification purpose, states the possible tax benefits available to the Company and its shareholders, under direct tax law presently in force in India as on the signing date as applicable to financial year 2020-21. These possible tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company and its shareholders to derive these possible tax benefits is dependent upon their fulfilling of such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover the possible tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed qualified institutional placement of equity shares of the Company (the "**Issue**") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable 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.

We do not express any opinion or provide any assurance as to whether:

i) the Company and its shareholders will continue to obtain these possible tax benefits in future; or
ii) the conditions prescribed for availing the possible tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexure are based on the information, explanation and representations obtained from the Company and its shareholders, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this report and the Statement in the preliminary placement document, placement document and in any other material used in connection with the Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For J. C. Bhalla & Co.
Chartered Accountants
Firm Registration Number: 001111N
Peer Review Number: 011420

(Akhil Bhalla)
Partner
Membership Number: 505002
UDIN: 20505002AAAANJ9323

Place: New Delhi
Date : October 12, 2020

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SRF LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE DIRECT TAX LAW

Outlined below are the possible tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 (the "Act") read with Income Tax Rules, 1962, circulars and notifications (together referred to as "Direct Tax Law") applicable as on the signing date as applicable to financial year 2020-2021. These possible tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Direct Tax Law. Hence, the ability of the Company and its shareholders to derive the possible tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

A. *Special tax benefits available to the Company*

1. As per the provisions of section 35(2AB) of the Act, the Company is eligible to claim weighted deduction at the rate of 100% of expenditure (not being in the nature of cost of any land or building) incurred on approved in-house scientific research and development facilities.

2. As per the provisions of section 35DDA of the Act, the Company is eligible to claim deduction of expenditure incurred by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement. Such deduction is allowed in five equal installments starting from the year in which such expenditure is incurred.

3. As per the provisions of section 80-IA of the Act, the Company shall be allowed to claim deduction in respect of profits and gains arising from an industrial undertaking engaged in the business of the generation or generation and distribution of power subject to fulfillment of prescribed conditions. 100% profits and gains arising from the above businesses shall be allowed as deduction for a period of 10 consecutive years out of 15 years beginning from the year in which undertaking begins to generates power or distribution of power.

4. As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in the Act.

5. As per the provisions of section 80M of the Act, while computing the amount of tax payable on dividend income, the Company is entitled to claim deduction of an amount equal to dividend distributed to its shareholders on or before due date not exceeding the amount of dividend received. The expression "due date" means the date one month prior to the date of furnishing the return of income under section 139(1) of the Income Tax Act for the recipient company.

6. As per the provisions of section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). Such option once exercised shall apply to subsequent assessment years. In such a case, the Company may not be allowed to claim any of the following deductions/exemptions:

    i. Claiming any deduction especially available for units established in special economic zones under section 10AA of the Act.

    ii. Claiming additional depreciation under section 32 of the Act and investment allowance under section 32AD of the Act towards new plant and machinery made in notified backward areas in the states of Andhra Pradesh, Bihar, Telangana, and West Bengal.

    iii. Claiming a deduction for expenditure made for scientific research under section 35 of the Act.

    iv. Claiming a deduction for the capital expenditure incurred by any specified business under section 35AD of the Act.

v. Claiming a deduction for the expenditure incurred on an agriculture extension project under section 35CCC of the Act or on skill development project under section 35CCD of the Act.

vi. Claiming deduction under chapter VI-A under the heading C in respect of certain incomes, which are allowed under section 80IA, 80IAB, 80IAC, 80IB, 80IC of the Act and so on, except deduction under section 80JJAA and 80M of the Act.

vii. Claiming a set-off of any loss carried forward from earlier years, if such losses were incurred in respect of the aforementioned deductions.

Further, the provisions of Section 115JB of the Act i.e. MAT provisions shall not apply to the Company on exercise of the option under section 115BAA of the Act and the Company would not be eligible to claim MAT credit.

The Company has not opted to apply section 115BAA of the Act for Financial Year 2020-21. Once the Company decides to opt for applicability of concessional tax rate, it would not be eligible to claim aforesaid deductions and MAT credit.

B. *General tax benefits available to the Company*

(a) According to the Finance Act, 2020 any income by way of dividends or income from equity shares are now taxable in the hands of shareholder at the applicable rate and the domestic company or specified company are not required to pay any dividend distribution tax ("DDT") w.e.f. 01.04.2020.

(b) As per Finance Act, 2020, any income by way of income received in respect of the units of a Mutual Fund specified in section 10(23D) of the Act; or in respect of units from the Administrator of the specified undertaking; or in respect of units from the specified company as defined in Explanation to section 10(35) of the Act are now taxable in the hands of unit holder at the applicable rate. UTI and Mutual Funds will not be required to pay tax on income distributed by them on or after 01.04.2020 to their unit holders.

(c) Further, the recipient company shall be entitled to deduction of the interest expenditure incurred under section 57 of the Act, subject to the limit of maximum 20 percent of the dividend income or income whether received from Corporate or received from a Mutual Funds.

(d) However, since the provisions of section 115-O of the Act would now be inoperative pursuant to amendments made in Finance Act, 2020, the reference to 'other than dividends referred to in section 115-O of the Act' in sections 115A(1)(a)(i), 115AC, 115ACA, 115AD(1)(a) and 115C(c) of the Act has been omitted. So for now onwards company is not required to pay any DDT w.e.f. 01.04.2020.

(e) Section 112A of the Act (Inserted by Finance Act, 2018): Any income from Capital Gains arising from sale of Equity Shares in a Company or Unit of Equity Oriented Fund or Units of a Business Trust are said to be long-term in nature if they are held for more than one year from the date of investment. If the investments are sold before one year, then such gains from sale is called short-term capital gains and the same will be taxed accordingly.

(f) As per section 112A of the Act, tax will be levied at the rate of 10 per cent but without the indexation benefit on Long Term Capital Gains ("LTCG") arising from sale of Equity Shares in a Company or Unit of Equity Oriented Fund or units of a business trust on the gain exceeding Rs 1 lakh, provided Securities Transaction Tax has been paid. However, in other cases the rate of tax shall be 20%. Further, as per Section 111A of the Act, tax at the rate of 15% is chargeable on the amount of STCG arising on the transfer of equity shares or units of an equity-oriented mutual fund, provided Securities Transaction Tax ("STT") has been paid.

(g) As per the Finance Act, 2020, a domestic company receiving dividend from another domestic or foreign company or business trust ("specified entities") is eligible for deduction under section 80M of the Act from the dividend received. For the purpose, the recipient domestic company needs to distribute the dividend one month prior to the due date of filling of return of income. Further, the deduction would be restricted to the extent of dividend "Distributed"; and once the deduction is allowed, it would not be allowed in any other previous year.

(h) Further as per section 194 of Finance Act, 2020 the company shall be liable to withhold taxes @ 10% on dividend exceeding Rs 5,000 in a financial year paid by any mode other than cash to resident shareholders. But, as per press release dated 13.05.2020 the said rate has been reduced to 7.5% for the period from 14.05.2020 to 31.03.2021. However, the central government has not yet brought any ordinance amending the related provisions of the Income Tax Act, 1961.

Further, taxes shall be required to be withheld at applicable rates in force on dividend paid to non-resident shareholders.

(i) As per section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternative Tax (MAT) paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. MAT credit shall not be allowed to be carried forward beyond fifteenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

(j) The benefit of MAT credit shall not be available to the Company, if it opts for the new regime of taxation at concessional rate of tax provided under The Taxation Laws (Amendment) Act, 2019 enacted on 12 December 2019.

C. *General tax benefits available to the Shareholders*

(a) No special Tax benefits are available to the shareholders. However, shareholders / investors are advised to consult their own tax consultant for any special tax benefit.

(b) Section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, is disallowed to the extent of dividend income on such shares, claimed as exempt from tax.

(c) Capital gain on Sale of Securities: As per section 111A of the Act and section 112A of the Act, the taxability of the amount of LTCG/ STCG arising on the transfer of Equity Shares in a Company or unit of Equity oriented fund or units of a business trust, is the same as stated here in above.

1. For shareholders who are Foreign Institutional Investors/ Portfolio Investors (FII/FPIs)

Tax on Long Term Capital Gains ("LTCG") and Short Term Capital Gains ("STCG")

(a) Section 2(14) of Act defining capital asset, specifically includes any securities held by an FII which has invested in such securities in accordance with the SEBI Regulations.

(b) In accordance with and subject to the provisions of section 115AD of the Act, LTCG on transfer of shares by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess). In case of LTCG arising on long term capital assets referred to in section 112A of the Act i.e. transfer of listed shares subject to securities transaction tax, the gains are chargeable to tax at 10% (plus applicable surcharge and cess) on income exceeding one lakh rupees. The benefit of cost indexation and foreign currency fluctuations is not available to FIIs/FPIs.

(c) In accordance with and subject to the provisions of section 115AD of the Act, STCG on transfer of shares by FIIs/FPIs are taxable at 30% (plus applicable surcharge and cess). However, STCG arising on transfer of listed shares are chargeable to tax at the rate of 15% (plus applicable surcharge and cess) if such transaction is chargeable to securities transaction tax under section 111A of the Act

(d) Under section 196D (2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gains arising to FIIs/FPIs from the transfer of securities referred in section 115AD of the Act.

(e) The provision of the Agreement for Avoidance of Double Taxation entered by the Government of India with the country of residence of the non-resident shareholder will be applicable to the extent more beneficial to the non-resident investor.

Accordingly, taxability of capital gains in India in the hands of FIIs/FPIs shall be governed by the provisions of the relevant tax treaty subject to fulfilment of the conditions provided under the Act or the applicable tax treaty. Under the Act, tax treaty benefit is available subject to conditions which inter alia include furnishing of the Tax Residency Certificate issued by the government of that country of which the non-resident shareholder may be a resident and a self declaration in form 10F, if required to be furnished.

(f) The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPIs) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of section 115AD of the Act.

2. For shareholders who are Mutual Funds

Further, as per the provisions of section 196 of the Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under section 10(23D) of the Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

3. For shareholders who are Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act, income of:

- Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992; and

- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, from investment in a Venture Capital Undertaking, is exempt from income tax.

As per section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital funds is taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had he directly made the investments.

4. For shareholders who are Investment Funds

(a) Under section 10(23FBA) of the Act, any income except for income under the head "Profits and Gains of Business/ Profession" of Investment Funds, registered as category-I or category-II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) regulations, 2012 is exempt from income tax, subject to conditions specified therein.

(b) As per section 115UB(1) of the Act, any income accruing/arising/received by a person from his investment in the Investment Fund is taxable in the hands of such person in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly by him.

(c) Under section 115UB (4) of the Act, the total income of an Investment Fund is charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

(d) Further, as per section 115UB (6) of the Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

(e) Taxation of income of AIF Category III and its investors are governed by the other / normal provisions of the Act.

(f) Investment Funds have withholding tax obligation under section 194LBB of the Act while making distribution to unit holders at the rate of 10% where the payee is resident and at the rates in force where payee is non-resident. As per press release dated 13.05.2020 the said rate of 10% has been reduced to 7.5% for the period from 14.05.2020 to 31.03.2021.

NOTES:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above Statement covers only certain relevant benefits under Income tax Act, 1961 read with relevant rules, circulars and notifications and does not cover any indirect tax law benefits or benefit under any other law.

3. The above Statement of tax benefits is as per the current Income tax Act, 1961 read with relevant rules, circulars and notifications.

4. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant double tax avoidance agreements, if any, between India and the country in which such non-resident is a tax resident of.

6. Our views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **SRF Limited**

President & Chief Financial Officer

Place: Gurugram
Date : October 12, 2020

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are in the nature of, amongst others, civil suits, criminal proceedings, tax proceedings, land and labour disputes.

As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations. Solely for the purpose of the Issue, in accordance with the resolution passed by the QIP Committee on October 12, 2020, the following legal proceedings have additionally been disclosed in this section: (i) all outstanding criminal proceedings against our Company and / or our Subsidiaries; (ii) all outstanding actions by statutory or regulatory authorities involving our Company and / or our Subsidiaries; (iii) all claims related to direct and indirect taxes involving our Company and / or our Subsidiaries; (iv) all outstanding civil proceedings involving our Company and / or our Subsidiaries, which involve an amount equivalent to or above ₹ 10 crore; (v) any other civil proceedings involving our Company and / or our Subsidiaries wherein a monetary liability is not determinable or quantifiable, or which does not exceed the threshold as specified in (iv) above, which if results in an adverse outcome would have a material adverse effect on the financial position, business, operations, prospects or reputation of our Company; and (vi) all outstanding litigation involving our Directors, which, if result in an adverse outcome, would materially and adversely affect the financial position, business, operations, prospects or reputation of our Company.

Further, as on the date of this Preliminary Placement Document, other than as disclosed in this section: (i) there is no litigation or regulatory action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of this Preliminary Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act or the Companies Act, 1956 in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company and our Subsidiaries, and further, there were no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document for our Company and our Subsidiaries; (iii) there are no defaults by our Company in the repayment of statutory dues, dues payable to holders of any debentures and interest thereon, in respect of deposits and interests thereon, or in repayment of any loan obtained from any bank or financial institution and interest thereon, as of the date of this Preliminary Placement Document; (iv) there are no material frauds committed against our Company in the last three Fiscal years; (v) there are no defaults in the annual filings of our Company under the Companies Act and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) there are no reservations, qualifications or adverse remarks of our auditors in their respective reports on our audited financial statements for the last five Fiscals preceding the date of this Preliminary Placement Document.

A. *Litigation involving our Company*

<u>Litigation against our Company</u>

Civil proceedings

1. An application dated July 12, 2017 has been filed by applicant Ashwin Rastogi in the National Green Tribunal, Bhopal ("**NGT**") against the Ministry of Environment, Forest & Climate Change, New Delhi, Government of Madhya Pradesh and several other respondents, including our Company, alleging, among other things, that the respondents should be held accountable for plastic waste, and seeking that the NGT impose 'extended product responsibility' on all companies that are directly or indirectly involved in producing plastic waste for packaging of their products or otherwise, which in turn become municipal solid waste. The matter is yet to be listed.

Criminal proceedings

1. The Factory Inspector and Assistant Director, Industrial Health and Safety, Pithampur, Madhya Pradesh ("**Factory Inspector**") issued two separate show cause notices to the factory manager and occupier of our factory premises in Pithampur, Madhya Pradesh, each dated November 27, 2017, in relation to the

accidents at the factory premises causing bodily injury to a worker on November 1, 2017 and to another worker on July 9, 2017 and alleged violation of the provisions relating to safety of workers under Section 7(A) of the Factories Act, 1948. Our Company submitted its response to both the show cause notices separately on November 30, 2017, stating, among other things, that safety measures are already in place and that the Company would implement additional measures for the safety at its plant. Subsequently, the Factory Inspector filed criminal complaints in both the matters against the factory manager and occupier in the court of Chief Judicial Magistrate, Dhar. Our Company is yet to receive copies of the chargesheet filed in both the matters.

2. The Deputy Director and Factory Inspector, Industrial Health and Safety, Gwalior filed a criminal complaint against the then factory manager and occupier of our factory premises in Malanpur, Bhind in the court of Chief Judicial Magistrate, Bhind in relation to the death of a worker due to electrocution at the factory premises on July 2, 2015 and alleged violation of provisions relating to safety of workers under Sections 7(A) and 41 of the Factories Act, 1948 read with Rule 73E of the Madhya Pradesh Factory Rules, 1962. The matter is at the summons stage.

Actions by statutory or regulatory authorities

1. The Additional District Magistrate cum Adjudicating Authority, Bhind issued a show cause notice dated April 26, 2018 ("**Impugned Notice**") to our Company and others upon inspection at the factory premises alleging misbranding of papad in violation of Sections 26(2), 27(2) read with Section 52 of the Food Safety and Standards Act, 2006. Our Company filed its reply on September 19, 2018, stating, among other things, that our Company is not a 'food business operator' and has entered into an agreement with a caterer to provide catering services for its employees at the factory premises. Further, our Company stated that the caterer is responsible for compliance with requirements of the Food Safety and Standards Authority of India in accordance with the terms of their agreement with our Company and has sought that the Impugned Notice be dropped and cancelled.

2. The Employees' Provident Fund Organisation, Sub Regional Office, Ambattur, Chennai issued summons dated May 3, 2012 and May 14, 2012 to our Company in relation to remittance of provident fund on the appropriate wage amounts from March 2011 onwards. Our Company filed a counter statement dated August 2, 2012 before the Regional Provident Fund Commissioner, Ambattur ("**RPFC**"), stating that the provident fund contributions are made in accordance with the salary structure of the employees. Subsequently, the RPFC passed an order dated May 28, 2013 ("**Impugned Order**"), whereby our Company was directed to remit a sum of ₹ 0.30 crore as provident fund for the period from March 2011 to March 2013. Our Company filed an appeal in the Employees Provident Fund Appellate Tribunal, New Delhi and sought a stay against the Impugned Order stating, among other things, that certain allowances given to the employees are to be excluded from the calculation of provident fund, and our Company has entered into a settlement dated January 25, 2013 with the employees/union under which new components such as dearness allowance and special basis have been introduced in the salary structure and our Company has been remitting provident fund over these components.

3. The Electrical Inspector, Bhopal issued notices dated October 14, 2014 and June 23, 2014, demanding that our Company pay ₹ 0.01 crore as recovery charges on account of electricity duty payable under the provisions of Madhya Pradesh Vidyut Shulk Adhiniyam, 2012. Our Company filed a writ petition in the High Court of Madhya Pradesh, Jabalpur against the State of Madhya Pradesh, through its secretary, Energy Department, Bhopal and Chief Engineer, Vidyut Sudhar, Bhopal, challenging the notices and the validity of the provisions relating to the recovery of tariff @15% on self-consumption of electricity by installing a DG set, and sought, among other things, setting aside of the recovery notices issued to our Company regarding electricity duty.

4. The Employees' Provident Fund Organisation, Sub-Regional Office, Trichy ("**RPCF**") issued a show cause notice dated November 12, 2013 to our Company alleging that our Company has contributed provident fund only on basic wages and not on medical allowance, education allowance and other allowances and therefore, there is a subterfuge of wages. Our Company submitted its reply dated November 25, 2013 stating that medical allowance, education allowance and other allowances are not under the purview of the definition of 'wages'. Subsequently, a summons was issued on November 28, 2013 and oral hearings were conducted by RPCF. The RPCF, by its order dated April 21, 2016 ("**Impugned Order**") held that there was non-remittance of wages for the period from April 2011 to January 2016 and non-enrolment of transport employees for the period from April 2011 to March 2014,

and accordingly directed our Company to remit ₹ 0.53 crore to the employees' provident fund account. Our Company filed an appeal before the Employees Provident Fund Appellate Tribunal, Bangalore ("**EPFAT**") against the Impugned Order. The EPFAT, by its interim order dated June 8, 2016 has granted a stay on the Impugned Order.

5. The Director, Employees' State Insurance Corporation, Madurai ("**ESI Corporation**") issued a show cause notice dated August 25, 2015 to our Company and our Executive Chairman, Arun Bharat Ram, the principal employer, alleging delayed payment of contribution for the wage period from April 2010 to March 2015 and demanded recovery of ₹ 0.02 crore. Our Company filed its response dated November 2, 2015 requesting for a waiver of damages as we had already remitted the omitted contribution and interest thereon. However, the ESI Corporation, by its order dated February 19, 2016 ("**Impugned Order**") held our Company liable to pay the damages amounting to ₹ 0.02 crore. Our Company filed a petition dated November 21, 2016 before the Employees' State Insurance Court, Madurai ("**ESI Court**") against the Impugned Order. The ESI Corporation has also filed its reply statement before the ESI Court in relation to the appeal filed by our Company stating among other things, that the petition filed by our Company is not maintainable.

<u>Litigation by our Company</u>

Civil proceedings

1. Our Company has filed a suit in the Court of District Munsif, Ponneri ("**District Court**") against G. Chalapathy, K. Sudhakar Reddy ("**Defendant No.2**"), R. Nagarajan, Superintending Engineer and certain others, seeking, among other things, declaration of title over certain land parcels located adjacent to the land where our Company is carrying on industrial activities in Pappankuppam Village, Gummidipoondi Taluk, Thiruvallur. In response, Defendant No. 2 filed his written statement contending that the said land parcels are not owned by our Company and challenged the pecuniary jurisdiction of the District Court to entertain the suit. Defendant No. 2 also separately filed a petition in the District Court for an enquiry to decide the issue of valuation of the suit and pecuniary jurisdiction of the District Court, which was dismissed by the District Court by its order dated January 18, 2019 ("**Impugned Order**"). Subsequently, the Defendant No. 2 filed a civil revision petition in the High Court of Judicature at Madras ("**High Court**") against the Impugned Order. The High Court, by its order dated January 30, 2020 appointed a local commissioner to, *among other things,* (a) inspect and measure the suit property; and (b) ascertain whether the land parcels under dispute is 'ryotwari' land.

2. A charter of demand was raised by the Association of Chemical Workers, SRF Limited, Bhind ("**ACW**") to the Labour Commissioner, Bhind by way of their letter dated June 7, 2016 against our Company demanding, among other things, to pay difference in basic pay for certain period, revision of pay. In relation thereto, an order of reference was made by the Deputy Commissioner, Indore to the Industrial Tribunal, Indore on February 17, 2017 to decide whether the demands raised by ACW are valid ("**Impugned Order 1**"). Our Company filed a writ petition in the High Court of Madhya Pradesh, Gwalior ("**High Court**") against the Impugned Order, praying for, *amongst others*, that ACW has no locus standi in the State of Madhya Pradesh. The High Court, by its order dated October 26, 2017 (**"Impugned Order 2"**), held that ACW is not a representative union of our Company and therefore the Deputy Labour Commissioner, Indore has no authority to make an order of reference. ACW, filed an appeal in the High Court against the Impugned Order 2. The High Court, by its order dated October 17, 2019 ("**Impugned Order 3**") directed the Labour Court, Indore to decide the validity and maintainability of the order of reference. Subsequently, our Company also filed a review petition in the High Court against the Deputy Labour Commissioner, Indore, Madhya Pradesh and ACW, challenging the Impugned Order 3, which was dismissed by the order of the High Court dated December 18, 2019.

B. ***Litigation involving our Subsidiaries***

<u>Litigation against SRF Industries (Thailand) Ltd.</u>

Civil proceedings

1. Mr. Suwit Yoidi has filed a case under The Labour Protection Act B.E. 2541 against SRF Industries (Thailand) Limited (undecided case numbered RoYo 21/2563) on January 9, 2020 before Labour Court of Area 2 (Rayong Branch) ("**Labour Court Rayong**"), and 145 other ex-employees of SRF Industries

(Thailand) Limited have filed similar civil cases separately before the Labour Court Rayong for compensation, alleging unfair termination and non-inclusion of certain components in salary in calculating the full and final dues paid by SRF Industries (Thailand) Limited while terminating their employment in October and November 2019. The aggregate amount involved in the 146 cases is a consolidated amount of THB 82,299,901.65. The matters are next listed for November 26, 2020 for further proceedings.

C. *Tax proceedings involving our Company and our Subsidiaries*

Set out in the table below are details of number of cases and total amount involved in claims relating to direct and indirect taxes involving our Company and Subsidiaries, in a consolidated manner. However, cases wherein the amount involved is equivalent to or above ₹ 10 crore have been disclosed, separately under *"– Tax Proceedings in excess of ₹ 10 crore involving our Company"* below.

Nature of cases	Number of cases	Amount involved (in ₹ crore)
Company		
Direct tax	17	17.96
Indirect tax	84	83.66
Total	**101**	**101.62**
Subsidiaries		
Direct tax	*Nil*	*Nil*
Indirect tax	*Nil*	*Nil*

Tax proceedings in excess of ₹ 10 crore involving our Company

Indirect Tax

1. A writ has been filed by our Company against the State of Madhya Pradesh, Commissioner, Commercial Tax and Assistant Commissioner, Commercial Tax and others (collectively referred to as the "**Respondents**") in the High Court of Madhya Pradesh ("**High Court**"). Our Company had been assessed for entry tax from 2004 till 2013 and we had been granted an exemption from filing of entry tax retrospectively, i.e., with effect from July 23, 2004, by the State Government and Madhya Pradesh Trade and Investment Facilitation Corporation Limited, pursuant to three certificates of exemption dated February 13, 2017. The Respondents did not consider the exemption for the period between 2007 till 2011 and sought the recovery of a tax amount of approximately ₹ 12 crores. Our Company has sought that the High Court direct the Respondents to review and recalculate the entry tax for the afore-mentioned period, set aside the assessment orders issues by the Respondents pursuant to non-consideration of the said exemption, and restrain the tax authorities from taking any coercive actions during the pendency of the writ petition.

2. Our Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal at New Delhi ("**Tribunal**") against order dated May 18, 2016 and corrigendum dated August 8, 2016 ("**Impugned Order**") passed by the Commissioner, Central Excise & Service Tax, Large Taxpayer Unit, New Delhi ("**Commissioner**"). In terms of notification no. 214/1986-CE dated July 9, 2004, the processing of filament yarns by a manufacturer who does not have the facilities for the same in its factory, and on which appropriate duty of excise is paid and against which no input credit is taken by the manufacturer, is exempt from the whole duty of excise for the process of manufacture ("**Notification**"). Our Company has engaged job workers to manufacture nylon yarn to process the final product of nylon fishnet twine. The department issued a show-cause notice dated February 21, 2014 demanding payment of a duty of ₹ 7.21 crores on fish net twine manufactured by the job workers for the period from February 2009 to August 2013, without taking into consideration the payment of duty amounting to ₹ 5.75 crores by the Company on clearance of the nylon yarn, which was reflected in the ER-1 filed by the Company. Subsequently, by show cause notices dated October 8, 2014, April 27, 2015 and November 17, 2015, the aforementioned adjustment was made and a cumulative demand of ₹ 1.46 cores was imposed. The Commissioner, vide the Impugned Order, upheld the levy of excise duty, interest and penalty considering our Company to be the principal manufacturer, and imposed an excise duty of ₹ 7.35 crores, along with interest. We have prayed before the Tribunal, among other things, to set aside the Impugned Order in light of the Notification, set aside the demand of ₹ 7.35 crores as central excise duty, and set aside the penalty imposed under the Central Excise Rules, 2002.

3. Our Company has filed an appeal before the Gujarat Commercial Tax Tribunal, Ahmedabad (“**GCTT**”), against the order dated August 19, 2019 (“**Impugned Order**”) passed by the Joint Commissioner of Commercial Tax (Appeals-2), Ahmedabad (“**JCT**”) wherein the JCT dismissed our appeal in relation to the refund of accumulated input tax credit of ₹ 12.01 crore, filed against the assessment order dated March 16, 2018, as time barred. Our Company has prayed before the GCTT, among other things, to set aside the Impugned Order and pass such orders as it may deem fit.

D. *Litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years*

There are no litigation or legal actions pending or taken by any Ministry or Department of the Government or any statutory authority and there are no directions issued by such Ministry or Department of the Government or statutory authority upon conclusion of such litigation or legal action against our Promoters during the last three years immediately preceding the year of the issue of this Preliminary Placement Document.

E. *Inquiries, inspections, or investigations under the Companies Act initiated or conducted in the last three Years*

There have been no inquiries, inspections or investigations initiated or conducted against our Company or our Subsidiaries under the Companies Act or the Companies Act, 1956 in the last three years immediately preceding the year of issue of this Preliminary Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or our Subsidiaries.

F. *Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company*

There have been no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.

G. *Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon*

Our Company has no outstanding defaults in repayment of statutory dues, dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution.

H. *Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder*

As on the date of this Preliminary Placement Document, our Company has not made any default in annual filings of our Company under the Companies Act, 2013 and the rules made thereunder.

I. *Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations*

There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

J. *Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Preliminary Placement Document and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks*

There are no reservations, qualifications or adverse remarks of our statutory auditors in their respective reports on our audited financial statements for the last five Fiscals preceding the date of this Preliminary Placement Document.

OUR STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013, B S R & Co. LLP, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a resolution adopted by our Shareholders at the AGM held on August 7, 2018, for a period of five years.

B S R & Co. LLP, Chartered Accounts, have performed limited review of the Interim Condensed Consolidated Financial Statements for the three months ended June 30, 2020 and have issued a review report dated October 12, 2020 thereon, which is included in this Preliminary Placement Document in "*Financial Information*" on page 217. B S R & Co. LLP, Chartered Accountants, have also audited the Audited Consolidated Financial Statements for Fiscal 2020 and Fiscal 2019 and their audit reports on those financial statements are included in this Preliminary Placement Document in "*Financial Information*" on page 217.

Deloitte Haskins & Sells, Chartered Accountants, our previous statutory auditors, have audited the Audited Consolidated Financial Statements for Fiscal 2018 and their audit report on those financial statements are included in this Preliminary Placement Document in "*Financial Information*" on page 217.

FINANCIAL INFORMATION

Financial Statement	Page Number
Interim Condensed Consolidated Financial Statements for the three months ended June 30, 2020 along with the review report issued	F-1
Fiscal 2020 Audited Consolidated Financial Statements along with the audit report issued	F-29
Fiscal 2019 Audited Consolidated Financial Statements along with the audit report issued	F-119
Fiscal 2018 Audited Consolidated Financial Statements along with the audit report issued	F-203

Report on Review of interim condensed consolidated financial statements

To
The Board of Directors of **SRF Limited**

1. We have reviewed the accompanying interim condensed consolidated financial statements of SRF Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries, together referred to as "the Group"), which comprise the interim condensed consolidated Balance Sheet as at 30 June 2020, the interim condensed consolidated statement of profit and loss (including other comprehensive income), *i*nterim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months then ended, and notes to the interim condensed consolidated financial statements (hereinafter referred to as "the interim condensed consolidated financial statements").

2. Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with Indian Accounting Standard (Ind AS) 34, 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity",* issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted and based on the consideration of the review reports of the other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with requirements of Ind AS 34 "Interim Financial Reporting" .

5. We did not review the interim financial information of three subsidiaries included in the interim condensed consolidated financial statements, whose interim financial information reflects total assets of Rs 2,383.98 crores (before consolidation adjustments) as at 30 June 2020 and total revenues of Rs 256.74 crores (before consolidation adjustments), total net profit after tax of Rs 69.99 crores (before consolidation adjustments) and total comprehensive income of Rs 69.99 crores (before consolidation adjustments), for the three months ended 30 June 2020, respectively, and cash inflows (net) of Rs 5.87 crores for the three months ended 30 June 2020, as considered in the interim condensed consolidated financial statements. The above interim financial information has been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the interim condensed consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

All of these subsidiaries are located outside India whose financial information has been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted review standards applicable in their respective countries. The Company's management has converted the financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our conclusion 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 Company and reviewed by us.

Our conclusion on the interim condensed consolidated financial statements is not modified in respect of the above matter.

6. The interim condensed consolidated financial statements include the interim financial information of three subsidiaries which have not been reviewed, whose interim financial information reflect total assets of Rs 8.97 crores as at 30 June 2020 and total revenue of Rs. 0.39 crores (before consolidation adjustments), total net profit after tax of Rs. 0.12 crores (before consolidation adjustments) and total comprehensive income of Rs 0.12 crores (before consolidation adjustments) for the three months ended 30 June 2020, and cash outflows (net) of Rs. 0.25 crores for the three months ended 30 June 2020, as considered in the interim condensed consolidated financial statements. According to the information and explanations given to us by the management, this interim financial information is not material to the Group.

   Our conclusion on the interim condensed consolidated financial statements is not modified in respect of the above matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Kaushal Kishore
Partner
Membership Number: 090075
UDIN: 20090075AAAAAY8544

Place: Delhi
Date: 12 October 2020

SRF LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

	Particulars	NoteNo.	As at June 30, 2020	As at March 31, 2020
	ASSETS			
1	**Non-current assets**			
	Property, plant and equipment	4	6,333.96	6,022.93
	Right-of-use assets	14	223.15	227.58
	Capital work-in-progress		1,236.98	1,393.29
	Goodwill		0.62	0.62
	Other intangible assets	5	114.65	116.46
	Financial assets			
	(i) Investments		4.16	4.16
	(ii) Loans		43.26	43.87
	(ii) Other financial assets		19.82	15.86
	Deferred tax assets		16.72	14.26
	Non current tax assets (net)		34.91	35.03
	Other non-current assets		96.28	96.50
	Total non-current assets		**8,124.51**	**7,970.56**
2	**Current assets**			
	Inventories		1,123.63	1,201.23
	Financial assets			
	(i) Investments		427.66	198.50
	(ii) Trade receivables		1,049.75	891.07
	(iii) Cash and cash equivalents		322.65	116.44
	(iv) Bank balances other than above		88.87	9.03
	(v) Loans		14.81	25.17
	(vi) Other financial assets		143.00	170.38
	Current tax assets (net)		1.78	1.74
	Other current assets		287.12	280.80
	Total current assets		**3,459.27**	**2,894.36**
	Assets classified as held for sale	13	**-**	**11.84**
	TOTAL ASSETS		**11,583.78**	**10,876.76**

Contd.

SRF LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

	Particulars	NoteNo.	As at June 30, 2020	As at March 31, 2020
	EQUITY AND LIABILITIES			
1	**Equity**			
	Equity share capital		58.50	58.50
	Other equity		5,093.35	4,874.82
	Total equity		**5,151.85**	**4,933.32**
	Liabilities			
2	**Non-current liabilities**			
	Financial liabilities			
	(i) Borrowings	6	2,988.18	2,311.63
	(ii) Lease liabilities		70.77	73.98
	(iii) Other financial liabilities		2.33	22.87
	Provisions		40.89	37.53
	Deferred tax liabilities (net)		199.04	175.50
	Other non-current liabilities		14.20	14.00
	Total non-current liabilities		**3,315.41**	**2,635.51**
3	**Current liabilities**			
	Financial liabilities			
	(i) Borrowings	6	1,186.46	955.44
	(ii) Lease liabilities		14.97	13.71
	(iii) Trade payables			
	a) Total outstanding dues of micro enterprises and small enterprises		27.19	30.36
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises		850.07	1,081.33
	(iv) Other financial liabilities		924.10	1,124.54
	Other current liabilities		83.39	86.18
	Provisions		6.85	6.62
	Current tax liabilities (Net)		23.49	9.75
	Total current liabilities		**3,116.52**	**3,307.93**
	Total liabilities		**6,431.93**	**5,943.44**
	TOTAL EQUITY AND LIABILITIES		**11,583.78**	**10,876.76**

See accompanying notes to the interim condensed consolidated financial statements 1 to 16

As per our report of even date attached

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

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No: 090075
Place : Delhi
Date : October 12, 2020

Ashish Bharat Ram
Managing Director
DIN -00671567
Place : Gurugram

Kartik Bharat Ram
Dy.Managing Director
DIN -00008557
Place : Delhi

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
Vice President
(Corporate Compliance)
and Company Secretary

Place : Gurugram

SRF LIMITED

INTERIM CONDENSED CONSOLIDATED STATATEMENT OF PROFIT AND LOSS
for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

	Particulars	**Three months ended June 30, 2020**	**Three months ended June 30, 2019**
I	Revenue from operations	1,545.15	1,763.29
II	Other income	10.10	30.24
III	**Total Income (I + II)**	**1,555.25**	**1,793.53**
IV	**Expenses**		
	Cost of materials consumed	682.07	948.08
	Purchases of stock-in-trade	12.10	16.86
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	47.35	(11.64)
	Employee benefits expense	137.49	129.02
	Finance costs	43.16	51.51
	Depreciation and amortisation expense	104.02	92.46
	Other expenses	302.89	336.29
	Total expenses (IV)	**1,329.08**	**1,562.58**
V	**Profit before tax from continuing operations (III - IV)**	**226.17**	**230.95**
VI	**Tax expense related to continuing operations**		
	Current tax ^	40.78	28.82
	Deferred tax		
	- MAT credit entitlement	-	(13.01)
	- Others #	8.52	39.80
	Total tax expense related to continuing operations	**49.30**	**55.61**
	^ including related to earlier years : Nil {Previous period : Credit of Rs. 11.71 crores}		
	# including related to earlier years : Nil (Previous period : Charge of Rs. 4.45 crores)		
VII	**Profit for the period from continuing operations (V - VI)**	**176.87**	**175.34**
VIII	**Profit before tax from discontinued operations (Refer to note 13)**	**0.25**	**9.92**
IX	**Tax expense/ (credit) of discontinued operations**	0.03	(3.96)
X	**Profit for the period from discontinued operations (VIII - IX)**	**0.22**	**13.88**
XI	**Total Profit for the period (VII + X)**	**177.09**	**189.22**

Contd.

SRF LIMITED

INTERIM CONDENSED CONSOLIDATED STATATEMENT OF PROFIT AND LOSS
for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

			Particulars		Three months ended June 30, 2020	Three months ended June 30, 2019
XII	**Other comprehensive income**					
	A	(i)	Items that will not be reclassified to profit or loss			
			- Remeasurements of the defined benefit plans		2.68	(5.39)
		(ii)	Income tax relating to items that will not be reclassified to profit or loss		(0.94)	1.88
	B	(i)	Items that will be reclassified to profit or loss			
			- Exchange differences on translation of foreign operations		28.16	12.37
			- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		17.34	(9.33)
		(ii)	Income tax on items that will be reclassified to profit or loss		(6.06)	3.47
	Total other comprehensive income for the period, net of taxes (A(i+ii) + B(i+ii))				**41.18**	**3.00**
XIII	**Total comprehensive income for the period (XI + XII)**				**218.27**	**192.22**
	Basic and diluted earning per equity share (not annualised) in Rs. (Refer to note 10)					
	From continuing operations				30.77	30.50
	From discontinued operations				0.04	2.42
	From continuing and discontinued operations				30.81	32.92

See accompanying notes to the interim condensed consolidated financial statements **1 to 16**

As per our report of even date attached

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

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No: 090075
Place : Delhi
Date : October 12, 2020

Ashish Bharat Ram
Managing Director
DIN -00671567
Place : Gurugram

Kartik Bharat Ram
Dy.Managing Director
DIN -00008557
Place : Delhi

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
Vice President (Corporate Compliance) and Company Secretary
Place : Gurugram

SRF LIMITED

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

	Particulars	Three months ended June 30, 2020	Three months ended June 30, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax		
	- Continuing Operations	226.17	230.95
	- Discontinued Operations	0.25	9.92
	Adjustments for:		
	Finance costs	43.18	51.84
	Interest income	(1.93)	(11.25)
	Net (gain) / loss on sale of property, plant and equipment	0.03	0.10
	Net gain on financial assets measured at fair value through profit and loss	(6.78)	(2.02)
	Credit impaired assets provided / written off	0.14	0.42
	Amortisation of grant income	(0.16)	(1.75)
	Depreciation and amortisation expense	104.02	94.52
	Property, plant and equipment and inventory discarded / provided	0.07	0.11
	Provision / liabilities no longer required written back	(0.05)	(0.20)
	Net unrealised currency exchange fluctuations loss /(gain)	(3.89)	(21.30)
	Employee share based payment expense	0.26	0.24
	Adjustments for (increase) /decrease in operating assets :-		
	Trade receivables	(164.52)	20.06
	Inventories	82.06	12.23
	Loans (current)	10.78	(19.95)
	Loans (non-current)	0.61	(3.77)
	Other assets (current)	22.71	(22.80)
	Other assets (non-current)	(3.43)	(0.16)
	Adjustments for increase / (decrease) in operating liabilities :-		
	Trade payables	(220.20)	(59.06)
	Provisions	3.27	2.69
	Other liabilities (non-current)	(0.33)	0.51
	Other liabilities (current)	69.93	15.97
	Cash generated from operations	**162.19**	**297.30**
	Income taxes paid (net of refunds)	(21.93)	(23.38)
	Net cash generated from operating activities	**140.26**	**273.92**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Net proceeds/ (purchases) of mutual funds	(222.38)	0.33
	Purchase of non-current investments	-	(4.05)
	Interest received	0.73	12.12
	Decrease / (increase) in bank balances not considered as cash and cash equivalents	(79.84)	0.75
	Payment for purchase of property, plant, equipment, capital work-in-progress and intangible assets	(195.48)	(272.93)
	Proceeds from disposal of property, plant and equipment	0.16	0.82
	Net cash used in investing activities	**(496.81)**	**(262.96)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings (Non-current)	750.00	156.60
	Repayment of borrowings (Non-current)	(344.29)	(215.36)
	Net proceeds / (repayment) from borrowings (Current)	225.59	38.70
	Dividends on equity share capital paid	(0.39)	(0.14)
	Payment towards lease liability	(3.65)	(3.67)
	Finance costs paid	(65.23)	(55.96)
	Net cash (used in) / generated from financing activities	**562.03**	**(79.83)**

Contd.

SRF LIMITED

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

	Particulars	Three months ended June 30, 2020	Three months ended June 30, 2019
D	**EFFECT OF EXCHANGE RATE CHANGES**	**0.73**	**0.49**
	Net movement in cash and cash equivalents	**206.21**	**(68.38)**
	Cash and cash equivalents at the beginning of the year	116.44	189.55
	Cash and cash equivalents at the end of the period	**322.65**	**121.17**

Notes:

The interim condensed consolidated 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"

See accompanying notes to the interim condensed consolidated financial statements **1 to 16**

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 : October 12, 2020

For and on behalf of the Board of Directors

Ashish Bharat Ram
Managing Director
DIN -00671567
Place : Gurugram

Kartik Bharat Ram
Dy.Managing Director
DIN -00008557
Place : Delhi

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
Vice President (Corporate Compliance) and Company Secretary

Place : Gurugram

SRF LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

(a) Equity share capital	**Amount**
Balance as at March 31, 2019	58.50
Changes in equity share capital during the period	-
Balance as at June 30, 2019	**58.50**
Balance as at March 31, 2020	58.50
Changes in equity share capital during the period	-
Balance as at June 30, 2020	**58.50**

(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	Total
Balance as at March 31, 2019	193.77	573.77	10.48	75.00	0.58	3,201.00	(4.00)	(4.22)	24.39	4,070.77
Profit for the period	-	-	-	-	-	189.22	-	-	-	189.22
Other comprehensive income for the period, net of income tax	-	-	-	-	-	(3.51)	12.37	-	(5.86)	3.00
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**185.71**	**12.37**	**-**	**(5.86)**	**192.22**
Employee share based payments to employees	-		-	-	0.24	-	-	-	-	0.24
Balance as at June 30, 2019	**193.77**	**573.77**	**10.48**	**75.00**	**0.82**	**3,386.71**	**8.37**	**(4.22)**	**18.53**	**4,263.23**
Balance as at March 31, 2020	**193.77**	**573.77**	**10.48**	**75.00**	**1.56**	**4,117.69**	**(14.67)**	**(4.22)**	**(78.56)**	**4,874.82**
Profit for the period	-	-	-	-	-	177.09	-	-	-	177.09
Other comprehensive income for the year, net of income tax	-	-	-	-	-	1.74	28.16	-	11.28	41.18
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**178.83**	**28.16**	**-**	**11.28**	**218.27**
Employee share based payments to employees	-	-	-	-	0.26	-	-	-	-	0.26
Transfer from Debenture redemption reserve	-	75.00	-	(75.00)	-	-	-	-	-	-
Balance as at June 30, 2020	**193.77**	**648.77**	**10.48**	**-**	**1.82**	**4,296.52**	**13.49**	**(4.22)**	**(67.28)**	**5,093.35**

See accompanying notes to the interim condensed consolidated financial statements **1 to 16**

As per our report of even date attached

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

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No: 090075
Place : Delhi
Date : October 12, 2020

Ashish Bharat Ram
Managing Director
DIN -00671567
Place : Gurugram

Kartik Bharat Ram
Dy.Managing Director
DIN -00008557
Place : Delhi

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
Vice President (Corporate Compliance) and Company Secretary
Place : Gurugram

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 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 Interim condensed consolidated financial statements were approved by the Board of directors on October 12, 2020

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These Interim Condensed Consolidated Financial Statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) 34, "Interim Financial Reporting" notified under section 133 of the Companies Act, 2013 (the 'Act') and rules thereunder.

The Group has followed the same accounting policies in preparation of Interim Condensed Consolidated financial statement as those followed in preparation of annual consolidated financial statements as at and for the year ended March 31, 2020. These Interim Condensed Consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes for the year ended March 31, 2020.

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. All values are rounded to the nearest crores, except when otherwise indicated.

The interim condensed consolidated financial statements comprise the financial statements of the holding Company and its subsidiaries.

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 off during the year are included in the interim 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 interim condensed consolidated financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies, if any.

All intra-company assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The subsidiaries considered in the preparation of these interim condensed consolidated financial statements are: -

Name of subsidiary	**Country of incorporation**	**Proportion of ownership as at June 30, 2020**	**Proportion of ownership as at March 31, 2020**
SRF Holiday Home Limited	India	100%	100%
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%
SRF Employees Welfare Trust (Controlled Trust)	India	*	*

* By virtue of management control

The Group owns 22.60% (March 31, 2020 : 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% (March 31, 2020 : 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.

2.2 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 is 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 interim condensed 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).

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 interim condensed 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.

2.3 Income tax expense for the period

Income tax expense is recognised at an amount detemined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted average annual income tax rate expected for the full financial year and adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effetive tax rate in the interim financial statements may differ from the management's estimate of the effective tax rate for the annual financial statements.

2.4 Recent accounting pronouncements

Ministry of Corporate Affairs, vide notification dated 24 July 2020, has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 to amend certain Ind AS's, The amendments are effective from annual periods commencing on or after April 1, 2020 as below :

- Practical expedient in Ind AS 116, Leases, relating to rent concessions occurring as a direct consequence of COVID-19 pandemic;
- Amendment to definition of "business" (Ind AS 103, Business Combination);
- Refined definition of "material" (Ind AS 1 Presentation of Financial Statements and Ind AS 8, Accounting Polices, Change in Accounting Estimate and Errors);
- Interest rate benchmark reform (Ind AS 107, Financial Instruments: Disclosures and Ind AS 109, Financial Instruments

The above amendments do not have any significant impact on the financial statements.

3 Significant accounting judgements, estimates and assumptions

The preparation of interim condensed 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.

The significant areas of estimation, uncertainty and critical judgments in applying accounting policies are the same as those described in last annual financial statements.

SRF LIMITED

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost								
Balance as at March 31,2019	357.91	63.99	844.67	5,271.30	27.27	58.21	39.94	**6,663.29**
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)**
Balance as at March 31,2020	**382.94**	**74.22**	**836.28**	**6,082.10**	**29.01**	**64.30**	**41.70**	**7,510.55**
Additions/adjustments	-	-	50.17	327.50	0.65	0.97	0.36	**379.65**
Disposals/adjustments	-	(0.15)	(0.92)	(2.67)	(0.02)	(0.10)	(0.83)	**(4.69)**
Effect of foreign currency exchange differences	2.78	0.45	6.16	31.77	0.13	0.24	0.03	**41.56**
Balance as at June 30, 2020	**385.72**	**74.52**	**891.69**	**6,438.70**	**29.77**	**65.41**	**41.26**	**7,927.07**
Accumulated depreciation								
Balance as at March 31,2019	-	5.86	92.28	1,013.23	9.04	28.64	17.79	**1,166.84**
Depreciation expenses								
- Continuing operations	-							
For the period ended June 30, 2019	-	0.40	5.89	75.92	0.60	2.17	1.79	**86.77**
For the period July 01, 2019 to March 31, 2020	-	1.86	17.34	244.91	1.67	5.92	5.92	**277.62**
- Discontinued operations								
For the period ended June 30, 2019	-	-	0.75	0.93	0.01	0.06	0.03	**1.78**
For the period July 01, 2019 to March 31, 2020	-	-	0.95	0.97	-	0.56	0.01	**2.49**
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)**
Balance as at March 31,2020	**-**	**7.74**	**102.52**	**1,310.27**	**11.13**	**35.15**	**20.81**	**1,487.62**
Depreciation expenses								
- Continuing operations								
For the period ended June 30, 2020		0.45	6.11	86.57	0.81	1.96	1.81	**97.71**
Disposals/adjustments		-	-	(0.05)	-	(0.06)	(0.74)	**(0.85)**
Effect of foreign currency exchange differences		0.07	0.79	7.47	0.10	0.18	0.02	**8.63**
Balance as at June 30, 2020	**-**	**8.26**	**109.42**	**1,404.26**	**12.04**	**37.23**	**21.90**	**1,593.11**

Particulars	Freehold Land	Roads	Buildings	Plant & equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Net block								
Balance as at March 31,2020	382.94	66.48	733.75	4,771.84	17.88	29.15	20.89	6,022.93
Balance as at June 30, 2020	385.72	66.26	782.27	5,034.44	17.73	28.18	19.36	6,333.96

Notes:

(i) 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 balances of capital work in progress, as adjusted in additions to property, plant and equipment and intangible assets.

(ii) Disposals/adjustments include property plant and equipment of discontinued operations. Refer to Note 13

(All amounts in Rs. Crores, unless otherwise stated)

5 OTHER INTANGIBLE ASSETS

Particulars	Trade Marks/Brands	Technical Knowhow	Software	Others	Total
Cost					
Balance as at March 31, 2019	77.20	45.67	26.71	19.30	168.88
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals/adjustments	-	(0.99)	(0.35)	-	(1.34)
Balance as at March 31, 2020	**77.53**	**55.19**	**30.75**	**19.39**	**182.86**
Additions / adjustments	-	-	0.07	-	0.07
Disposals/adjustments	-	-	-	-	-
Balance as at June 30, 2020	**77.53**	**55.19**	**30.82**	**19.39**	**182.93**
Accumulated amortisation					
Balance as at March 31, 2019	14.15	5.23	22.24	18.40	60.02
Amortisation expenses					
- Continuing operations					
For the period ended June 30, 2019	0.80	0.48	0.56	0.07	1.91
For the period July 01, 2019 to March 31, 2020	1.81	1.23	2.50	0.03	5.57
- Discontinued operations					
For the period ended June 30, 2019	-	-	0.02	-	0.02
For the period July 01, 2019 to March 31, 2020	-	-	-	-	-
Disposals/adjustments	-	(0.99)	(0.13)	-	(1.12)
Balance as at March 31, 2020	**16.76**	**5.95**	**25.19**	**18.50**	**66.40**
Amortisation expenses					
- Continuing operations					
For the period ended June 30, 2020	0.61	0.42	0.84	0.01	1.88
Disposals/adjustments	-	-	-	-	-
Balance as at June 30, 2020	**17.37**	**6.37**	**26.03**	**18.51**	**68.28**
Net block					
Balance as at March 31, 2020	**60.77**	**49.24**	**5.56**	**0.89**	**116.46**
Balance as at June 30, 2020	**60.16**	**48.82**	**4.79**	**0.88**	**114.65**

Notes:

Disposals/adjustments pertain to intangible assets of discontinued operations. Refer to Note 13

6 BORROWINGS

	As at June 30, 2020	As at March 31, 2020
Non-current		
Secured		
Nil (March 31, 2020: 3000 Nos. 7.33%), listed, secured redeemable non-convertible debentures of Rs. 10 lakhs each	-	299.97
Term loans from banks	2,675.45	1,890.89
Term loans from others	241.71	281.59
Less: current maturities of long term borrowings	(550.12)	(779.75)
	2,367.04	**1,692.70**
Unsecured		
Term Loans from Banks	621.14	618.93
	621.14	**618.93**
	2,988.18	**2,311.63**
Current		
Secured		
Cash credits from banks	11.25	10.00
Term loans from banks	207.17	256.84
	218.42	**266.84**
Unsecured		
Term loans from banks	968.04	688.60
	968.04	**688.60**
	1,186.46	**955.44**

There have been no defaults in repayment of principal and interest on borrowings during the reporting periods.

The details of additional non current borrowings and repayments for the period ended June 30, 2020 are as follows:

Non-current	
Balance as at March 31, 2020 (including current maturity of long term borrowings)	**3,091.38**
Additional Borrowings :	
Rupee term loan	750.00
Repayments	
Rupee term loan	(4.11)
External commercial borrowings (ECB)	(40.18)
Secured redeemable non-convertible debentures	(300.00)
Other movements (net)	41.21
Balance as at June 30, 2020 (including current maturity of long term borrowings)	**3,538.30**

The additional borrowings mentioned above consist of two term loans of Rs.500 crores and Rs 250 crores respectively.The term loan of Rs 500 crores is at interest rate of Repo rate plus spread of 250 basis point and repayable in 12 quarterly instalments of Rs 41.67 crores each, starting from March 2022. The term loan of Rs. 250 crores is at interest rate of Repo rate plus spread of 225 basis points and repayable in 16 quarterly instalments of Rs. 15.63 crores each, starting from July 2021.

The additional borrowings mentioned above are to be secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi (save and except moveable assets of Coated Fabrics Business) 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 (save and except moveable assets of Laminated Fabrics Business) and Dahej in the State of Gujarat (excluding certain assets) or wherever else the same may be or be held by any party to the order or disposition of the Borrower or in the course of transit or on high seas or on order, or delivery, howsoever and wheresoever, in the possession of the Borrower and either by way of substitution or addition.

7 CONTINGENT LIABILITIES

	As at June 30,2020	As at March 31,2020
a. Claims against the Group not acknowledged as debts :		
Goods and Services tax, excise duty, custom duty and service tax *	22.89	21.33
Sales tax and entry tax **	19.08	19.08
Income Tax****	3.24	5.79
Others***	14.44	11.85

* Amount deposited against contigent liability Rs. 2.81 Crores (March 31, 2020 : Rs. 2.72 Crores)

** Amount deposited against contigent liability Rs. 4.89 Crores (March 31, 2020 : Rs. 4.62 Crores)

*** Amount deposited against contigent liability Rs. 0.49 Crores (March 31, 2020 : Rs. 0.49 Crore)

**** Amount deposited against contigent liability Rs. 3.24 Crores (March 31, 2020 : Rs. 5.68 Crores)

*** Includes demand by Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd. (MPPKVV Ltd) of Rs. 10.06 Crores (March 31, 2020 : Rs. 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 Rs. 19.84 Crores (March 31, 2020 : Rs. 25.61 Crores) should not be levied. The Company has been advised that the contention of the respective departments is not tenable and hence the show cause notice may not be sustainable.

During the year ended March 31, 2020, the Company has received a draft assessment order for assessment year 2016-17 in which adjustments amounting to Rs. 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 are not sustainable.

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 Miscellaneoues 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 SRF Industries (Thailand) Limited closed its Technical Textiles Business operations located at Rayong, Thailand w.e.f. October 21, 2019. Accordingly all the statuory dues as per applicable laws pertaining to employees were settled at the time of severance. However, two employees have filled a case before labour court for alleged unfair termination and short payments. The demand aggregates to Rs. 2.59 crores (THB 1.06 crores), which has been included in claims mentioned above.

Subsequent to quarter ended June 30, 2020, additional claims have been filed by 144 employees aggregating to Rs. 17.52 crores (THB 7.16 crores). The management believes that payment of such claims is remote based on the external lawyer's opinion that the Company has complied with labour laws of Thailand and all the statutory dues of each of these complainants have already been paid and hence these complaints are liable to be dismissed.

e The amounts shown above represent the best 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 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.

8 CAPITAL AND OTHER COMMITMENTS

	As at June 30,2020	As at March 31, 2020
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	447.20	362.95

(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 Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

9 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, industrial chemicals, speciality chemicals, fluorochemicals & allied products and its research and development.

• Packaging Film business: includes polyester films and polypropylene films.

• Others: include 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 the annual financial statements for the year ended March 31, 2020, 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 13 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

	Three months ended June 30, 2020	Three months ended June 30, 2019
Segment revenue		
a) Technical textiles business (TTB)		
- External sales	138.88	381.56
- Inter-segment sales	1.56	0.51
Total	**140.44**	**382.07**
b) Chemicals business (CB)		
- External sales	705.22	603.21
- Inter-segment sales	-	-
Total	**705.22**	**603.21**
c) Packaging films business (PFB)		
- External sales	677.35	701.30
- Inter-segment sales	-	0.35
Total	**677.35**	**701.65**
d) Others		
- External sales	23.70	77.22
- Inter-segment sales	-	-
Total	**23.70**	**77.22**
Total segment revenue	**1,546.71**	**1,764.15**
Less: Inter Segment revenue	1.56	0.86
Revenue from operations	**1,545.15**	**1,763.29**
Add: unallocable income	10.10	30.24
Total revenue	**1,555.25**	**1,793.53**

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

Segment Profits	**Three months ended June 30, 2020**	**Three months ended June 30, 2019**
Profit before interest and tax from each segment		
a) Technical textiles business (TTB)	(14.02)	56.88
b) Chemicals business (CB)	88.56	78.67
c) Packaging films business (PFB)	220.74	145.57
d) Others	(0.28)	10.12
Total segment results	**295.00**	**291.24**
Less: i) Interest and finance Charges	43.16	51.51
Less: ii) Other unallocable expenses net of income	25.67	8.78
Profit before tax from continuing operations	**226.17**	**230.95**
Profit before tax from discontinued operations	**0.25**	**9.92**
Total profit before tax	**226.42**	**240.87**

Segment assets and liabilities	**As at June 30, 2020**	**As at March 31, 2020**
Segment Assets		
a) Technical textiles business (TTB)	1,343.57	1,385.06
b) Chemicals business (CB)	5,297.13	5,247.50
c) Packaging films business (PFB)	3,838.05	3,582.77
d) Others	180.46	187.37
Total	**10,659.21**	**10,402.70**
Unallocable assets	924.57	462.22
Assets classified as held for sale	-	11.84
Total Assets	**11,583.78**	**10,876.76**
Segment Liabilities		
a) Technical textiles business (TTB)	159.63	303.71
b) Chemicals business (CB)	566.40	515.33
c) Packaging films business (PFB)	618.60	664.05
d) Others	22.54	43.68
Total	**1,367.17**	**1,526.77**
Unallocable Liabilities	5,064.76	4,416.67
Total Liabilities	**6,431.93**	**5,943.44**

B Information about geographical business segments

	Three months ended June 30, 2020	**Three months ended June 30, 2019**
Revenue from operations		
- India	579.88	978.39
- South Africa	116.86	91.96
- Germany	94.52	112.66
- USA	85.78	136.24
- Belgium	153.91	32.50
- Thailand	37.61	35.84
- Switzerland	161.34	72.15
- Others	315.25	303.55
	1,545.15	**1,763.29**

(All amounts in Rs. Crores, unless otherwise stated)

Revenue from major products	**Three months ended June 30, 2020**	**Three months ended June 30, 2019**
a) Technical Textiles Business (TTB)		
Nylon tyre cord fabric/ Polyester tyre cord fabric / Belting fabric	125.50	326.82
Synthetic filament yarn including Industrial yarn /Twine	12.30	51.63
b) Chemicals Business (CB)		
Speciality chemicals	471.73	235.14
Fluorochemicals, Refrigerant Gases and allied products	159.06	259.87
Industrial chemicals	56.59	94.14
Waste/others	0.23	0.33
c) Packaging Films Business (PFB)		
Packaging Films	666.29	688.73
d) Others		
Coated fabric, laminated fabric and other ancilliary activities	21.42	75.56
	1,513.12	**1,732.22**
Other operating income	32.03	31.07
Revenue from operations	**1,545.15**	**1,763.29**

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Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

10 EARNINGS PER SHARE (EPS)

	Three months ended June 30, 2020	Three months ended June 30, 2019
Profit attributable to equity holders of the group used in calculating basic earning per share and diluted earning per share:		
- From continuing operations	176.87	175.34
- From discontinued operations	0.22	13.88
- From continuing and discontinued operations	177.09	189.22
Weighted average number of equity shares of the group used in calculating basic earning per share and diluted earning per share (nos.)	57,480,500	57,480,500
Basic and diluted earnings per share (not annualised) in Rs.		
- From continuing operations	30.77	30.50
- From discontinued operations	0.04	2.42
- From continuing and discontinued operations	30.81	32.92

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

11 FINANCIAL INSTRUMENTS - FAIR VALUE

Comparison by class of the carrying amounts and fair value of the Group's financial instruments :

			Carrying value as at		Fair value as at	
Financial assets	**Level of hierarchy**	**Notes**	**June 30, 2020**	**March 31, 2020**	**June 30, 2020**	**March 31, 2020**
Measured at amortised cost						
Trade receivables		a	1,049.75	891.07	1,049.75	891.07
Cash and cash equivalents		a	322.65	116.44	322.65	116.44
Bank balances other than above		a	88.87	9.03	88.87	9.03
Loans		a,b	58.07	69.04	58.07	69.04
Other financial assets		a,b	162.82	186.16	162.82	186.16
Measured at fair value through profit and loss						
Investments in mutual funds	2	d	427.66	198.50	427.66	198.50
Derivative instruments	2	d	-	0.08	-	0.08
Measured at fair value through other comprehensive income						
Investments in unquoted equity instruments	3	d	4.16	4.16	4.16	4.16

			Carrying value as at		Fair value as at	
Financial liabilities	**Level of hierarchy**	**Notes**	**June 30, 2020**	**March 31, 2020**	**June 30, 2020**	**March 31, 2020**
Measured at amortised cost						
Borrowings		a,c	4,174.64	3,267.07	4,174.64	3,267.07
Trade payables		a	877.26	1,111.69	877.26	1,111.69
Other financial liabilities		a,c	881.09	1,076.78	881.09	1,076.78
Measured at fair value through profit and loss						
Derivative instruments	2	d	9.74	2.58	9.74	2.58
Measured at fair value through other comprehensive income						
Derivative instruments	2	d	35.60	68.04	35.60	68.04

The following methods / assumptions were used to estimate the fair values:

(a) 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.

(b) Fair valuation of non-current financial assets has been disclosed to be the same as carrying value as there is no significant difference between carrying value and fair value.

(c) Fair value of other long-term borrowings 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.

(d) 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 three months period ended June 30, 2020 and year ended March 31, 2020

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 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

(All amounts in Rs. Crores, unless otherwise stated)

The fair value of the financial instruments is 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 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 rates 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 on the recoverable value as per agreement with the investee

Reconciliation of Level 3 fair value measurements	**Unlisted equity instruments**
As at March 31, 2019	**0.11**
Purchases of investment	4.05
As at March 31, 2020	**4.16**
Additions/deletions	-
As at June 30, 2020	**4.16**

Sensitivity of the fair value measurement to changes in unobservable inputs for financial instruments in Level 3 level of hierarchy is insignificant.

SRF LIMITED

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

12 RELATED PARTY TRANSACTIONS

12.1 Description of related parties under Ind AS- 24 " Related party disclosures "

Ultimate holding	**Key management personnel (KMP)**
ABR Family Trust	Arun Bharat Ram
	Ashish Bharat Ram
	Kartik Bharat Ram
Holding Company	Tejpreet S Chopra
KAMA Holdings Limited	Lakshman Lakshminarayan
	Vellayan Subbiah
	Meenakshi Gopinath
	Pramod Gopaldas Gujarathi
Fellow subsidiaries #	Bharti Gupta Ramola
KAMA Realty (Delhi) Limited	Yash Gupta *
Shri Educare Limited	Puneet Yadu Dalmia *
Post employment benefit plans trust	**Enterprises over which KMP have significant influence #**
SRF Limited Officers Provident Fund Trust	SRF Foundation
SRF Employees Gratuity Trust	Karm Farms LLP
SRF Officers Gratuity Trust	Srishti Westend Greens Farms LLP
	SRF Welfare Trust

* from April 1, 2019

\# Only with whom the Company had transactions during the period

SRF LIMITED

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

12.2 Transactions with related parties

	Three months ended June 30, 2020	Three months ended June 30, 2019
Purchase of property, plant and equipment and intangible assets from		
Holding company	-	0.15
	-	**0.15**
Sale of property, plant and equipment and intangible assets to		
Holding company	-	0.20
	-	**0.20**
Lease payments / rent paid		
Fellow subsidiaries	1.65	1.68
Key management personnel	0.07	0.07
Enterprises over which KMP have significant influence	0.07	0.07
	1.79	**1.82**
Reimbursement of expenses from		
Holding company	^	^
Fellow subsidiaries	0.01	0.01
	0.01	**0.01**
^ Absolute amount: Rs.2,636 (Previous period : 3,451)		
Deposits received back from		
Fellow subsidiaries	-	0.05
Enterprises over which KMP have significant influence	-	0.04
	-	**0.09**
Donations to		
Enterprises over which KMP have significant influence	1.00	-
	1.00	**-**
Contribution to post employment benefit plans		
Post employment benefit plans trust	9.49	12.47
	9.49	**12.47**
Employee benefit obligations transferred to		
Holding Company	-	0.03
	-	**0.03**
Employee benefit obligations transferred from		
Holding Company	-	0.09
	-	**0.09**

(All amounts in Rs. Crores, unless otherwise stated)

12.3 Outstanding balances *

	As at June 30, 2020	As at March 31, 2020
Commission payable		
Key management personnel	2.38	10.22
	2.38	**10.22**
Payable		
Post employment benefit plans trust	10.69	14.37
	10.69	**14.37**
Receivable		
Fellow subsidiaries	0.01	-
	0.01	**-**
Security deposits outstanding		
Fellow subsidiaries	3.27	3.27
Key management personnel	0.13	0.13
Enterprises over which KMP have significant influence	0.14	0.14
	3.54	**3.54**

* Also refer note 14 with regard to lease liabilities under Ind AS -116

12.4 Key management personnel compensation

	Three months ended June 30, 2020	Three months ended June 30, 2019
Short-term benefits	5.27	4.50
Post-employment benefits	0.32	0.44
Other long-term benefits	0.15	1.15
	5.74	**6.09**

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

13 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 . 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

Sl.no.		Particulars	Three months ended June 30, 2020	Three months ended June 30, 2019
I	(a)	Sale of Products	-	56.59
	(b)	Other operating revenues	-	0.18
	(c)	**Revenue from operations {I(a)+I(b)}**	**-**	**56.77**
	(d)	Other income	-	-
	(e)	**Total income {I(c)+I(d)}**	**-**	**56.77**
	(f)	Total expenses	-	50.48
	(g)	**Profit before tax for the period from discontinued operations {I(e)-I(f)}**	**-**	**6.29**
	(h)	Tax expense related to discontinued operations	-	2.20
II	(i)	**Net profit after tax for the period from discontinued operations {I(g)-I(h)}**	**-**	**4.09**

(c) Revenue from major products

	Three months ended June 30, 2020	Three months ended June 30, 2019
Nylon/ PBT/ PC compounding chips	-	56.59

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 statements. The financial information of the said business has been classified as Discontinued Operations as per requirements of Ind AS 105 - "Non -current assets held for sale and discontinued operations". The particulars of said discontinued operations are as under:

(All amounts in Rs. Crores, unless otherwise stated)

(b) Financial performance

Sl.no.		Particulars	Three months ended June 30, 2020	Three months ended June 30, 2019
I	(a)	Sale of Products	-	65.13
	(b)	Other operating revenues	-	0.02
	(c)	**Total revenue from operations {I(a)+I(b)}**	**-**	**65.15**
	(d)	Other income	4.49	0.05
	(e)	**Total income {I(c)+I(d)}**	**4.49**	**65.20**
	(f)	Total expenses excluding point no.(g)	4.24	61.57
	(h)	**Profit / (loss) before tax from discontinued operations {I(e)-I(f)}**	**0.25**	**3.63**
	(i)	Tax expense / (gain) related to discontinued operations	0.03	(6.16)
II	(j)	**Net profit / (loss) after tax from discontinued operations{1(h)-I(i)}**	**0.22**	**9.79**

(c) Revenue from major products

Nylon tyre cord fabric/ Polyester tyre cord fabric / Belting fabric	-	65.13

(d) Assets classified as held for sale

	As at June 30, 2020	As at March 31, 2020
Property plant and equipment	-	11.84

Notes to the Interim Condensed consolidated financial statements for the three months period ended June 30, 2020
(All amounts in Rs. Crores, unless otherwise stated)

14 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

Particulars	Land	Buildings	Plant and equipment	Total
Balances as at April 1, 2019 ^	**141.57**	**43.96**	**21.67**	**207.20**
Additions/adjustments	13.89	1.02	28.96	43.87
Disposals/adjustments	(6.75)	-	-	(6.75)
Balances as at March 31, 2020	**148.71**	**44.98**	**50.63**	**244.32**
Additions/adjustments	-	-	-	-
Disposals/adjustments	-	-	-	-
Balances as at June 30, 2020	**148.71**	**44.98**	**50.63**	**244.32**
Accumulated depreciation				
Balances as at April 1, 2019	-	-	-	-
Depreciation expenses				
For the period ended June 30, 2019	0.37	1.66	1.75	3.78
For the period July 01, 2019 to March 31, 2020	1.17	5.10	6.69	12.96
Disposals/adjustments				
Balances as at March 31, 2020	**1.54**	**6.76**	**8.44**	**16.74**
Depreciation expenses				
For the period ended June 30, 2020	0.42	1.78	2.23	4.43
Disposals/adjustments	-	-	-	-
Balances as at June 30, 2020	**1.96**	**8.54**	**10.67**	**21.17**
Net block				
Balances as at March 31, 2020	**147.17**	**38.22**	**42.19**	**227.58**
Balances as at June 30, 2020	**146.75**	**36.44**	**39.96**	**223.15**

^ Including reclassification amounting to Rs. 136.39 Crores from non-current / current assets to right-of-use assets for prepaid lease rentals.

Lease liabilities *	**As at June 30, 2020**	**As at March 31, 2020**
Current	14.97	13.71
Non-current	70.77	73.98
*** Includes liabilities pertaining to related parties as follows:**		
Fellow subsidiaries	32.99	33.98
Key management personnel (KMP)	0.06	0.12
Enterprises over which KMP have significant influence	0.05	0.11

Amounts recognised in Statement of Profit and Loss	**Three months ended June 30, 2020**	**Three months ended June 30, 2019**
Interest on lease liabilities	1.69	1.35
Depreciation expense	4.43	3.78
Expenses relating to short-term leases and leases of low-value assets	2.81	3.52

	Three months ended June 30, 2020	Three months ended June 30, 2019
Amounts recognised in Cash Flow Statement		
Total cash outflow for leases	3.65	3.67

15 As per Government directives, the Company had suspended operations for some of its facilities w.e.f. March 25, 2020 in the wake of the COVID-19 pandemic. Operations were resumed in a phased manner, taking cognizance of the Governments' advisories around resuming manufacturing activities and after obtaining necessary permissions. Disruption in operations as a result of the aforesaid, has impacted business performance during the three months period ended June 30, 2020.

Based on the current estimates, the Company believes that carrying amount of its assets will be recovered and COVID-19 is not likely to have any significant impact on its liquidity or ability to service its debt or other obligations. The Company would closely monitor such developments in future economic conditions and consider their impact on the financial statemnets / information of the relevant periods.

16 The Board at its meeting held on July 30, 2020 had approved interim dividend for 2020-21 of Rs. 5 per fully paid up equity share of Rs. 10 each absorbing an aggregate amount of Rs. 28.74 crores. The same has been paid subsequently.

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 : October 12, 2020

Ashish Bharat Ram
Managing Director
DIN - 00671567
Place : Gurugram

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557
Place : Delhi

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
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.

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:

The key audit matter	How the matter was addressed in our audit
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).	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	How the matter was addressed in our audit
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.	• 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.
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.	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
ASSETS			
Non-current assets			
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
Financial assets			
(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
Total non-current assets		**7,970.56**	**6,715.61**
Current assets			
Inventories	12	1,201.23	1,224.74
Financial assets			
(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
Total current assets		**2,894.36**	**3,172.29**
Assets classified as held for sale	42	**11.84**	**-**
TOTAL ASSETS		**10,876.76**	**9,887.90**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	58.50	58.50
Other equity	17	4,874.82	4,070.77
Total equity		**4,933.32**	**4,129.27**

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
Liabilities			
Non-current liabilities			
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
Total non-current liabilities		**2,635.51**	**2,559.95**
Current liabilities			
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
Total current liabilities		**3,307.93**	**3,198.68**
Total Liabilities		**5,943.44**	**5,758.63**
TOTAL EQUITY AND LIABILITIES		**10,876.76**	**9,887.90**
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 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
III	**Total Income (I + II)**		**7,258.46**	**7,127.56**
IV	**Expenses**			
	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
	Total Expenses (IV)		**6,343.76**	**6,359.13**
V	**Profit before tax from continuing operations (III - IV)**		**914.70**	**768.43**
VI	**Tax expense related to continuing operations**	31		
	Current tax		104.26	139.83
	Deferred tax			
	MAT credit entitlement		(36.73)	(87.11)
	Others		(68.73)	124.13
	Total tax expense related to continuing operations		**(1.20)**	**176.85**
VII	**Profit for the year from continuing operations (V - VI)**		**915.90**	**591.58**
VIII	**Profit before tax from discontinued operations**	42	**155.85**	**58.46**
IX	**Tax expense of discontinued operations**	31	52.66	8.41
X	**Profit for the year from discontinued operations (VIII - IX)**		**103.19**	**50.05**
XI	**Total Profit for the year (VII + X)**		**1,019.09**	**641.63**
XII	**Other comprehensive income**			
	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)
	Total other comprehensive income for the year, net of taxes (A(i+ii) + B(i+ii))		**(119.01)**	**5.64**

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
XIII **Total comprehensive income for the year (X + XI)**		**900.08**	**647.27**
Basic and Diluted earning per equity share in ₹	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
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	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
	Cash generated from operations	**1,447.15**	**1,045.87**
	Income taxes paid (net of refunds)	(142.71)	(150.23)
	Net cash generated from operating activities	**1,304.44**	**895.64**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	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
	Net cash used in investing activities	**(1,180.33)**	**(1,014.18)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	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)
	Net cash (used in) / generated from financing activities	**(198.99)**	**245.77**

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
D EFFECT OF EXCHANGE RATE CHANGES	**1.77**	**(24.69)**
Net movement in cash and cash equivalents	**(73.11)**	**102.54**
Cash and cash equivalents at the beginning of the year	189.55	87.01
Cash and cash equivalents at the end of the year (Refer to note 14)	**116.44**	**189.55**

Notes:

(i) 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"

(ii) During the year, the Company paid in cash ₹ 12.00 crores (Previous year: ₹ 10.38 crores) towards corporate social responsibility (CSR) expenditure.

(iii) For cash flow information of discontinued operations, Refer note 42.

(iv) 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
Total	**3,826.12**	**(198.99)**	**3.42**	**192.51**	**208.26**	**97.01**	**99.87**	**4,228.20**

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
Total	**3,231.67**	**245.77**	**3.87**	**31.08**	**230.56**	**83.17**	**3,826.12**

*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 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

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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 Statement of Changes in Equity

for the year ended March 31, 2020

(All amounts in ₹ Crores, unless otherwise stated)

(a) Equity share capital

	Amount
Balance at March 31, 2018	**58.44**
Changes in equity share capital during the year	0.06
Balance at March 31, 2019	**58.50**
Changes in equity share capital during the year	-
Balance at March 31, 2020	**58.50**

(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
Balance at March 31, 2018	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
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**640.76**	**(24.69)**	**-**	**31.20**
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	-	-	-	-
Balance at March 31, 2019	**193.77**	**573.77**	**10.48**	**75.00**	**0.58**	**3,201.00**	**(4.00)**	**(4.22)**	**24.39**
Profit for the year	-	-	-	-	-	1,019.09	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(5.39)	(10.67)	-	(102.95)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,013.70**	**(10.67)**	**-**	**(102.95)**
Payment of dividend (₹ 14 per share)	-	-	-	-	-	(80.47)	-	-	-
Tax on Dividend	-	-	-	-		(16.54)	-	-	-
Employee share based payments to employees	-	-	-	-	0.98	-	-	-	-
Balance at March 31, 2020	**193.77**	**573.77**	**10.48**	**75.00**	**1.56**	**4,117.69**	**(14.67)**	**(4.22)**	**(78.56)**

* 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 B S R & Co. LLP
Chartered Accountants
ICAI Firm registration no.
101248W / W-100022

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No.: 090075
Place : Delhi
Date : June 4, 2020

Arun Bharat Ram
Chairman
DIN - 00694766
Place : Delhi

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Managing Director
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Deputy Managing Director
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Director
DIN - 00356188
Place : Gurugram

Rahul Jain
President & CFO
Place : Gurugram

Rajat Lakhanpal
Vice President
(Corporate Compliance)
and Company Secretary

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 therafter 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 subsidaries 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.

(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
Indian Subsidiaries			
SRF Holiday Home Limited	India	100%	100%
SRF Employees Welfare Trust	India	*	*
Foreign Subsidiaries			
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 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.

(All amounts in ₹ Crores, unless otherwise stated)

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 strctures)	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 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 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 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 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.

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 accodance 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 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 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.

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.

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:

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 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 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 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).

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.

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

4 Property, Plant and Equipment

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
Cost								
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)
Balance at March 31, 2019	**357.91**	**63.99**	**844.67**	**5,271.30**	**27.27**	**58.21**	**39.94**	**6,663.29**
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)
Balance at March 31, 2020	**382.94**	**74.22**	**836.28**	**6,082.10**	**29.01**	**64.30**	**41.70**	**7,510.55**
Accumulated depreciation								
Balance at March 31, 2018	-	4.30	66.72	707.74	6.72	20.78	13.74	820.00
Depreciation expenses								
- 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)
Balance at March 31, 2019	**-**	**5.86**	**92.28**	**1,013.23**	**9.04**	**28.64**	**17.79**	**1,166.84**
Depreciation expenses								
- 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)
Balance at March 31, 2020	**-**	**7.74**	**102.52**	**1,310.27**	**11.13**	**35.15**	**20.81**	**1,487.62**

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
Carrying Amount								
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)
Depreciation expenses								
- 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)
Balance at March 31, 2019	**357.91**	**58.13**	**752.38**	**4,258.08**	**18.23**	**29.57**	**22.15**	**5,496.45**
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)
Depreciation expenses								
- 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)
Balance at March 31, 2020	**382.94**	**66.48**	**733.75**	**4,771.84**	**17.88**	**29.15**	**20.89**	**6,022.93**

Notes:
(i) 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%)
(ii) 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.
(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 46 (a) below.
(iv) Refer to note 18.1 for information on PPE pledged as security by the group.
(v) Refer to note 46 (c) for additions/adjustments on account of exchange difference during the year.
(vi) 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.
(vii) Disposals/adjustments includes property plant and equipment of discontinued operations. Refer note 42 below.

(All amounts in ₹ Crores, unless otherwise stated)

5. Goodwill

	Amount
Cost	
Balance at March 31, 2018	4.91
Additions	-
Disposals	-
Balance at March 31, 2019	**4.91**
Additions	-
Disposals	(0.79)
Balance at March 31, 2020	**4.12**

Accumulated impairment losses	Amount
Balance at March 31, 2018	0.83
Additions	-
Balance at March 31, 2019	**0.83**
Additions	2.67
Balance at March 31, 2020	**3.50**

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
	0.62	**4.08**

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.

(All amounts in ₹ Crores, unless otherwise stated)

6. Other Intangible Assets

Particulars	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
Cost					
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	-	-	-	-	-
Balance at March 31, 2019	**77.20**	**45.67**	**26.71**	**19.30**	**168.88**
Additions / adjustments	0.33	10.51	4.39	0.09	15.32
Disposals/adjustments	-	(0.99)	(0.35)	-	(1.34)
Balance at March 31, 2020	**77.53**	**55.19**	**30.75**	**19.39**	**182.86**
Accumulated amortisation					
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	-	-	-	-	-
Balance at March 31, 2019	**14.15**	**5.23**	**22.24**	**18.40**	**60.02**
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)
Balance at March 31, 2020	**16.76**	**5.95**	**25.19**	**18.50**	**66.40**
Carrying Amount					
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)
Balance at March 31, 2019	**63.05**	**40.44**	**4.47**	**0.90**	**108.86**
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)
Balance at March 31, 2020	**60.77**	**49.24**	**5.56**	**0.89**	**116.46**

Notes:

(i) Refer note 46 (c) for additions/adjustments on account of exchange difference during the year.

(ii) Disposals/adjustments pertains to intangible assets of discontinued operations. Refer note 42 below.

(All amounts in ₹ Crores, unless otherwise stated)

7. Investments

	As at March 31, 2020	As at March 31, 2019
Non-current		
Investment in equity instruments	4.16	0.11
	4.16	**0.11**
Aggregate book value of unquoted investments	4.16	0.11
Aggregate amount of impairment in value of investments	4.34	4.34
Current		
Investment in mutual funds	198.50	100.49
	198.50	**100.49**
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
Unquoted investments (Non-current)				
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)
		4.16		**0.11**

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
Unquoted investments (Current)				
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		-
		198.50		**100.49**

(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
Non- current		
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)
	43.87	**34.05**
Current		
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)
	25.17	**11.18**

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)
Deferred tax liabilities, net	**(161.24)**	**(341.98)**
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			
Deferred tax assets						
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
	380.47	**38.20**	**8.57**	**45.15**	**(2.47)**	**469.92**

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			
Deferred tax liabilities						
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)
Total	**(341.98)**	**105.46**	**8.57**	**60.44**	**6.27**	**(161.24)**

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			
Deferred tax assets						
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
	296.26	**89.06**	**-**	**-**	**(4.85)**	**380.47**
Deferred tax liabilities						
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)
Total	**(291.38)**	**(37.02)**	**-**	**(19.05)**	**5.47**	**(341.98)**

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.

(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 probablility 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
Non Current		
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	-
	15.86	**4.71**
Current		
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
	170.38	**200.38**

11. Other Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Non-Current		
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
	96.50	**294.74**
Current		
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

	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
	280.80	**407.87**

*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
	1,201.23	**1,224.74**
Goods-in-transit, included above :		
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
	223.77	**266.65**

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 relisable 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)
	891.07	**1,028.75**

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

(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
	894.68	**1,031.24**

(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
	116.44	**189.55**

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	-
	9.03	**9.33**

(All amounts in ₹ Crores, unless otherwise stated)

16. Share Capital

	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
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
	336.00	**336.00**
Issued capital:		
61,537,255 (Previous Year - 61,537,255) Equity Shares of ₹ 10 each	**61.54**	**61.54**
Subscribed capital:		
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
	58.50	**58.50**

16.1 Fully paid equity shares

	Number of shares	Amount
Balance at March 31, 2018	**5,74,20,500**	**57.42**
Add : Movement during the year (Refer note 37)	60,000	0.06
Balance at March 31, 2019	**5,74,80,500**	**57.48**
Add : Movement during the year	-	-
Balance at March 31, 2020	**5,74,80,500**	**57.48**

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.

(All amounts in ₹ Crores, unless otherwise stated)

16.2 Details of shares held by the holding Group

	Number of fully paid ordinary shares
As at March 31, 2020	
KAMA Holdings Limited, the Holding group	3,00,49,000
As at March 31, 2019	
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
	4,874.82	**4,070.77**

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	-	-
Balance at end of year	**573.77**	**573.77**

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.

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)
Balance at end of year	**4,117.69**	**3,201.00**

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/(reclassed) during the year	(160.53)	50.25
Income tax related to above	57.58	(19.05)
Balance at end of year	**(78.56)**	**24.39**

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	-	-
Balance at end of year	**10.48**	**10.48**

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	-	-
Balance at end of year	**193.77**	**193.77**

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	-	-
Balance at end of year	**75.00**	**75.00**

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	-	-
Balance at end of year	**(4.22)**	**(4.22)**

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)
Balance at end of year	**(14.67)**	**(4.00)**

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.

(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
Balance at end of year	**1.56**	**0.58**

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
Non-current		
Secured		
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)
	1,692.70	**1,750.19**
Unsecured		
Term Loans from Banks *	618.93	411.15
	618.93	**411.15**
	2,311.63	**2,161.34**
Current		
Secured		
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
	266.84	**342.29**
Unsecured		
Cash credits from banks	-	-
Term loans from banks #	688.60	785.10
	688.60	**785.10**
	955.44	**1,127.39**

*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.

(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 *	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 immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.**
Terms and conditions			
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.			
			Moveable property
2 (i) Term loan from Banks *	1343.02	1494.21	(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, 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)
			Immoveable property
			(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).

(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 additionaly 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 additionaly 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.
(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 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	
(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 movable 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, Uttarakhand, moveable assets of Coated Fabrics at Viralimalai, Tamil Nadu and moveables assets of Laminated Fabrics at Kashipur, Uttarakhand

#Gross of upfront fees paid ₹ 9.40 Crores (Previous year - ₹ 8.29 Crores)

(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	-
			782.21	**731.48**	**808.81**	**778.28**

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 %.

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
			444.49	**764.17**	**845.71**	**556.72**

Amounts mentioned above are gross of upfront fees paid of ₹ 8.29 crores

Current Borrowings

Short term borrowings are payable in one installment within one year. For short term borrowings in foreign currency, interest rates range from EURIBOR +15 bps to EURIBOR +18 bps & from LIBOR to LIBOR +50 bps. For rupee denominated short term loans taken during the year interest rate is at 6.28% to 8.25%.

Terms of repayment

1) Reedemable 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)

(All amounts in ₹ Crores, unless otherwise stated)

19. Provisions

	As at March 31, 2020	As at March 31, 2019
Non-Current		
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
	37.53	**38.10**
Current		
Provision for compensated absence (Refer note 36.3)	6.48	5.89
Provision for retention pay (Refer note 36.3)	0.14	0.07
	6.62	**5.96**

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
	1,111.69	**1,382.42**

#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)

(All amounts in ₹ Crores, unless otherwise stated)

21. Other Financial Liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
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
	1,124.54	**602.49**

*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
Non Current		
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	-
	22.87	**-**

22. Tax Assets and Liabilities

	As at March 31, 2020	As at March 31, 2019
Non Current tax assets		
Advance tax (net of provisions for tax)	**35.03**	**19.00**
Current tax assets		
Advance tax (net of provisions for tax)	**1.74**	**-**
Current tax liabilities		
Provisions for tax (net of advance tax)	**9.75**	**9.83**

23. Other Liabilities

	As at March 31, 2020	As at March 31, 2019
Non-current		
Deferred government grants*	14.00	18.53
	14.00	**18.53**
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
	86.18	**70.59**

*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
Sale of products		
Manufactured goods	6,941.92	6,882.20
Traded goods	120.20	67.69
	7,062.12	**6,949.89**
Other operating revenues		
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
	147.29	**149.70**
	7,209.41	**7,099.59**

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)
Sale of products	**7,062.12**	**6,949.89**

* Refer note 42(C)

(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
	49.05	**27.97**

* 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
	4,316.32	**4,990.25**
Less: Closing stock of raw materials		
- Continuing operations	512.59	573.01
- Discontinued operations	-	35.10
Cost of materials consumed*		
- Continuing operations	**3,687.39**	**3,992.61**
- Discontinued operations	**116.34**	**389.53**

* 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
	91.40	**48.55**

* Refer note 42(C)

(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
Inventories at the end of the year:		
- Continuing operations		
Stock-in-Process	156.45	139.65
Finished goods	281.24	209.49
Traded goods	7.02	5.00
	444.71	**354.14**
- Discontinued operations		
Stock-in-Process	-	7.95
Finished goods	-	16.37
	-	**24.32**
Effect of changes in exchange currency rates		
- Continuing operations		
Stock-in-Process	(0.14)	1.86
Finished goods	(1.11)	(5.39)
	(1.25)	**(3.53)**
- Discontinued operations		
Stock-in-Process	0.40	0.51
Finished goods	0.57	0.49
	0.97	**1.00**

Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade

	Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year:		
- Continuing operations		
Stock-in-Process	139.65	98.96
Finished goods	209.49	180.67
Traded goods	5.00	4.01
	354.14	**283.64**
- Discontinued operations		
Stock-in-Process	-	12.01
Finished goods	7.95	14.29
Traded goods	16.37	-
	24.32	**26.30**
Net (increase) / decrease		
- Continuing operations	**(91.82)**	**(74.03)**
- Discontinued operations	**25.29**	**2.98**

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
	541.92	**460.79**

* 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
	200.68	**198.37**

^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	-
	388.61	**358.17**

* 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

	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
	1,525.58	**1,374.67**

* 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
	51.46	**185.26**
a) **Tax expense related to continuing operations**		
Current tax		
In relation to current year	115.97	141.14
Adjustment in relation to earlier years	(11.71)	(1.31)
	104.26	**139.83**
Deferred tax		
- MAT credit entitlement		
In relation to current year	(13.83)	(59.70)
Adjustment in relation to earlier years	(22.90)	(27.41)
	(36.73)	**(87.11)**
- Others		
In relation to current year	(75.63)	122.56
Adjustment in relation to earlier years	6.90	1.57
	(68.73)	**124.13**
b) **Tax expense related to discontinued operations**		
Current tax		
In relation to current year	61.23	8.41
Deferred tax		
- Others		
In relation to current year	(8.57)	-
	52.66	**8.41**

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
Profit before tax		
From continuing operations	914.70	768.43
From discontinued operations	155.85	58.46
Total Profit before tax	**1,070.55**	**826.89**
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 accumlated losses	(11.24)	-
Effect of lower tax rates in overseas subsidiaries	4.27	(19.89)
Others	(3.29)	0.10
Income tax expenses recognised in profit and loss in relation to current year	**79.17**	**212.41**
Income tax expenses recognised in profit and loss in relation to earlier years (Refer note (ii) below)	(27.71)	(27.15)
Total Income tax expenses recognised in profit and loss	**51.46**	**185.26**

Notes:

(i) 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.

(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".

32. Income Tax Recognised in Other Comprehensive Income

	Year ended March 31, 2020	Year ended March 31, 2019
Arising on income and expense recognised in other comprehensive income		
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
	60.44	**(18.43)**
Bifurcation of the income tax recognised in other comprehensive income into:		
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
	60.44	**(18.43)**

33. Contingent Liabilities

		Year ended March 31, 2020	Year ended March 31, 2019
a.	**Claims against the group 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 contigent liability ₹ 2.72 Crores (Previous year: ₹ 6.17 Crores)

**Amount deposited against contigent liability ₹ 4.62 Crores (Previous year: ₹ 2.57 Crores)

***Amount deposited against contigent liability ₹ 0.49 Crores (Previous year: ₹ 0.08 Crore)

****Amount deposited against contigent 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. (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 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 Miscellaneoues 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.		

(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
Fellow subsidiaries #	Kartik Bharat Ram
KAMA Realty (Delhi) Limited	Vinayak Chatterjee *
Shri Educare Limited	Tejpreet S Chopra
	Lakshman Lakshminarayan
	Vellayan Subbiah
	Pramod Bhasin **
Post employment benefit plans trust	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 ****
Relatives of KMP #	**Enterprises over which KMP have significant influence #**
Sushil Ramola ***	SRF Foundation
Shanthi Narayan	Karm Farms LLP
Murugappan Vellayan Subbiah	Srishti Westend Greens Farms LLP
	SRF Welfare Trust
KMP of Holding Company #	**Relatives of KMP of Holding Company #**
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
Purchase of property, plant & equipment and intangible assets from		
Holding company	0.15	-
	0.15	**-**
Sale of property, plant & equipment and intangible assets to		
Holding company	0.20	-
	0.20	**-**
Sale of goods to		
Enterprises over which KMP have significant influence	0.25	-
	0.25	**-**

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent paid		
Fellow Subsidiaries	6.63	6.75
Key management personnel	0.29	0.29
Enterprises over which KMP have significant influence	0.27	1.56
	7.19	**8.60**
Reimbursement of expenses from		
Holding Company	0.01	0.01
Fellow Subsidiaries	0.05	0.04
	0.06	**0.05**
Deposits received back from		
Fellow Subsidiaries	0.12	-
Enterprises over which KMP have significant influence	0.04	1.20
	0.16	**1.20**
Donations to		
Enterprises over which KMP have significant influence	12.00	10.38
	12.00	**10.38**
Contribution to post employment benefit plans		
Post employment benefit plans trust	24.31	21.20
	24.31	**21.20**
Employee benefit obligations transferred to		
Holding Company	0.03	-
Fellow Subsidiaries	0.10	-
	0.13	**-**
Employee benefit obligations transferred from		
Holding Company	0.09	-
	0.09	**-**
Equity dividend paid		
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	^	-
	42.17	**36.13**

^ 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
Commission payable		
Key management personnel	10.22	7.00
	10.22	**7.00**
Payable		
Post employment benefit plans trust	14.37	9.30
	14.37	**9.30**
Security deposits outstanding		
Fellow Subsidiaries	3.27	3.39
Key management personnel	0.13	0.13
Enterprises over which KMP have significant influence	0.14	0.18
	3.54	**3.70**

(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
	25.11	**18.64**

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
	15.80	**13.22**

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
	3.07	**4.47**

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.

(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:

(a) Gratuity

(b) Provident fund for certain category of employees administered through a recognized provident fund trust.

(c) 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)
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%

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 2017	TMO 2017
Retirement Age	55	60 / 55
Withdrawal Rate		
- 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

(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 valuations 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	-
	7.83	**6.07**	**6.52**	**6.36**

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
	15.67	**1.86**

* 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
	8.19	**1.78**

(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)
	0.06	**(0.29)**

(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
Surplus / (deficit)	**(15.82)**	**(0.46)**	**(8.30)**	**1.90**
Effect of asset ceiling, if any	-	-	-	(1.90)
Net assets / (liability)	**(15.82)**	**(0.46)**	**(8.30)**	**-**

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	-	-
Net asset / (liability)	**(3.99)**	**(9.72)**

(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
Closing defined benefit obligation	**85.78**	**137.01**	**70.66**	**121.17**

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)
Closing defined benefit obligation	**3.99**	**9.72**

* 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
Closing fair value of plan assets	**69.96**	**136.55**	**62.36**	**123.07**

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.

(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
Sensitivity analysis of gratuity				
Discount rate	(2.62)	2.79	(2.05)	2.18
Expected salary growth	2.72	(2.63)	2.19	(2.07)
Sensitivity analysis of Provident Fund	(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
Sensitivity analysis of legal severance pay (unfunded)				
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
	11.40	**7.10**

(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

(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
Segment revenue		
a) Technical textiles business (TTB)		
- External sales	1,352.62	1,731.53
- Inter-segment sales	4.93	3.36
Total	**1,357.55**	**1,734.89**
b) Chemicals and polymers (CPB)		
- External sales	2,974.96	2,445.42
- Inter-segment sales	-	-
Total	**2,974.96**	**2,445.42**

(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
Total	**2,603.99**	**2,653.34**
d) Others		
- External sales	278.26	271.61
- Inter-segment sales	0.08	-
Total	**278.34**	**271.61**
Total segment revenue	**7,214.84**	**7,105.26**
Less: Inter Segment revenue	5.43	5.67
Revenue from operations	**7,209.41**	**7,099.59**
Add: unallocable income	49.05	27.97
Total revenue	**7,258.46**	**7,127.56**

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
Total segment results	**1,250.36**	**1,079.02**
Less: i) Interest and finance Charges	200.68	198.37
Less: ii) Other unallocable expenses net of income	134.98	112.22
Profit before tax from continuing operations	**914.70**	**768.43**
Profit before tax from discontinuing operations (Refer note 42)	**155.85**	**58.46**
Total Profit before tax	**1,070.55**	**826.89**
Capital Expenditure		
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
Total	**1,683.14**	**1,094.29**
Depreciation and amortisation		
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
Total	**388.61**	**358.17**

(All amounts in ₹ Crores, unless otherwise stated)

Segment assets and liabilities	As at March 31, 2020	As at March 31, 2019
Segment assets		
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
Total	**10,402.70**	**9,539.67**
Unallocable assets	462.22	348.23
Assets classified as held for sale	11.84	
Total Assets	**10,876.76**	**9,887.90**
Segment Liabilities		
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
Total	**1,526.77**	**1,607.26**
Unallocable Liabilities	4,416.67	4,151.37
Total Liabilities	**5,943.44**	**5,758.63**

B. Information about geographical business segments

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations		
- 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
	7,209.41	**7,099.59**

	As at March 31, 2020	As at March 31, 2019
Non current segment assets		
- Within India	6,022.14	5,729.25
- Outside India	1,835.25	928.49
	7,857.39	**6,657.73**

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

(All amounts in ₹ Crores, unless otherwise stated)

Revenue from major products	Year ended March 31, 2020	Year ended March 31, 2019
a) Technical Textiles Business (TTB)		
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) Chemicals Business (CB)		
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
c) Packaging Films Business (PFB)		
Packaging Films	2,557.09	2,577.82
d) Others		
Coated fabric, laminated fabric and other ancilliary activities	264.33	265.55
	7,062.12	**6,949.89**

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.

(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
Net debt	**3,819.57**	**3,440.15**
Total equity	**4,933.32**	**4,129.27**
Net debt to equity ratio	**0.77**	**0.83**

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
Measured at amortised cost						
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
			1,271.74	**1,443.68**	**1,271.74**	**1,443.68**
Measured at Fair value through profit and loss						
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
			198.58	**103.91**	**198.58**	**103.91**
Measured at Fair value through Other comprehensive income						
Investments in unquoted equity instruments	3	d	4.16	0.11	4.16	0.11
Derivative instruments	2	d	-	30.85	-	30.85
			4.16	**30.96**	**4.16**	**30.96**

(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
Measured at amortised cost						
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
			5,543.24	**5,269.38**	**5,543.24**	**5,269.38**
Measured at Fair value through profit and loss						
Derivative instruments	2	d	2.58	-	2.58	-
			2.58	**-**	**2.58**	**-**
Measured at Fair value through other comprehensive income						
Derivative instruments	2	d	68.04	4.26	68.04	4.26
			68.04	**4.26**	**68.04**	**4.26**

The following methods / assumptions were used to estimate the fair values:

(a) 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.

(b) 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.

(c) 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.

(d) 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

(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
As at March 31, 2018	**0.12**
Sale of investment	(0.01)
As at March 31, 2019	**0.11**
Purchases of investment	4.05
As at March 31, 2020	**4.16**

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 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.

(All amounts in ₹ Crores, unless otherwise stated)

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.

	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

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.

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)		Maturity: 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)

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 the 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 excepted credit loss has been provided on these financial assets other than as detailed below.

(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
		6.35	**5.30**

Movement of loss allowance :

	Loans (current and non current)	Trade receivables
As at March 31, 2018	**2.89**	**15.84**
Provided during the year	1.37	0.86
Reversed during the year	(1.45)	(14.22)
As at March 31, 2019	**2.81**	**2.49**
Provided during the year	0.17	1.88
Reversed during the year	(0.24)	(0.76)
As at March 31, 2020	**2.74**	**3.61**

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
As at March 31, 2020				
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
	3,205.37	**2,097.04**	**311.45**	**5,613.86**

(All amounts in ₹ Crores, unless otherwise stated)

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
As at March 31, 2019				
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
	3,112.30	**2,023.58**	**137.76**	**5,273.64**

* 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	-
	-	**25.52**

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
	12.68	**16.69**

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.

(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
	(c)	**Revenue from operations {I(a)+I(b)}**	**75.13**	**253.75**
	(d)	Other income	-	0.19
	(e)	**Total income {I(c)+I(d)}**	**75.13**	**253.94**
	(f)	Total expenses	67.05	229.87
	(g)	**Profit before tax for the period from discontinued operations {I(e)-I(f)}**	**8.08**	**24.07**
	(h)	Tax expense related to discontinued operations	2.82	8.41
	(i)	**Net Profit after tax for the period from discontinued operations {I(g)-I(h)}**	**5.26**	**15.66**
II	(a)	**Profit before tax on disposal of discontinued operations**	**233.74**	**-**
	(b)	Tax expense related to disposal of discontinued operations	58.41	-
	(c)	**Net Profit after tax on disposal of discontinued operations {II(a)-II(b)}**	**175.33**	**-**
III		**Net Profit after tax for the period from discontinued operations {I(i)+II (c)}**	**180.59**	**15.66**
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)
Profit before tax on disposal of discontinued operations	**233.74**
Tax expense related to disposal of discontinued operations	(58.41)
Net Profit after tax on disposal of discontinued operations	**175.33**

(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
Total assets	**96.63**
Trade payables	(19.59)
Other liabilities and provisions	(0.72)
Total liabilities	**(20.31)**
Net assets transferred	**76.32**

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)	**Total revenue from operations {I(a)+I(b)}**	**134.11**	**339.34**
	(d)	Other income	1.81	11.99
	(e)	**Total income {I(c)+I(d)}**	**135.92**	**351.33**
	(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)	**Profit / (loss) before tax from discontinued operations {I(e)-I(f)-I(g)}**	**(85.97)**	**34.39**
	(i)	Tax expense / (gain) related to discontinued operations	(8.57)	-
II		**Net Profit / (loss) after tax from discontinued operations{1(h)-I(i)}**	**(77.40)**	**34.39**
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)

(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 *^	Buildings	Plant and equipment	Total
Balances at April 1, 2019	**141.57**	**43.96**	**21.67**	**207.20**
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)
Balances at March 31, 2020	**147.17**	**38.22**	**42.19**	**227.58**

* 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

(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
Non-cancellable operating lease commitments	
- Within one year	10.75
- Later than one year and not later than five years	33.47
- Later than five years	91.52
	135.74

	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	% equity interest 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	*	*

Name	Principal activities	Country of incorporation	% equity interest March 31, 2020	% equity interest 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^		Share in other comprehensive income^		Share in total comprehensive income^	
	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:								
A Indian								
1. SRF Holiday Home Limited	-	3.74	-	(0.04)	-	-	-	(0.04)
2. SRF Employees Welfare Trust	-	*	-	**	-	-	-	**
B. Foreign								
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
Total	**100%**	**4,933.32**	**100%**	**1,019.09**	**100%**	**(119.01)**	**100%**	**900.08**
Non-controlling Interests in all subsidiaries	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

* Amount in absolute ₹ 35, 957 (Previous year - ₹ 18,383)

** Amount in absolute ₹ (7,426) (Previous year - (16,617))

^ Includes discontinued operations

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
	132.77	**104.40**

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
	99.68	**100.34**

(b) Managerial Remuneration

i)

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Remuneration to Chairman/ Managing Director/ Deputy Managing Director/ Whole time Director		
Salary and contribution to provident and other funds	11.05	7.44
Value of perquisites	2.26	3.53
Commission	9.50	6.50
Sub-Total	**22.81**	**17.47**
(b) Remuneration to Non Executive Directors		
Commission	0.72	0.50
Directors' sitting fees	0.21	0.21
Other fees	0.12	0.13
Sub-Total	**1.05**	**0.84**
Total	**23.86**	**18.31**

(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
Property, plant and equipment		
- 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
	71.17	**109.30**
Other Intangible Assets		
- Trade marks/ Brands	0.33	1.95
- Technical knowhow	0.19	1.14
- Others	0.09	0.56
	0.61	**3.65**

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

For and on behalf of the Board of Directors

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 Lakhanpal
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 2019, 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 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

The key audit matter	How the matter was addressed in our audit
Capital expenditure	
The Group's spending on capital projects and the related cost is significant (refer note 4 to the consolidated financial statements). The assessment and timing of whether assets meet the capitalisation criteria set out in relevant Indian accounting standards requires judgement. As a result, there is a risk that the Group's expenditure on tangible non-current assets is inappropriately capitalised against relevant accounting guidance.	We have performed the following procedures: • Assessed the design, implementation and tested the operating effectiveness of controls over the application of the policy to expenditure incurred during the year on various projects undertaken by the Group. This includes consideration of the allocation of costs between capital and operating expenditure. • Performed sample tests of capital expenditure on projects including an examination of management's assessment as to whether the project spend including borrowing cost and other allocable expenditure met the recognition criteria set forth in relevant Indian accounting standards.

The key audit matter	How the matter was addressed in our audit
	• For selected projects, verified the evidence used to determine the date when assets were available for use. • For a sample of capital projects, inspected capital project authorisation, and agreed a sample of project costs to appropriate evidence.
Borrowing, derecognition of financial assets and derivative financial instruments	
An important element of Group's fund raising strategy includes various types of borrowings including Indian rupee denominated and foreign currency denominated borrowings and a combination of fixed and floating interest rates. The Group's operations are also exposed to foreign exchange risk. The Group uses derivative financial instruments to manage 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 (including derecognition of financial asserts/ liabilities) and related presentation and disclosures of these transactions requires judgement.	We have performed the following procedures: • Examined the related contracts. • Assessed the design, implementation and tested the operating effectiveness of controls over the Group's treasury and other management 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 independent valuation specialists to assist us in carrying out aforesaid procedure as considered appropriate. • Assessed the appropriateness of accounting for these transactions • Assessed the appropriateness of the disclosures in the accounts in respect of both non-derivative and derivative financial instruments.

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.

Responsibilities of Management and Those Charged with Governance 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 term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit 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 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 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 management 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 control 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 made by management.

- Conclude on the appropriateness of management'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 (Holding Company and its subsidiaries) 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.

- 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, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. 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 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 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 control 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 statements of seven subsidiaries, whose financial statements reflect total assets of Rs. 1,792.47 crores (before consolidation adjustments) as at 31 March 2019, total revenues of Rs. 1,281.45 crores (before consolidation adjustments) and net cash flows amounting to Rs. 7.40 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us 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 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 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 Company and audited by us.

B. The comparative consolidated financial statements of the Group for the year ended 31 March 2018 prepared in accordance with Ind AS included in these consolidated financial statements were audited by the predecessor auditor who expressed an unmodified opinion thereon as per their report dated 17 May 2018.

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

1. 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 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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".

2. 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 2019 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 41 to the consolidated financial statements in respect of such items as it relates to the Group.

   iii. There has been no delay 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 2019.

   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 2019.

3. 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 reports of the statutory auditors of such subsidiary company incorporated in India which were 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 limit 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
Membership No. 090075

Place: Gurugram
Date: 13 May 2019

Annexure A

to the Independent Auditors' report on the consolidated financial statements of SRF Limited for the year ended 31 March 2019

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 1(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 2019, 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 2019, 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 control 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 auditors of the relevant subsidiary companies 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 includes 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
Membership No. 090075

Place: Gurugram
Date: 13 May 2019

Consolidated Balance Sheet

as at March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,496.45	5,004.78
Capital work-in-progress	4	753.61	558.81
Goodwill	5	4.08	4.08
Other intangible assets	6	108.86	112.73
Financial assets			
(i) Investments	7	0.11	0.12
(ii) Loans	8	34.05	30.73
(ii) Other financial assets	10	4.71	5.50
Non current tax assets (net)	22	19.00	17.71
Other non-current assets	11	294.74	202.66
Total non-current assets		**6,715.61**	**5,937.12**
Current assets			
Inventories	12	1,224.74	958.18
Financial assets			
(i) Investments	7	100.49	121.70
(ii) Trade receivables	13	1,028.75	680.65
(iii) Cash and cash equivalents	14	189.55	87.01
(iv) Bank balances other than above	15	9.33	9.73
(v) Loans	8	11.18	14.45
(vi) Other financial assets	10	200.38	142.89
Other current assets	11	407.87	411.28
Total current assets		**3,172.29**	**2,425.89**
TOTAL ASSETS		**9,887.90**	**8,363.01**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	58.50	58.44
Other equity	17	4,070.77	3,506.09
Total equity		**4,129.27**	**3,564.53**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	2,161.34	1,907.26
Provisions	19	38.10	33.37
Deferred tax liabilities (net)	9	341.98	291.38
Other non-current liabilities	23	18.53	34.26
Total non-current liabilities		**2,559.95**	**2,266.27**

Consolidated Balance Sheet (Contd.)

as at March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Current liabilities			
Financial liabilities			
(i) Borrowings	18	1,127.39	850.78
(ii) Trade payables	20		
a) Total outstanding dues of micro enterprises and small enterprises		18.24	19.35
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,364.18	1,024.89
(iii) Other financial liabilities	21	602.49	523.59
Other current liabilities	23	70.59	98.47
Provisions	19	5.96	4.60
Current tax liabilities (Net)	22	9.83	10.53
Total current liabilities		**3,198.68**	**2,532.21**
Total Liabilities		**5,758.63**	**4,798.48**
TOTAL EQUITY AND LIABILITIES		**9,887.90**	**8,363.01**

Summary of significant accounting policies 1-3

See accompanying notes to the consolidated financial statements 4 to 45

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 : Gurugram
Date : May 13, 2019

For and on behalf of the Board of Directors

Arun Bharat Ram
Chairman
DIN - 00694766

Ashish Bharat Ram
Managing Director
DIN - 00671567

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557

Rahul Jain
President & CFO

Lakshman Lakshminarayan
Director
DIN - 00012554

Rajat Lakhanpal
Vice President (Corporate Compliance) and Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
I Revenue from operations	24	7,692.69	5,684.87
II Other income	25	40.14	115.12
III Total Income (I + II)		**7,732.83**	**5,799.99**
IV Expenses			
Cost of materials consumed	26.1	4,382.14	3,015.70
Purchases of stock-in-trade	26.2	48.55	47.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade	26.3	(71.05)	(31.10)
Excise duty on sale of goods		-	95.83
Employee benefits expense	27	515.91	474.04
Finance costs	28	201.60	123.89
Depreciation and amortisation expense	29	366.87	315.80
Other expenses	30	1,461.92	1,176.76
Total Expenses (IV)		**6,905.94**	**5,218.32**
V Profit before tax (III - IV)		**826.89**	**581.67**
VI Tax expense	31		
Current tax		148.24	107.06
Deferred tax			
MAT credit entitlement		(87.11)	(88.91)
Others		124.13	101.81
Total tax expense		**185.26**	**119.96**
VII Profit for the year (V - VI)		**641.63**	**461.71**
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans	17.2	(1.49)	(1.41)
(ii) Income tax relating to items that will not be reclassified to profit or loss	17.2, 32	0.62	0.29
B (i) Items that will be reclassified to profit or loss			
- Exchange differences on translation of foreign operations	17.8	(24.69)	21.56
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	17.3	50.25	(26.68)
(ii) Income tax on items that will be reclassified to profit or loss	32	(19.05)	9.33
Total other comprehensive income for the year, net of taxes (A(i+ii) + B(i+ii))		**5.64**	**3.09**

Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
IX Total comprehensive income for the year (VII + VIII)		**647.27**	**464.80**
Earning per equity share			
Basic (in ₹)	39	111.66	80.41
Diluted (in ₹)	39	111.66	80.41

Summary of significant accounting policies 1-3

See accompanying notes to the consolidated financial statements 4 to 45

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration no. 101248W / W-100022

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No.: 090075

Arun Bharat Ram
Chairman
DIN - 00694766

Ashish Bharat Ram
Managing Director
DIN - 00671567

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557

Rahul Jain
President & CFO

Lakshman Lakshminarayan
Director
DIN - 00012554

Rajat Lakhanpal
Vice President
(Corporate Compliance) and
Company Secretary

Place : Gurugram
Date : May 13, 2019

Consolidated Cash Flow Statement

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	826.89	581.67
	Adjustments for:		
	Finance costs	201.60	123.89
	Interest Income	(4.49)	(3.86)
	Net gain on sale / discarding of property, plant and equipment	-	(0.58)
	Net gain on financial assets measured at fair value through profit and loss	(11.93)	(9.95)
	Credit impaired assets provided / written off	2.23	3.02
	Amortisation of grant income	(0.78)	(6.38)
	Depreciation and amortisation expense	366.87	315.80
	Property, plant and equipment and inventory discarded	1.95	6.48
	Provision / liabilities no longer required written back	(11.00)	(26.98)
	Amotisation of upfront payment for leasehold land	1.48	1.85
	Net unrealised currency exchange fluctuations loss /(gain)	(11.06)	1.51
	Employee share based payment expense	0.64	-
	Adjustments for (increase) /decrease in operating assets :-		
	Trade receivables	(350.33)	(25.67)
	Inventories	(267.34)	(120.73)
	Loans (current)	3.28	(1.99)
	Loans (non-current)	(3.32)	11.51
	Other assets (current)	(32.81)	(264.02)
	Other assets (non-current)	(22.35)	(22.39)
	Adjustments for increase / (decrease) in operating liabilities :-		
	Trade payables	338.18	235.34
	Provisions	17.09	2.04
	Other liabilities (non-current)	(14.95)	10.72
	Other liabilities (current)	16.02	(15.66)
	Cash generated from operations	**1,045.87**	**795.62**
	Income taxes paid (net of refunds)	(150.23)	(117.64)
	Net cash generated by operating activities	**895.64**	**677.98**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payment for purchase of mutual funds	(785.43)	(530.00)
	Proceeds from sale of mutual funds	818.58	614.02
	Interest received	4.49	4.78
	Bank balances not considered as cash and cash equivalents	0.82	(1.24)
	Payment for purchase of property, plant, equipment, capital work-in-progress and intangible assets	(1,056.38)	(1,300.18)
	Proceeds from disposal of property, plant and equipment	3.74	17.32
	Net cash used in investing activities	**(1,014.18)**	**(1,195.30)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of shares	0.06	-
	Proceeds from long term borrowings	1,182.25	841.21
	Repayment of long term borrowings	(914.51)	(431.72)
	Net proceeds / (repayment) from short term borrowings	285.67	298.45
	Dividends on equity share capital paid	(69.41)	(68.90)
	Corporate dividend tax paid	(14.19)	(14.03)
	Finance costs paid	(224.10)	(129.87)
	Net cash generated by financing activities	**245.77**	**495.14**

Consolidated Cash Flow Statement (Contd.)

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
D EFFECT OF EXCHANGE RATE CHANGES	**(24.69)**	**21.56**
Net movement in cash and cash equivalents	**102.54**	**(0.62)**
Cash and cash equivalents at the beginning of the year	87.01	87.63
Cash and cash equivalents at the end of the year (Refer to note 14)	**189.55**	**87.01**

Notes:

(i) 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"

(ii) During the year, the Company paid in cash ₹ 10.38 Crores (Previous year: ₹ 5.00 Crores) towards corporate social responsibility (CSR) expenditure.

(iii) The following table disclose below changes in liabilities arising from historical activities including both cash and non cash changes.

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
Long-term borrowings*	2,291.05	267.74	3.87	40.13	-	-	2,602.80
Short-term borrowings	850.78	285.67	-	(9.06)	-	-	1,127.39
Interest accrued	25.08	(224.10)	-	-	230.57	-	31.54
Dividend and taxes thereon	6.32	(83.60)	-	-		83.17	5.89
Total	**3,231.67**	**245.77**	**3.87**	**31.07**	**230.57**	**83.17**	**3,826.12**

Particulars	As at March 31, 2017	Cash flow from financing activities	Non-cash changes				As at March 31, 2018
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim dividend declared ^	
Long-term borrowings*	1,850.63	409.49	3.80	27.13	-	-	2,291.05
Short-term borrowings	545.57	298.45	-	6.76	-	-	850.78
Interest accrued	8.86	(129.87)	-	-	146.09	-	25.08
Dividend and taxes thereon	6.32	(82.93)	-	-	-	82.93	6.32
Total	**2,411.38**	**495.14**	**3.80**	**33.89**	**146.09**	**82.93**	**3,173.23**

* including current maturity of long term debts

^ including taxes on dividend

\# including amount capitalised

Summary of significant accounting policies 1-3

See accompanying notes to the consolidated financial statements 4 to 45

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration no. 101248W / W-100022

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No.: 090075

Arun Bharat Ram
Chairman
DIN - 00694766

Ashish Bharat Ram
Managing Director
DIN - 00671567

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557

Rahul Jain
President & CFO

Lakshman Lakshminarayan
Director
DIN - 00012554

Rajat Lakhanpal
Vice President
(Corporate Compliance) and
Company Secretary

Place : Gurugram
Date : May 13, 2019

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

(a) Equity share capital

	Amount
Balance at March 31, 2017	**58.44**
Changes in equity share capital during the year	-
Balance at March 31, 2018	**58.44**
Changes in equity share capital during the year	0.06
Balance at March 31, 2019	**58.50**

(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
Balance at March 31, 2017	**193.77**	**523.77**	**10.48**	**50.00**	**-**	**2,340.75**	**(0.87)**	**(4.22)**	**10.54**
Profit for the year	-	-	-	-	-	461.71	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	(1.12)	21.56	-	(17.35)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**460.59**	**21.56**	**-**	**(17.35)**
Payment of dividend (₹ 12 per share)	-	-	-	-	-	(68.90)	-	-	-
Tax on Dividend	-	-	-	-	-	(14.03)	-	-	-
Transfer from Debenture redemption reserve		50.00		(50.00)	-				
Transfer to Debenture redemption reserve	-		-	75.00	-	(75.00)	-	-	-
Balance at March 31, 2018	**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
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**640.76**	**(24.69)**	**-**	**31.20**
Payment of dividend (₹12 per share)	-	-	-	-	-	(68.98)	-	-	-
Tax on Dividend	-	-	-	-		(14.19)	-	-	-
Employee share based payments to employees	-	-	-	-	0.58	-	-	-	-
Balance at March 31, 2019	**193.77**	**573.77**	**10.48**	**75.00**	**0.58**	**3,201.00**	**(4.00)**	**(4.22)**	**24.39**

* Refer note 17

Summary of significant accounting policies 1-3

See accompanying notes to the consolidated financial statements 4 to 45

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration no. 101248W / W-100022

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No.: 090075

Arun Bharat Ram
Chairman
DIN - 00694766

Ashish Bharat Ram
Managing Director
DIN - 00671567

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557

Rahul Jain
President & CFO

Lakshman Lakshminarayan
Director
DIN - 00012554

Rajat Lakhanpal
Vice President
(Corporate Compliance) and
Company Secretary

Place : Gurugram
Date : May 13, 2019

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 May 13, 2019.

2 Significant Accounting Policies

2.1 Basis of Preparation

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act 2013 ("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, 2019

(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, 2019	Proportion of ownership as at March 31, 2018
Indian Subsidiaries			
SRF Holiday Home Limited	India	100%	100%
SRF Employees Welfare Trust	India	100%	-
Foreign Subsidiaries			
SRF Global BV	Netherlands	100%	100%
SRF Europe Kft (100% subsidiary of SRF Global BV)	Hungary	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%

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 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.

(All amounts in ₹ Crores, unless otherwise stated)

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.

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	30-60 years
Plant and machinery	2-30 years
Furniture and fixtures	15 years
Office equipment	3-20 years
Vehicles	4 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 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.

(All amounts in ₹ Crores, unless otherwise stated)

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	10-30 years
Software	3 years
Other intangibles	2.5-10 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 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 (or Groups of 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 calculations, 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 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

2.9 Leasing

Group as lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Leases as a lessee:

Lease rental expenses from operating leases is generally recognised on straight line basis over the term of 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 accrues.Contigent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Finance leases as lessee:

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.

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.

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 for the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

Interest income earned on temporary investment of specific borrowing pending expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they occur.

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.

(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 accodance 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 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

Effective April 1, 2018, the group adopted IND AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at 1 April 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. There is no material effect on adoption of Ind AS 115 on the financial statements.

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 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 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 tax currently payable 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 is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

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.

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.

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 are 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.

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:

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 in other comprehensive income subsequent changes in the fair value.

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 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 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:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

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 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).

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 Applicability of new and revised Ind AS

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian

Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the group has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases (Ind AS 17) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises present value of the lease payment (discounted using incremental borrowing rate) as right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and lease rent expense will be replaced with the Amortisation of right-of use-asset and interest accrued on lease liability. The standard also contains enhanced disclosure requirements for lessees and will have consequential impact on cash flows categories as well.

The group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019 using the modified retrospective approach and elected to measure the right-of -use assets at an amount equal to the lease liability as at the date of initial application.

The group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12 – Income taxes

(amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The group does not expect any impact from this pronouncement.

Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under relevant tax laws. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The group is in the process of evaluating the impact on its financial statements.

Ind AS 109 – Financial instrument

(Prepayment Features with Negative Compensation)

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The group does not expect this amendment to have any impact on its consolidated financial statements.

Ind AS 19 – Employee benefits
(Plan Amendment, Curtailment or Settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The group does not expect this amendment to have any significant impact on its consolidated financial statements.

Ind AS 23 – Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of this amendment on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

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.

Judgments, 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, 2019

(All amounts in ₹ Crores, unless otherwise stated)

4 Property, Plant and Equipment and Capital Work-In-Progress

Carrying amount of:	As at March 31, 2019	As at March 31, 2018
Freehold land	357.91	358.64
Roads	58.13	56.52
Buildings	752.38	724.76
Plant and equipment	4,258.08	3,798.19
Furniture and fixtures	18.23	19.04
Office equipment	29.57	25.12
Vehicle	22.15	22.51
	5,496.45	**5,004.78**
Capital work-in-progress	**753.61**	**558.81**

Particulars	Freehold land	Roads	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicle	Total
Cost								
Balance at March 31,2017	354.67	55.66	710.12	3,636.02	22.11	34.93	27.49	**4,841.00**
Additions/adjustments	-	4.16	63.80	835.85	3.30	10.99	13.70	**931.80**
Disposals/adjustments	(0.26)	(0.22)	(1.73)	(41.27)	(0.06)	(0.60)	(5.00)	**(49.14)**
Effect of foreign currency exchange differences	4.23	1.22	19.30	75.33	0.40	0.57	0.05	**101.10**
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)**
Balance at March 31,2019	**357.91**	**63.99**	**844.67**	**5,271.30**	**27.27**	**58.21**	**39.94**	**6,663.29**
Accumulated depreciation								
Balance at March 31,2017	-	2.75	41.70	450.33	4.00	12.60	10.39	**521.77**
Depreciation expenses	-	1.46	23.34	259.91	2.61	7.94	6.52	**301.78**
Disposals/adjustments	-	(0.01)	(0.03)	(12.72)	(0.02)	(0.13)	(3.19)	**(16.10)**
Effect of foreign currency exchange differences	-	0.10	1.71	10.22	0.13	0.37	0.02	**12.55**
Balance at March 31,2018	**-**	**4.30**	**66.72**	**707.74**	**6.72**	**20.78**	**13.74**	**820.00**
Depreciation expenses	-	1.59	26.08	310.90	2.44	8.85	7.32	**357.18**
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)**
Balance at March 31,2019	**-**	**5.86**	**92.28**	**1,013.23**	**9.04**	**28.64**	**17.79**	**1,166.84**
Carrying amount								
Balance at March 31,2017	354.67	52.91	668.41	3,185.69	18.12	22.34	17.11	**4,319.25**
Additions/adjustments	-	4.16	63.80	835.85	3.30	10.99	13.70	**931.80**
Disposals/adjustments	(0.26)	(0.21)	(1.70)	(28.55)	(0.04)	(0.47)	(1.81)	**(33.04)**
Depreciation expenses	-	(1.46)	(23.34)	(259.91)	(2.61)	(7.94)	(6.52)	**(301.78)**
Effects of foreign currency exchange differences	4.23	1.12	17.59	65.11	0.27	0.20	0.03	**88.55**
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)**
Depreciation expenses	-	(1.59)	(26.08)	(310.90)	(2.44)	(8.85)	(7.32)	**(357.18)**
Effects of foreign currency exchange differences	(0.73)	(0.66)	(7.52)	(30.86)	(0.16)	(0.02)	0.01	**(39.94)**
Balance at March 31,2019	**357.91**	**58.13**	**752.38**	**4,258.08**	**18.23**	**29.57**	**22.15**	**5,496.45**

Notes:

(i) Borrowing cost capitalised during the year ₹ 32.83 Crores (Previous year: ₹ 31.25 Crores) with a capitalisation rate ranging from 4.36% to 8.80% (Previous year: 7.24% to 8.59%)

(ii) Conveyancing of buildings and other superstructures located at group's plant at Malanpur, in the state of Madhya Pradesh including immovable machinery is linked to the Stamp duty litigation against the Company (Refer note 33 (a)).

(iii) 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.

(iv) Capital expenditure incurred during the year includes ₹ 4.06 Crores (Previous year - ₹ 16.03 Crores) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 45 (a) below.

(v) Refer to note 18.1 for information on PPE pledged as security by the group.

(vi) Refer to note 45 (c) for additions/adjustments on account of exchange difference during the year.

(vii) The Company has got a possession letter in respect of its registered office building located at Mayur Vihar, New Delhi. However, execution of the conveyance deed in name of the Company is under process.

(viii) The group accounts for all capitalization 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.

5 Goodwill

	As at March 31, 2019	As at March 31, 2018
Cost	4.91	4.91
Accumulated impairment losses	(0.83)	(0.83)
	4.08	**4.08**

Cost	**Amount**
Balance at March 31,2017	4.91
Additions	-
Disposals	-
Balance at March 31, 2018	**4.91**
Additions	-
Disposals	-
Balance at March 31, 2019	**4.91**
Accumulated impairment losses	
Balance at March 31,2017	-
Additions	0.83
Disposals	-
Balance at March 31, 2018	**0.83**
Additions	-
Disposals	-
Balance at March 31, 2019	**0.83**

	As at March 31, 2019	As at March 31, 2018
SRF Industries Thailand Limited (Technical textile unit)	2.67	2.67
Engineering plastics units	0.79	0.79
Industrial yarn unit	0.62	0.62
	4.08	**4.08**

The group 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.

(All amounts in ₹ Crores, unless otherwise stated)

Basis on the above impairment testing, no impairment losses have been recognised in current year (Previous year : Nil)

6 Other Intangible Assets

	As at March 31, 2019	As at March 31, 2018
Trade Marks/Brands	63.05	64.22
Technical Knowhow	40.44	40.82
Software	4.47	7.35
Others	0.90	0.34
	108.86	**112.73**

Particulars	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
Cost					
Balance at March 31,2017	75.21	2.98	20.20	18.74	117.13
Additions / adjustments*	0.04	41.55	4.42	-	46.01
Disposals/adjustments	-	-	(0.08)	-	(0.08)
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	-	-	-	-	-
Balance at March 31, 2019	**77.20**	**45.67**	**26.71**	**19.30**	**168.88**
Accumulated amortisation					
Balance at March 31,2017	7.62	2.14	12.37	14.25	36.38
Amortisation expenses	3.41	1.57	4.89	4.15	14.02
Disposals/adjustments	-	-	(0.07)	-	(0.07)
Balance at March 31, 2018	**11.03**	**3.71**	**17.19**	**18.40**	**50.33**
Amortisation expenses	3.12	1.52	5.05	-	9.69
Disposals/adjustments	-	-	-	-	-
Balance at March 31, 2019	**14.15**	**5.23**	**22.24**	**18.40**	**60.02**
Carrying Amount					
Balance at March 31,2017	67.59	0.84	7.83	4.49	80.75
Additions / adjustments*	0.04	41.55	4.42	-	46.01
Disposals/adjustments	-	-	(0.01)	-	(0.01)
Amortisation expenses	(3.41)	(1.57)	(4.89)	(4.15)	(14.02)
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	(3.12)	(1.52)	(5.05)	-	(9.69)
Balance at March 31, 2019	**63.05**	**40.44**	**4.47**	**0.90**	**108.86**

*Refer note 45 (c) for additions/adjustments on account of exchange difference during the year.

(All amounts in ₹ Crores, unless otherwise stated)

7 Investments

	As at March 31, 2019	As at March 31, 2018
Non-current		
Investment in equity instruments	0.11	0.12
	0.11	**0.12**
Aggregate book value of unquoted investments	0.11	0.12
Aggregate amount of impairment in value of investments	4.34	4.34
Current		
Investment in mutual funds	100.49	94.07
Other investments	-	27.63
	100.49	**121.70**
Aggregate book value and market value of unquoted investments	100.49	121.70

7.1 Investment in equity instruments (at fair value through other comprehensive income)

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
Unquoted investments (Non-current)				
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	4,000	0.06	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)
Equity shares of ₹ 0.19 each fully paid up of OPGS Power Gujarat Private Limited*	-	-	4,75,000	0.01
		0.11		**0.12**

* Disposed off at carrying value during the year as it is not economically viable to continue power purchase

7.2 Investment in mutual funds (at fair value through profit and loss)

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
Unquoted investments (Current)				
ICICI Prudential P1543 Saving Fund-Growth Plan	36,12,365	100.49	36,12,365	94.07
		100.49		**94.07**

(All amounts in ₹ Crores, unless otherwise stated)

7.3 Other investments (at fair value through profit and loss)

	As at March 31, 2019		As at March 31, 2018	
	Number	Amount	Number	Amount
Unquoted investments (Current)				
Non convertible debentures of ₹1,00,000 each of Reliance Capital Limited	-	-	2,500.00	27.63
		-		**27.63**

8 Loans

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non- current		
Loans to employees	7.25	6.97
Security deposits (Refer note 35)	26.80	23.76
Others		
Credit impaired	0.07	0.15
Less : Provision for credit impaired loans	(0.07)	(0.15)
	34.05	**30.73**
Current		
Loans to employees	6.38	5.81
Security deposits (Refer note 35)	4.80	8.64
Others		
Credit impaired	2.74	2.74
Less : Provision for credit impaired loans	(2.74)	(2.74)
	11.18	**14.45**

9 Deferred Tax (Net)

The following is the analysis of deferred tax assets (liabilities) presented in balance sheet.

	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	380.47	296.26
Deferred tax liabilities	(722.45)	(587.64)
Deferred tax liabilities, net	**(341.98)**	**(291.38)**

The major components of deferred tax assets/(liabilities) arising on account of temporary differences are as follows:

2018-19	Opening balance	Recognised in profit and loss account	Recognised in other comprehensive income	FCTR for the year	Closing Balance
Deferred tax assets					
Expenses deductible in future years	14.18	0.54	-	(0.06)	14.66
Provision for doubtful debts / advances	0.77	0.04	-	(0.01)	0.80
MAT Credit Entitlement	243.23	87.11	-	-	330.34

2018-19	Opening balance	Recognised in profit and loss account	Recognised in other comprehensive income	FCTR for the year	Closing Balance
Unabsorbed carried forward losses	17.96	(5.15)	-	(2.19)	10.62
Others	20.12	6.52	-	(2.59)	24.05
	296.26	89.06	-	(4.85)	380.47
Deferred tax liabilities					
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)
Total	**(291.38)**	**(37.02)**	**(19.05)**	**5.47**	**(341.98)**

2017-18	Opening balance	Recognised in profit and loss account	Recognised in other comprehensive income	FCTR for the year	Closing Balance
Deferred tax assets					
Expenses deductible in future years	14.14	-	-	0.04	14.18
Provision for doubtful debts / advances	2.48	(1.82)	-	0.11	0.77
MAT Credit Entitlement	154.32	88.91	-	-	243.23
Unabsorbed carried forward losses	32.30	(16.70)	-	2.36	17.96
Others	19.62	(1.49)	-	1.99	20.12
	222.86	68.90	-	4.50	296.26
Deferred tax liabilities					
Property plant and equipment and intangible assets	(495.45)	(80.49)	-	(8.31)	(584.25)
Investment in mutual funds	(4.77)	(1.23)	-	-	(6.00)
Cash flow hedges	(5.57)	-	9.33	-	3.76
Others	(1.07)	(0.08)	-	-	(1.15)
	(506.86)	(81.80)	9.33	(8.31)	(587.64)
Total	**(284.00)**	**(12.90)**	**9.33**	**(3.81)**	**(291.38)**

Notes:

a) At March 31, 2019, 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.

b) There are capital losses of ₹ 283.57 Crores (Previous year : ₹ 277.45 Crores) on which no deferred tax asset has been created due to lack of probability of future capital gains against which such deferred tax assets can be realised. These capital losses would expire upto financial year ending March 31, 2023.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

10 Other Financial Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non Current		
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	5.50
	4.71	**5.50**
Current		
Derivatives carried at fair value through profit and loss		
- Forward exchange contracts used for hedging	3.42	1.44
Derivatives carried at fair value through Other comprehensive income		
- Forward exchange contracts used for hedging	25.26	4.55
- Interest rate swaps used for hedging	0.88	1.55
Other financial assets carried at amortised cost		
- Unbilled revenue	25.52	-
- Insurance claim recoverable	17.22	31.34
- Government grant and claims recoverable	126.79	100.76
- Others	1.29	3.25
	200.38	**142.89**

11 Other Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Capital advances	132.27	61.83
Prepaid expenses	0.50	0.04
Cenvat/Service tax/Goods and Services Tax/ sales tax recoverable	10.79	29.40
Prepaid lease*	134.04	94.37
Claims recoverable under Post EPCG scheme and others	17.14	17.02
Total other non-current assets	**294.74**	**202.66**
Current		
Prepaid expenses	15.80	12.39
Cenvat/Service tax/ Goods and Services Tax/ sales tax recoverable	290.46	272.01
Export incentives recoverable	42.40	34.65
Deposits with customs and excise authorities	12.62	7.04
Advance to suppliers	43.35	82.56
Prepaid lease*	1.73	1.28
Others	1.51	1.35
Total other current assets	**407.87**	**411.28**

*The execution of lease deed of land in respect of 1,081,250 sq. mtrs. (Previous year : 919,370 sq. mtrs) of leasehold land allotted to the group by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

12 Inventories

(Valued at lower of cost and net realisable value)

	As at March 31, 2019	As at March 31, 2018
Raw material (including packing material)	608.11	481.95
Stock in progress	147.60	110.97
Finished goods	225.86	194.96
Stores and spares (including fuel)	238.17	166.29
Traded goods	5.00	4.01
	1,224.74	**958.18**
Goods-in-transit, included above :		
Raw material (including packing material)	214.29	174.61
Stock in progress	0.09	0.08
Finished goods	48.78	31.20
Stores and spares (including fuel)	1.41	0.05
Traded goods	2.08	2.33
	266.65	**208.27**

Notes

(i) The cost of inventories recognised as an expense includes ₹ 4.43 Crores (Previous year : ₹ 1.87 Crores) in respect of write-downs of inventory to net relisable 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, 2019	As at March 31, 2018
Unsecured, considered good	1,028.75	680.65
Unsecured, credit impaired	2.49	15.83
Less: Provision for credit impaired receivables	(2.49)	(15.83)
	1,028.75	**680.65**

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

(ii) Age of receivables :

	As at March 31, 2019	As at March 31, 2018
Within the credit period	846.36	512.80
1 to 180 days past due	179.21	166.47
More than 180 days past due	5.67	17.21
	1,031.24	**696.48**

(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, 2019 are of ₹ 315.41 Crores (Previous year: ₹ 437.72 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% of the total balances of trade receivables.

(v) Refer Note 18.1 for information on inventories pledged as security by the group.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

14 Cash and Cash Equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
Current accounts	129.66	52.97
Savings account	0.29	9.82
Exchange Earners Foreign Currency (EEFC) accounts	48.49	23.68
Deposit accounts with maturity of three months or less	10.56	-
Cash on hand	0.55	0.54
	189.55	**87.01**

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, 2019.

15 Bank Balances Other than Above

	As at March 31, 2019	As at March 31, 2018
Earmarked balances		
- Margin money	3.44	3.41
- Unclaimed dividend accounts	5.89	6.32
	9.33	**9.73**

16 Share Capital

	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
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
	336.00	**336.00**
Issued capital:		
61,537,255 (Previous Year - 61,477,255) Equity Shares of ₹ 10 each	**61.54**	**61.48**
Subscribed capital:		
57,480,500 (Previous Year - 57,420,500) Equity Shares of ₹ 10 each fully paid up	57.48	57.42
Add: Forfeited shares - Amount originally paid up	1.02	1.02
	58.50	**58.44**

16.1 Fully paid equity shares

	Number of shares	Amount
Balance at March 31, 2017	**5,74,20,500**	**57.42**
Add / Less: Movement during the year	-	-
Balance at March 31, 2018	**5,74,20,500**	**57.42**
Add / Less: Movement during the year (Refer note 37)	60,000	0.06
Balance at March 31, 2019	**5,74,80,500**	**57.48**

The Company has bought back Nil equity shares in aggregate in the last five financial years.

(All amounts in ₹ Crores, unless otherwise stated)

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, 2019, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 12 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.

16.2 Details of shares held by the holding company

	Number of fully paid ordinary shares
As at March 31, 2019	
KAMA Holdings Limited, the Holding group	3,00,49,000
As at March 31, 2018	
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, 2019		As at March 31, 2018	
	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	52.33%
Amansa Holding Private Limited	44,42,241	7.73%	44,42,241	7.74%
DSP Blackrock Mutual fund (through various schemes)	14,64,840	2.55%	29,51,511	5.14%

17 Other Equity

	As at March 31, 2019	As at March 31, 2018
General reserve	573.77	573.77
Retained earnings	3,201.00	2,643.41
Cash flow hedging reserve	24.39	(6.81)
Capital redemption reserve	10.48	10.48
Capital reserve	193.77	193.77
Debenture redemption reserve	75.00	75.00
Foreign currency translation reserve	(4.00)	20.69
Reserve for equity instruments through other comprehensive income	(4.22)	(4.22)
Employee share based payment reserve	0.58	-
	4,070.77	**3,506.09**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

17.1 General reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	573.77	523.77
Transfer from Debenture redemption reserve	-	50.00
Balance at end of year	573.77	573.77

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.

17.2 Retained earnings

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	2,643.41	2,340.75
Profit for the year	641.63	461.71
Other comprehensive income arising from measurement of defined benefit obligation*	(0.87)	(1.12)
Payments of dividend on equity shares	(68.98)	(68.90)
Corporate tax on dividend	(14.19)	(14.03)
Transfer to debenture redemption reserve	-	(75.00)
Balance at end of year	**3,201.00**	**2,643.41**

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 and also considering the requirements of the Companies Act, 2013.The amounts reported above are not distributable in entirety.

*net of income tax of ₹ 0.62 Crore (Previous year : ₹ 0.29 Crores)

17.3 Cash flow hedging reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	(6.81)	10.54
Recognized/(reclassed) during the year	50.25	(26.68)
Income tax related to above	(19.05)	9.33
Balance at end of year	**24.39**	**(6.81)**

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.

(All amounts in ₹ Crores, unless otherwise stated)

17.4 Capital redemption reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	10.48	10.48
Increase/(decrease) during the year	-	-
Balance at end of year	**10.48**	**10.48**

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.

17.5 Capital reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	193.77	193.77
Increase/(decrease) during the year	-	-
Balance at end of year	**193.77**	**193.77**

Capital reserve represents amounts received pursuant to Montreal Protocol Phase-out Programme of refrigerant gases.

17.6 Debenture redemption reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	75.00	50.00
Transfer to general reserve	-	(50.00)
Transfer from retained earnings	-	75.00
Balance at end of year	**75.00**	**75.00**

The group has issued non-convertible debentures and as per the provisions of the Act, it is required to create debenture redemption reserve out of the profits available for payment of dividend.

17.7 Reserve for equity instruments through other comprehensive income

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	(4.22)	(4.22)
Net fair value gain on investment in equity instruments at FVTOCI	-	-
Balance at end of year	**(4.22)**	**(4.22)**

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, 2019	As at March 31, 2018
Balance at beginning of year	20.69	(0.87)
Exchange differences arising on translation of foreign operations	(24.69)	21.56
Balance at end of year	**(4.00)**	**20.69**

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.

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(All amounts in ₹ Crores, unless otherwise stated)

17.9 Employee share based payment reserve

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	-	-
Increase/(decrease) during the year	0.58	-
Balance at end of year	**0.58**	**-**

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, 2019	As at March 31, 2018
Non-current		
Secured		
3,000 Nos., 7.33% (2018: 3000 Nos. 7.33%), listed, secured redeemable non-convertible debentures of ₹ 10 lakhs each* (Refer note 18.1.1)	299.95	299.75
Term Loans from banks* (Refer note 18.1.2)	1,522.05	1,505.15
Term Loans from others*(Refer note 18.1.3)	369.65	473.42
Less: Current maturities of long term borrowings *(Refer note 21)	(441.46)	(383.80)
	1,750.19	**1,894.52**
Unsecured		
Deferred payment liabilities	**-**	**12.74**
Term Loans from Banks *	411.15	-
	411.15	**12.74**
	2,161.34	**1,907.26**
*Above amount of borrowings are net of upfront fees paid ₹ 8.29 Crores (Previous year : ₹ 9.87 Crores)		
Current		
Secured		
Cash credits from banks (Refer note 18.1.4.(i))	0.36	94.99
Term loans from banks (Refer note 18.1.4.(ii))	335.00	104.75
	335.36	**199.74**
Unsecured		
Cash credits from banks	6.93	29.98
Term loans from banks#	785.10	621.06
	792.03	**651.04**
	1,127.39	**850.78**

*Above amount of borrowings are net of upfront fees paid ₹ 8.29 Crores (Previous year : ₹ 9.87 Crores)

Includes ₹ 400.00 Crores (Previous year : ₹ 100.00 Crores) for Commercial Paper issued by the Company. The maximum amount due during the year is ₹ 400.00 Crores (Previous year : ₹ 300.00 Crores)

There has been no breach of covenants mentioned in the loan agreements during the reporting periods.

(All amounts in ₹ Crores, unless otherwise stated)

18.1 Details of security of the secured loans:

	Details of Loan	As at March 31, 2019#	As at March 31, 2018#	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, Viralimalai 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, Pantnagar, Kashipur in the State of Uttarakhand and Dahej in the State of Gujarat (excluding certain assets) and an equitable mortgage of the Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.
	Terms and conditions			
	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.			
				Moveable property
2	(i) Term loan from Banks *	1494.21	1192.84	(a)(i) Out of the loans included in 2(i), loans aggregating to ₹ 1,321.47 Crores (Previous Year – ₹ 1,029.95 Crores) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur, Pantnagar in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets).
				(a)(ii) Out of the loans included in 2(i), loans aggregating to ₹ 172.74 Crores (Previous year – ₹ Nil Crores) is in the process of being secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur, Pantnagar in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets).
				Out of the loan included in 2(i)(a)(i) above, loan amounting to ₹ Nil Crores (Previous year – ₹ 162.89 Crores) is in the process of being additionally secured by hypothecation of Company's moveable properties both present and future, at Dahej in the State of Gujarat (save and except certain assets).
				Immoveable property
				(b)(i) Out of the loans included in 2(i) above, loans aggregating to ₹ 928.73 Crores (Previous year – ₹ 1,192.84 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. (Refer footnote 1, 2, 3 and 4)

(All amounts in ₹ Crores, unless otherwise stated)

	Details of Loan	As at March 31, 2019#	As at March 31, 2018#	Security
				(b)(ii) Out of loans included in 2(i) above, ₹ 565.48 Crores (Previous year - ₹ Nil Crores) is in the process of being additionally secured 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.
				Footnote:
				1. Loans of ₹ 46.50 Crores (Previous year – ₹ 48.50 Crores) included in 2(i)(b)(i) above, 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.
				2. Loans aggregating to ₹ 882.23 Crores, (Previous year – ₹ 1,144.34 Crores) included in 2(i)(b)(i) above, are additionally secured by equitable Mortgage of Company's immoveable properties, both present and future, situated at Jhiwana in the State of Rajasthan.
				3. Loans aggregating to ₹ 170.87 Crores (Previous year – ₹ 426.06 Crores) included in 2(i)(b)(i) above, 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).
				4. Loans of ₹ Nil Crores (Previous year – ₹ 36.32 Crores) included in 2(i)(b)(i) above, are in the process of being additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu, Special Economic Zone, Indore in the State of Madhya Pradesh and at Pantnagar in the state of Uttarakhand.
	(ii) Term loans from Banks	-	260.62	Term loan in of USD Nil (Previous year- USD 40 million) is secured by a standby documentary credit of USD 40.50 million issued by The HongKong & Shanghai Banking Corporation Limited, India which is to be secured by an equitable mortgage of the immoveable properties of the Company in Manali in the State of Tamil Nadu.
	(iii) Term loans from banks	34.55	58.63	Term loans from banks aggregating to ₹ 34.55 Crores (Previous year – ₹ 58.63 Crores) are secured by hypothecation of Company's certain moveable assets situated at Dahej in the State of Gujarat.
3	(i) Term loan from others	41.83	98.19	Term loan availed from International Finance Corporation, Washington is secured by pledge of that machineries and by mortgage on land and building of SRF Industries (Thailand) Limited.
	(ii) Term loans from Others	89.82	117.28	Term loan availed from International Finance Corporation, Washington is secured by continuing coverage mortgage bond over the land and general notarial bond over the property of in SRF Flexipak (South Africa) (Pty) Limited.
	(iii) Term loans from others	239.54	260.62	Loan of ₹ 239.54 Crores (Previous Year – ₹ 260.62 Crores) is secured by the hypothecation and equitable mortgage of the Company's moveable and immoveable properties at Dhar in the State of Madhya Pradesh.
4	(i) Cash credit/working capital demand loans	0.36	94.99	Secured by hypothecation of stocks, stores and book debts (current assets), both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.
	(ii) Term loan from banks	335.00	104.75	

* Hypothecation and equitable mortgage rank pari-passu between term loans from banks / other

\# Gross of upfront fees paid ₹ 8.29 Crores (Previous year - ₹ 9.87 Crores)

(All amounts in ₹ Crores, unless otherwise stated)

18.2 Terms of loans

As at March 31, 2019

Non Current Borrowings

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
			444.49	**764.17**	**845.71**	**556.72**

Amounts mentioned above are gross of upfront fees paid of ₹ 8.29 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%.

As at March 31, 2018

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2019	Up to March 31, 2020	Up to March 31, 2021	From 2021 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 instalments	8.60% to 11.00%	9.81	4.97	5.00	38.50
	Quarterly Instalments	7.05%	0.30	25.05	49.80	74.70
Foreign currency term loans	Quarterly instalments	0.94%	-	-	63.56	340.01
	Half yearly instalments	LIBOR plus spread ranging from 1.30 % to 1.85%	194.01	233.11	152.02	175.94
	One instalment a year	LIBOR plus spread 1.60%	32.58	-	-	-
	Bullet	Fixed rate of 0.05% and floating rate of LIBOR plus spread of 2.25%	149.86	162.89	260.62	15.00
			386.56	**426.02**	**831.00**	**644.15**

Amounts mentioned above are gross of upfront fees paid of ₹ 9.87 Crores

Current Borrowings

Short term borrowings are payable in one installment within one year. For short term borrowings in foreign currency, interest rates range from EURIBOR +15 bps to EURIBOR +18 bps & from LIBOR to LIBOR +50 bps. For rupee denominated short term loans taken during the year interest rate is at 6.28% to 8.25%.

Terms of repayment

1) Redeemable non convertible debenture of ₹ 300 Crores (Previous year: ₹ 300 Crores) are repayable in one bullet instalment in June 2020.
2) Rupee term loans of ₹ 1.97 Crores (Previous year: ₹ 6.02 Crores repayable in 3 half yearly instalments from September 2018) are repayable in 1 half yearly instalment in September 2019.
3) Rupee term loans of ₹ 46.50 Crores (Previous year: ₹ 48.50 Crores repayable in 9 half yearly instalments from August 2018) are repayable in 7 half yearly instalment from August 2019.
4) Rupee term loans of 3.74 Crores were repaid in current year (Previous year: ₹ 3.74 Crores repayable in 1 half yearly instalments in September 2018).
5) Rupee term loans of ₹ 149.55 Crores (Previous year: ₹ 149.85 Crores repayable in 18 instalments from June 2018) are repayable in 14 quarterly instalment from June 2019.
6) Rupee term loans of ₹ 200.00 Crores (Previous year: Nil) are repayable in 2 annual instalments from August 2020.
7) Rupee term loans of ₹ 20.00 Crores (Previous year: Nil) are repayable in 5 annual instalments from December 2019.
8) Foreign currency term loan of ₹ 172.74 Crores (Previous year: Nil) are repayable in 8 quarterly instalments from September 2020.
9) Foreign currency term loan of ₹ 387.90 Crores (Previous year: ₹ 403.57 Crores repayable in 19 quarterly instalments from August 2020) are repayable in 19 quarterly

instalments from August 2020.

10) Foreign currency term loan of ₹ 172.74 Crores (Previous year: Nil) are repayable in 14 quarterly instalments from July 2020.

11) Foreign currency term loan of ₹ 34.55 Crores (Previous year: ₹ 58.63 Crores repayable in 4 half yearly instalments from September 2018) are repayable in 2 half yearly instalments from September 2019.

12) Foreign currency term loan of ₹ 30.72 Crores (Previous year: ₹ 57.93 Crores repayable in 4 half yearly instalments from July 2018) are repayable in 2 half yearly instalments from July 2019.

13) Foreign currency term loan of ₹ 138.18 Crores (Previous year: ₹ 162.88 Crores repayable in 5 half yearly instalments from March 2019) are repayable in 4 half yearly instalments from September 2019.

14) Foreign currency term loan of ₹ 239.54 Crores (Previous year: ₹ 260.62 Crores repayable in 15 half yearly instalments from April 2018) are repayable in 13 half yearly instalments from April 2019.

15) Foreign currency term loan of ₹ 41.85 Crores (Previous year: ₹ 97.77 Crores repayable in 5 half yearly instalments from June 2018) are repayable in 2 half yearly instalments from June 2019.

16) Foreign currency term loan of ₹ 89.82 Crores (Previous year: ₹ 117.27 Crores repayable in 8 half yearly instalments from May 2018) are repayable in 6 half yearly instalments from May 2019.

17) Foreign currency term loan of ₹ 6.52 Crores were repaid in the current year (Previous year: ₹ 6.52 Crores is repayable in one yearly instalment in October 2018)

18) Foreign currency term loan of ₹ 26.06 Crores were repaid in current year (Previous year: ₹ 26.06 Crores is repayable in one yearly instalment in December 2018)

19) Foreign currency term loan of ₹ 158.91 Crores (Previous year: ₹ 149.86 Crores is repayable in one bullet instalment in April 2019) are repayable in one bullet instalment in April 2019.

20) Foreign currency term loan of ₹ 15.00 Crores (Previous year: ₹ 15.00 Crores is repayable in one bullet instalment in June 2022) are repayable in one bullet instalment in June 2022.

21) Foreign currency term loan of ₹ 411.12 Crores (Previous year: Nil) are repayable in one bullet instalment in March 2022.

22) Foreign currency term loan of ₹ 260.60 Crores were repaid in current year (Previous year: ₹ 260.60 Crores is repayable in one bullet instalment in March 2021).

23) Foreign currency term loan of ₹ 162.89 Crores were repaid in current year (Previous year: ₹ 162.89 Crores are repayable in one bullet instalment in March 2020).

19 Provisions

	As at March 31, 2019	As at March 31, 2018
Non-Current		
Provision for compensated absence (Refer note 36.3)	26.69	23.52
Provision for retention pay (Refer note 36.3)	9.42	8.33
Other employee benefits	1.99	1.52
	38.10	**33.37**
Current		
Provision for compensated absence (Refer note 36.3)	5.89	4.51
Provision for retention pay (Refer note 36.3)	0.07	0.09
	5.96	**4.60**

20 Trade Payables

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises #	18.24	19.35
Total outstanding dues of creditors other than micro enterprises and small enterprises	1364.18	1,024.89
	1,382.42	**1,044.24**

Refer note 20.1

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

20.1 Total outstanding dues of micro enterprises and small enterprises

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

	As at March 31, 2019	As at March 31, 2018
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	34.42	42.40
- Interest due thereon	0.01	0.70
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	-	31.60
- Interest actually paid under section 16 of MSMED /settled	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	-	0.38
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	0.01	1.08
- Interest remaining unpaid as at the end of the year	1.02	2.19
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	1.08

21 Other Financial Liabilities

	As at March 31, 2019	As at March 31, 2018
Current		
Current maturities of long term borrowings (Refer note 18)	441.46	383.80
Interest accrued but not due on borrowings	31.54	25.08
Unpaid dividends*	5.89	6.32
Security deposits received	5.96	6.27
Payables to capital creditors		
Total outstanding dues of micro enterprises and small enterprises #	17.20	25.24
Total outstanding dues of creditors other than micro enterprises and small enterprises	84.43	76.24
Derivatives carried at fair value through other comprehensive income		
- Forward exchange contracts used for hedging	4.26	0.36
Employee share based payment liability (Refer note 37)	0.06	-
Others	11.69	0.28
Total other financial liabilities	**602.49**	**523.59**

*Amount will be credited to investor education and protection fund if not claimed within seven years from the date of issue of dividend.

Refer note 20.1

22 Tax Assets and Liabilities

	As at March 31, 2019	As at March 31, 2018
Non - Current tax assets		
Advance tax (net of provision for tax)	19.00	17.71
Current tax liablities		
Provision for tax (net of advance tax)	9.83	10.53

23 Other Liabilities

	As at March 31, 2019	As at March 31, 2018
Non-current		
Deferred government grants*	18.53	34.26
	18.53	**34.26**
Current		
Contract liability	16.69	33.12
Statutory liabilities	11.89	30.13
Other payables	33.71	28.47
Payable to gratuity trust (Refer note 36.2)	8.30	6.75
	70.59	**98.47**

*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 expects to meet its export obligations in future years. Export obligation as on March 31, 2019 is ₹ 25.18 Crores (Previous Year - ₹ 145.68 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, 2019 is ₹ 18.53 Crores (Previous year : ₹ 34.26 Crores).

24 Revenue from Operations

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products*		
Manufactured goods	7,473.69	5,537.24
Traded goods	67.69	69.41
	7,541.38	**5,606.65**
Other operating revenues		
Claims	1.27	1.89
Export and other incentives	113.19	45.70
Scrap sales	35.26	19.58
Other operating income	1.59	11.05
	151.31	**78.22**
	7,692.69	**5,684.87**

*Revenue upto June 30, 2017 is inclusive of excise duty. However w.e.f. July 1, 2017 revenue is presented net of Goods and Service Tax. Hence revenue for the current year is not comparable with the previous year.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2019
(All amounts in ₹ Crores, unless otherwise stated)

Reconciliation of revenue from sale of products with the contracted price

	Year ended March 31, 2019	Year ended March 31, 2018
Contracted price	7,671.25	5,712.93
Less: Discounts, allowances and claims	(129.87)	(106.28)
Sale of products	**7,541.38**	**5,606.65**

25 Other Income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income*		
- from customers	0.10	0.09
- on loans and deposits	0.97	0.91
- on others	3.41	2.86
Net gain on sale/discarding of property, plant and equipment		0.58
Net gain on financial assets measured at fair value through profit and loss	11.93	9.95
Net foreign currency exchange fluctuation gains	-	46.32
Grant income	-	6.38
Provision / liabilities no longer required written back	11.00	26.98
Other non-operating income	12.73	21.05
	40.14	**115.12**

*Pertains to financial assets measured at amortised cost

26.1 Cost of Materials Consumed

	Year ended March 31, 2019	Year ended March 31, 2018
Opening stock of raw materials	481.95	414.41
Add: Purchases of raw materials	4,508.30	3,083.24
	4,990.25	**3,497.65**
Less: Closing stock of raw materials	608.11	481.95
Cost of materials consumed*	**4,382.14**	**3,015.70**

* Including packing material

26.2 Purchases of Stock in Trade

	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of stock in trade	48.55	47.40
	48.55	**47.40**

26.3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year:		
Stock-in-Process	147.60	110.97
Finished goods	225.86	194.96
Traded goods	5.00	4.01
	378.46	**309.94**
Effect of changes in exchange currency rates		
Stock-in-Process	2.37	3.31
Finished goods	(4.90)	4.69
	(2.53)	**8.00**

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year:		
Stock-in-Process	110.97	101.45
Finished goods	194.96	181.82
Traded goods	4.01	1.87
Less: Excise duty on finished goods	-	(14.30)
	309.94	**270.84**
Net (increase) / decrease	**(71.05)**	**(31.10)**

27 Employee Benefits Expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages, including bonus	424.14	398.59
Contribution to provident and other funds	32.43	28.03
Workmen and staff welfare expenses	55.00	47.42
Share based payment expense (Refer note 37)	4.34	-
	515.91	**474.04**

28 Finance Cost

	Year ended March 31, 2019	Year ended March 31, 2018
Interest cost*		
- Non convertible debentures	21.99	21.99
- Term loans and others	154.03	80.60
Other borrowing costs	16.21	15.21
Exchange differences regarded as an adjustment to borrowing cost	9.37	6.09
	201.60	**123.89**

*Includes unwinding of deferred payment financial liability and pertains to liabilities measured at amortised cost

29 Depreciation and Amortisation Expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	357.18	301.78
Amortisation of intangible assets	9.69	14.02
	366.87	**315.80**

30 Other Expense

	Year ended March 31, 2019	Year ended March 31, 2018
Credit impaired assets provided / written off	2.23	3.02
Labour production	41.21	36.43
Directors' sitting fees	0.27	0.19
Expenditure on corporate social responsibility**	10.38	5.00
Fixed assets/inventory provided / written off	1.95	6.48
Freight charges	244.00	209.11

	Year ended March 31, 2019	Year ended March 31, 2018
Insurance	24.20	21.87
Power and fuel	628.63	500.79
Legal and professional charges	34.85	34.00
Rates and taxes	35.93	7.98
Rent*	30.91	29.43
Repairs and maintenance		
- Buildings	5.53	4.91
- Plant and machinery	150.97	134.72
- Other maintainces	37.30	35.78
Selling commission	24.35	12.56
Stores and spares consumed	61.13	55.00
Travelling and conveyance	21.31	18.16
Auditor remuneration#		
- Audit Fees	0.90	1.17
- For limited review of unaudited financial results	0.52	0.56
- For Corporate governance, consolidated financial statements and other certificates	0.12	0.15
- For tax audit	0.06	0.24
- Reimbursement of out of pocket expenses	0.17	0.07
Exchange currency fluctuation (net)	23.79	-
Effluent disposal expenses	24.92	9.11
Miscellaneous expenses^	56.29	50.03
	1,461.92	**1,176.76**

*Refer to note- 40
**Refer to note- 45(d)
^Miscellaneous expenses include ₹ 3.00 Crores (Previous year : Nil) as political contribution.
#including fees paid to auditors of subsidiary companies

31 Income Tax Recognised in Profit and Loss

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
In relation to current year	149.55	109.52
Adjustment in relation to earlier years	(1.31)	(2.46)
	148.24	**107.06**
Deferred tax		
- MAT credit entitlement		
In relation to current year	(59.70)	(49.17)
Adjustment in relation to earlier years	(27.41)	(39.74)
	(87.11)	**(88.91)**
- Others		
In relation to current year	122.56	96.55
Adjustment in relation to earlier years	1.57	5.26
	124.13	**101.81**

The income tax expenses for the year can be reconciled to the accounting profits as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	**826.89**	**581.67**
Income Tax Expenses @ 34.944%(Previous year @ 34.608%)	288.95	201.31
Effect of deductions (research and development and deductions under Chapter - VIA of Income Tax Act)	(45.61)	(39.68)
Effect of expenses that are not deductible in determining taxable profits	5.87	1.04
Effect of change in income tax rate from 34.608% to 34.944% vide Finance Act, 2018	-	4.90
Effect of Nil tax of overseas subsidiaries	(17.01)	(4.19)
Effect of lower tax rates in overseas subsidiaries	(19.89)	(8.92)
Effect of Deferred tax reversal in overseas subsidiaries	-	2.69
Others	0.10	(0.25)
Income tax expenses recognised in profit and loss in relation to current year	**212.41**	**156.90**
Income tax expenses recognised in profit and loss in relation to earlier years*	(27.15)	(36.94)
Total Income tax expenses recognised in profit and loss	**185.26**	**119.96**

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.944% (2018: 34.608%) payable by corporate entities in India on taxable profits under the Indian tax law.

*This amount includes tax credit of ₹ 24.76 Crores (Previous year ₹ 33.97 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 opinion from external tax experts and consultants and finalization of transfer pricing study /tax audit reports of the earlier years.

32 Income Tax Recognised in Other Comprehensive Income

	Year ended March 31, 2019	Year ended March 31, 2018
Arising on income and expense recognised in other comprehensive income		
Net (gain)/ loss on designated portion of hedging instruments in cash flow hedges	(19.05)	9.33
Remeasurement of defined benefit obligation	0.62	0.29
	(18.43)	**9.62**
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will be reclassified to profit or loss	(19.05)	9.33
Items that will not be reclassified to profit or loss	0.62	0.29
	(18.43)	**9.62**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

33 Contingent Liabilities

	As at March 31, 2019	As at March 31, 2018
a. Claims against the group not acknowledged as debts:		
Excise duty, custom duty and service tax*@	21.33	22.94
Sales tax and entry tax **@	46.94	63.19
Income Tax****	9.07	8.58
Stamp Duty*****	28.82	28.82
Others***	1.00	0.94

*Amount deposited ₹ 6.16 Crores (Previous year : ₹ 7.49 Crores)

**Amount deposited ₹ 2.57 Crores (Previous year : ₹ 21.76 Crores)

***Amount deposited ₹ 0.09 Crores (Previous year : ₹ 0.08 Crore)

****Amount deposited ₹ 7.14 Crores (Previous year : ₹ 6.07 Crores)

*****In the matter of acquisition of the Tyrecord Division at Malanpur from CEAT Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated November 7, 2001 assessed the value of the subject matter of the Deed of Conveyance dated June 13,1996 at ₹ 303.00 Crores and levied a stamp duty of ₹ 23.73 Crores and imposed a penalty of ₹ 5.09 Crores. The said demand was challenged before the Hon'ble High Court of Madhya Pradesh Bench at Gwalior. The Hon'ble High Court of Madhya Pradesh accepted the case of the group that the subject matter of the Deed of Conveyance dated June 13,1996 is only the superstructures valued at ₹ 27.76 Crores and not the entire undertaking valued at ₹ 303.00 Crores as claimed by the State. Consequently, the Hon'ble High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated November 29, 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal. Since then, the Department has filed appeal which has been admitted. Matter will be listed in due course.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of ₹ NIL Crores (Previous year : ₹ 20.64 Crores) and Nil (Previous year : ₹ 0.38 Crore) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

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

b. The group has been served with show cause notices regarding certain transactions as to why additional customs / excise duty / service tax amounting to ₹ 20.10 Crores (Previous year : ₹ 23.51 Crores) should not be levied. The group has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.

c. 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. The group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

d. On February 28,2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. Owing to the aforesaid uncertainty, the group has not considered any probable obligations for periods prior to date of aforesaid judgment. The group is further evaluating its next course of action in this matter.

34 Capital and other commitments

		As at March 31, 2019	As at March 31, 2018
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	626.49	140.82

(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.

(iii) 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 the such duty in the form of freely transferable duty credit scrips of upon meeting of requisite export obligation. The Company expects to meet its export obligations in future years. Export obligation as on March 31, 2019 is ₹ 25.18 Crores (Previous Year - ₹ 145.68 Crores).

35 Related Party Transactions

35.1 Description of related parties

Holding Company
KAMA Holdings Limited

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

Key management personnel (KMP)
Mr. Arun Bharat Ram
Mr. Ashish Bharat Ram
Mr. Kartik Bharat Ram
Mr. Vinayak Chatterjee #
Mr. Tejpreet S Chopra
Mr. Lakshman Lakshminarayan
Mr. Vellayan Subbiah
Dr. Meenakshi Gopinath
Mr. Pramod Gopaldas Gujarathi
Mr. Pramod Bhasin*
Ms. Bharti Gupta Ramola**

Enterprises over which KMP have significant influence ^
SRF Foundation
Karm Farms LLP
Srishti Westend Greens Farms LLP
Statkraft BLP Solar Solutions Private Limited@
SRF Welfare Trust

* Up to February 4, 2019
** From February 04, 2019
# Up to March 31, 2019
^ Only with whom the group has transaction during the year.
@ Up to April 16, 2018

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(All amounts in ₹ Crores, unless otherwise stated)

35.2 Transactions with related parties

	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of property, plant & equipment and intangible assets from:		
Enterprises over which KMP have significant influence	-	23.40
	-	**23.40**
Rent paid		
Fellow Subsidiaries	6.75	6.72
Key management personnel	0.29	0.29
Enterprises over which KMP have significant influence	1.56	1.56
	8.60	**8.57**
Reimbursement of expenses from		
Holding Company	0.01	0.01
Fellow Subsidiaries	0.04	0.04
	0.05	**0.05**
Loans / deposits given to (including exchange fluctuation)		
Fellow Subsidiaries	-	0.05
Enterprises over which KMP have significant influence	-	0.05
	-	**0.10**
Loans/deposits received back from		
Enterprises over which KMP have significant influence	1.20	-
	1.20	**-**
Donations to		
Enterprises over which KMP have significant influence	10.38	5.00
	10.38	**5.00**
Contribution to post employment benefit plans		
Post employment benefit plans trust	21.20	21.69
	21.20	**21.69**

35.3 Outstanding Balances:

	As at March 31, 2019	As at March 31, 2018
Commission payable		
Key management personnel	7.00	5.85
	7.00	**5.85**
Payable		
Post employment benefit plans trust	9.30	7.83
	9.30	**7.83**
Security deposits outstanding		
Fellow Subsidiaries	3.39	3.39
Key management personnel	0.13	0.13
Enterprises over which KMP have significant influence	0.18	1.38
	3.70	**4.90**

(All amounts in ₹ Crores, unless otherwise stated)

35.4 Key management personnel compensation

	Year ended March 31, 2019	Year ended March 31, 2018
Short-term benefits	16.95	14.84
Post-employment benefits	1.36	1.23
Other long-term benefits	0.33	0.30
	18.64	**16.37**

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, 2019	Year ended March 31, 2018
Superannuation fund (Refer to note (i) below)	0.58	0.91
Provident fund administered through Regional Provident Fund Commissioner (Refer to note (ii) below)	9.73	9.46
Employees' State Insurance Corporation	1.13	1.58
National Pension Scheme	1.78	1.45
	13.22	**13.40**

Foreign subsidiaries	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to provident fund	2.01	2.47
Skill,development and Social Security Fund	1.43	1.45
Pension fund	1.03	1.16
	4.47	**5.08**

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 accounted for on the basis of an actuarial valuation.

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:

(a) Gratuity

(b) Provident fund for certain category of employees administered through a recognized provident fund trust. The group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis.

(c) 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.

(All amounts in ₹ Crores, unless otherwise stated)

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

Indian entities	As at March 31, 2019		As at March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Discount Rate	7.66%	7.66%	7.74%	7.74%
Expected statutory interest rate	-	8.65%	-	8.55%
Salary increase	7.00%	-	7.50%	-
Retirement Age (years)	58	58	58	58
Mortality Rates	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Withdrawal Rate				
Upto 30 years	20.00%	20.00%	10.00%	10.00%
31 to 44 years	7.00%	7.00%	5.00%	5.00%
Above 44 years	8.00%	8.00%	2.00%	2.00%

Foreign subsidiaries	As at March 31, 2019		As at March 31, 2018	
	Legal Severance Pay (unfunded)	Health Care (unfunded)	Legal Severance Pay (unfunded)	Health Care (unfunded)
Discount Rate	2.97%/3.05%	-	2.88%/3.07%	-
Salary increase	6.5%/5.00%	-	5.00%/5.00%	-
In service mortality	TMO	-	TMO	SA
	2017	-	2017	
Retirement Age	60 / 55	-	60 / 55	-
Withdrawal Rate				
- up to 20 years	55/25	-	55/20	-
- 21-30	30/15	-	45/17	-
- 31-40	11/12	-	17/12	-
- 41-50	3.5/3	-	7/3	-
- 51 onwards	2.5/2	-	3/2	-

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuations 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.

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for the year ended March 31, 2019

(All amounts in ₹ Crores, unless otherwise stated)

(iii) Amounts recognized in statement of profit an loss in respect of these benefit plans are as follows:

Indian entities	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current Service cost	6.00	6.36	5.44	5.37
Interest expenses (net of expected return on plan assets)	0.52	-	0.46	-
	6.52	**6.36**	**5.90**	**5.37**

Foreign subsidiaries	Year ended March 31, 2019		Year ended March 31, 2018	
	Legal Severance Pay (unfunded)	Health Care (unfunded)	Legal Severance Pay (unfunded)	Health Care (unfunded)
Current Service cost	1.60	-	1.32	0.19
Net interest expenses	0.26	-	0.19	-
Provision no longer required	-	-		(1.97)
	1.86	**-**	**1.51**	**(1.78)**

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	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Actuarial (gain)/losses on plan assets	(5.71)	-	(1.02)	-
Actuarial (gain)/losses arising from changes in financial assumptions	(2.43)	-	(2.03)	-
Actuarial (gain)/losses arising from changes in experience adjustments	9.92	-	3.90	-
	1.78	**-**	**0.85**	**-**

Foreign subsidiaries	Year ended March 31, 2019		Year ended March 31, 2018	
	Legal Severance Pay (unfunded)	Health Care (unfunded)	Legal Severance Pay (unfunded)	Health Care (unfunded)
Actuarial (gain)/losses arising from changes in financial assumptions	0.16	-	0.18	-
Actuarial (gain)/losses arising from changes in experience adjustments and demographic assumption	(0.45)	-	0.38	-
	(0.29)	**-**	**0.56**	**-**

(All amounts in ₹ Crores, unless otherwise stated)

(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, 2019		As at March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Present value of funded defined benefit obligation	70.66	121.17	62.22	105.25
Fair value of plan assets	62.36	123.07	55.47	106.83
Surplus / (deficit)	**(8.30)**	**1.90**	**(6.75)**	**1.58**
Effect of asset ceiling	-	(1.90)	-	(1.58)
Net asset / (liability)	**(8.30)**	**-**	**(6.75)**	**-**

Foreign subsidiaries	As at March 31, 2019		As at March 31, 2018	
	Legal Severance Pay (unfunded)	Health Care (unfunded)	Legal Severance Pay (unfunded)	Health Care (unfunded)
Present value of funded defined benefit obligation	9.72	-	8.09	-
Fair value of plan assets	-	-	-	-
Net asset / (liability)	**(9.72)**	**-**	**(8.09)**	**-**

(vi) Movements in the present value of defined benefit obligation are as follows:

Indian entities	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening defined benefit obligation	62.22	105.25	57.53	93.31
Current Service Cost	6.00	6.36	5.44	5.37
Interest Cost	4.81	8.01	4.23	6.82
Actuarial (gain)/losses arising from changes in financial assumptions	(2.43)	-	(2.03)	-
Actuarial (gain)/losses arising from changes in experience adjustments	9.92	-	3.90	-
Benefits paid	(9.86)	(7.87)	(6.85)	(11.82)
Contribution by plan participants / employees	-	8.78	-	8.11
Settlement / transfer in	-	0.64	-	3.46
Closing defined benefit obligation	**70.66**	**121.17**	**62.22**	**105.25**

Foreign subsidiaries	Year ended March 31, 2019		Year ended March 31, 2018	
	Legal Severance Pay (unfunded)	Health Care (unfunded)	Legal Severance Pay (unfunded)	Health Care (unfunded)
Opening defined benefit obligation	8.09	-	5.45	1.86
Current Service Cost*	1.60	-	1.32	(1.78)
Interest Cost	0.26	-	0.19	
Actuarial (gain)/losses arising from changes in financial assumptions	0.16	-	0.18	-
Actuarial (gain)/losses arising from changes in experience adjustments & demographic assumption	(0.45)	-	0.38	-
Exchange difference on foreign plans	0.38	-	0.46	-
Benefits paid/Settled	(0.32)	-	0.11	(0.08)
Closing defined benefit obligation	**9.72**	**-**	**8.09**	**-**

*Provision reversed due to closure of business operations in South Africa of one subsidiary.

(vii) Movements in the fair value of plan assets are as follows:

Indian entities	Year ended March 31, 2019		Year ended March 31, 2018	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening fair value of plan assets	55.47	106.83	51.29	93.48
Return on plan assets (excluding amounts included in net interest expenses)	10.00	8.33	4.79	8.23
Contributions from employer	6.75	6.36	6.24	5.37
Contributions from plan participants	-	8.78	-	8.11
Benefits paid	(9.86)	(7.87)	(6.85)	(11.82)
Settlement / Transfer in	-	0.64	-	3.46
Closing fair value of plan assets	**62.36**	**123.07**	**55.47**	**106.83**

Gratuity:

Plan assets comprises primarily of investment in HDFC Group Unit Linked Plan fund. The average duration of the defined benefit obligation is 23 years (Previous year : 23 years). The group expects to make a contribution of ₹ 7.01 Crores (Previous year : ₹ 6.54 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.

(All amounts in ₹ Crores, unless otherwise stated)

(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.

Indian entities	Year ended March 31, 2019		Year ended March 31, 2018	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Sensitivity analysis of gratuity				
Discount rate	(2.05)	2.18	(2.44)	2.63
Expected salary growth	2.19	(2.07)	2.63	(2.46)
Sensitivity analysis of provident fund				
Discount rate	(0.01)	0.01	(0.01)	0.01

Foreign subsidiaries	Year ended March 31, 2019		Year ended March 31, 2018	
	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Sensitivity analysis of defined benefit obligation				
Discount rate	(0.87)	1.00	(0.72)	0.83
Expected salary growth	1.01	(0.89)	0.89	(0.76)

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, 2019	Year ended March 31, 2018
Long term retention pay (refer to note (i) below)	0.17	1.60
Compensated absences	6.93	5.62
	7.10	**7.22**

(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.

(All amounts in ₹ Crores, unless otherwise stated)

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.

The number and fair value of equity shares granted during the year are as under:

	Year ended March 31, 2019	Year ended March 31, 2018
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	-

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 engineering plastics.

Effective April 1, 2018, the Group has realigned its operating segments based on requirements under Ind AS 108 – Operating Segments. Accordingly, Laminated Fabrics business and Coated Fabrics business from "Technical Textiles Business" segment and Engineering Plastics business from "Chemicals and Polymers Business" segment have been regrouped to "Others" segment. Also "Chemicals and Polymers Business" segment has been renamed to "Chemicals Business" segment. Relevant comparative information has been restated to give effect to the above changes.

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:

(All amounts in ₹ Crores, unless otherwise stated)

a) Segment revenue and expenses

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

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, 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, 2019	Year ended March 31, 2018
Segment revenue		
a) Technical textiles business (TTB)		
- External sales	2,070.88	1,836.00
- Inter-segment sales	3.36	2.81
Total	**2,074.24**	**1,838.81**
b) Chemicals and polymers (CPB)		
- External sales	2,445.42	1,611.38
- Inter-segment sales	-	-
Total	**2,445.42**	**1,611.38**
c) Packaging films business (PFB)		
- External sales	2,651.03	1,780.21
- Inter-segment sales	2.31	2.06
Total	**2,653.34**	**1,782.27**
d) Others		
- External sales	525.36	457.28
- Inter-segment sales	-	0.02
Total	**525.36**	**457.30**
Total segment revenue	**7,698.36**	**5,689.76**
Less: Inter Segment revenue	5.67	4.89
Revenue from operations	**7,692.69**	**5,684.87**
Add: unallocable income	40.14	115.12
Total revenue	**7,732.83**	**5,799.99**
Segment Profits		
Profit/ (loss) before interest and tax from each segment		
a) Technical textiles business (TTB)	298.23	252.86
b) Chemicals and polymers (CPB)	384.25	269.37
c) Packaging films business (PFB)	411.48	229.77
d) Others	46.73	44.38

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(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Total segment results	**1,140.69**	**796.38**
Less: i) Interest and finance Charges	201.60	123.89
Less: ii) Other unallocable expenses net of income	112.20	90.82
Profit before tax	**826.89**	**581.67**
Less: Provision for taxation	185.26	119.96
Profit after tax	**641.63**	**461.71**
Capital Expenditure		
a) Technical textiles business (TTB)	52.08	52.74
b) Chemicals and polymers (CPB)	841.49	935.71
c) Packaging films business (PFB)	187.00	274.89
d) Others	7.31	3.77
e) Unallocated	6.41	10.92
Total	**1,094.29**	**1,278.03**
Depreciation and amortisation		
a) Technical textiles business (TTB)	40.73	40.35
b) Chemicals and polymers (CPB)	221.61	185.17
c) Packaging films business (PFB)	83.01	68.61
d) Others	11.14	10.85
e) Unallocated	10.38	10.82
Total	**366.87**	**315.80**

Segment assets and liabilities	As at March 31, 2019	As at March 31, 2018
Segment Assets		
a) Technical textiles business (TTB)	1,539.71	1,389.93
b) Chemicals and polymers (CPB)	4,925.43	3,898.31
c) Packaging films business (PFB)	2,776.14	2,478.84
d) Others	298.39	295.03
Total	**9,539.67**	**8,062.11**
Unallocable assets	348.23	300.90
Total Assets	**9,887.90**	**8,363.01**
Segment Liabilities		
a) Technical textiles business (TTB)	396.23	450.46
b) Chemicals and polymers (CPB)	448.98	349.80
c) Packaging films business (PFB)	710.00	441.16
d) Others	52.05	57.32
Total	**1,607.26**	**1,298.74**
Unallocable Liabilities	4,151.37	3,499.74
Total Liabilities	**5,758.63**	**4,798.48**

(All amounts in ₹ Crores, unless otherwise stated)

B. Information about geographical business segments

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		
- India	4,247.75	3,182.90
- South Africa	344.26	359.31
- Singapore	70.92	83.54
- Germany	312.48	166.17
- USA	341.49	325.39
- Thailand	232.76	155.16
- Switzerland	210.51	56.10
- Belgium	263.90	152.49
- Others	1,668.62	1,203.81
	7,692.69	**5,684.87**

	As at March 31, 2019	As at March 31, 2018
Non current segment assets		
Within India	5,729.25	5,098.18
Outside India	928.49	784.88
	6,657.74	**5,883.06**

Non current segment assets includes property, plant and equipment, 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 2018-19 and 2017-18

Revenue from major products	Year ended March 31, 2019	Year ended March 31, 2018
a) Technical Textiles Business (TTB)		
Synthetic filament yarn including Industrial yarn / Tyre cord/Twine	216.14	4.11
Nylon tyre cord fabric/ Polyester tyre cord fabric / Belting fabric	1,839.09	1,806.13
b) Chemicals Business (CB)		
Fluorochemicals, Refrigerant Gases and allied products	989.68	822.93
Fluorospecialities chemicals	1,039.13	571.58
Chlorinated solvents and industrial chemicals	347.80	138.52
Waste/others	13.55	36.55
c) Packaging Films Business (PFB)		
Packaging Films	2,577.82	1,757.37
d) Others		
Laminated Fabric / Coated Fabric	265.55	254.42
Nylon / PBT / PC Compounding Chips	252.62	215.04
	7,541.38	**5,606.65**

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(All amounts in ₹ Crores, unless otherwise stated)

39 Earnings Per Share (EPS)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to equity holders of the group used in calculating basic earning per share and diluted earning per share	641.63	461.71
Weighted average number of equity shares of the group used in calculating basic earning per share and diluted earning per share (nos.)	5,74,60,445	5,74,20,500
Basic earnings per share (₹)	111.66	80.41
Diluted earnings per share (₹)	111.66	80.41

40 Operating Lease

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:

	Year ended March 31, 2019	Year ended March 31, 2018
Non-cancellable operating lease commitments		
-Within one year	10.75	8.15
-Later than one year and not later than five years	33.47	11.89
-Later than five years	91.52	60.91
	135.74	**80.95**

	Year ended March 31, 2019	Year ended March 31, 2018
Lease rent recognized in the statement of profit and loss as per note 30	30.91	29.43

41 Financial Instruments and Risk Management

41.1 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 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.

The following table provides the details of the debt and equity at the end of the reporting periods

	As at March 31, 2019	As at March 31, 2018
Debt	3,730.19	3,141.84
Cash and cash equivalents	189.55	87.01
Net debt	**3,540.64**	**3,054.83**
Total equity	**4,129.27**	**3,564.53**
Net debt to equity ratio	**0.86**	**0.86**

(All amounts in ₹ Crores, unless otherwise stated)

41.2 Financial instruments by category

Financial assets	Level of hierarchy	Notes	Carrying value as at		Fair value as at	
			As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Measured at amortised cost						
Trade Receivables		a	1,028.75	680.65	1,028.75	680.65
Cash and cash equivalents		a	189.55	87.01	189.55	87.01
Bank balances other than above		a	9.33	9.73	9.33	9.73
Loans		a,b	45.23	45.18	45.23	45.18
Other financial assets		a	170.82	129.84	170.82	129.84
			1,443.68	**952.41**	**1,443.68**	**952.41**
Measured at Fair value through profit and loss						
Investments in non-convertible debentures	1	d	-	27.63	-	27.63
Investments in mutual funds	2	d	100.49	94.07	100.49	94.07
Derivative instruments	2	d	3.42	1.44	3.42	1.44
			103.91	**123.14**	**103.91**	**123.14**
Measured at Fair value through Other comprehensive income						
Investments in unquoted equity instruments	3	d	0.11	0.12	0.11	0.12
Derivative instruments	2	d	30.85	11.60	30.85	11.60
			30.96	**11.72**	**30.96**	**11.72**
Measured at amortised cost						
Borrowings		a,c	3,288.73	2,758.04	3,288.73	2,758.04
Trade Payables		a	1,382.42	1,044.24	1,382.42	1,044.24
Other financial liabilities		a	598.23	523.23	598.23	523.23
			5,269.38	**4,325.51**	**5,269.38**	**4,325.51**
Measured at Fair value through profit and loss						
Derivative instruments	2	d	-	0.36	-	0.36
			-	**0.36**	**-**	**0.36**
Measured at Fair value through other comprehensive income						
Derivative instruments	2	d	4.26	-	4.26	-
			4.26	**-**	**4.26**	**-**

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The following methods / assumptions were used to estimate the fair values:

(a) 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.

(b) 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.

(c) Fair value of quoted financial instruments (listed debentures) is based on quoted market price at the reporting date. The fair value of other long-term borrowings 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.

(d) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions. Based on computation, the management has assessed that the carrying values approximates their fair values.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2019 and March 31, 2018.

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. This category consists of non convertible debentures.

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

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 and non convertible debentures: 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
As at March 31, 2017	**0.12**
Sale of investment	-
As at March 31, 2018	**0.12**
Sale of investment	(0.01)
As at March 31, 2019	**0.11**

Sensitivity of the fair value measurement to changes in unobservable inputs for financial instruments in level 3 of hierarchy is insignificant.

41.3 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 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.

41.3.1 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). The group manages the Net exposure on a rolling 12 month basis and hedges the exposures based on a duly approved policy by the Board. 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.

(All amounts in ₹ Crores, unless otherwise stated)

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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
USD	383.87	316.03	2,009.90	1,749.56
EUR	128.48	92.81	475.72	469.11
JPY	-	-	7.72	6.55
GBP	4.85	0.33	0.58	0.08

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.

	Year ended March 31, 2019		Year ended March 31, 2018	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) *				
USD	12.54	(12.54)	14.21	(14.21)
EUR	(0.31)	0.31	(0.32)	0.32
JPY	0.08	(0.08)	0.07	(0.07)
GBP	(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)

	Year ended March 31, 2019		Year ended March 31, 2018	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
USD	3.45	(3.45)	-	-
EUR	3.88	(3.88)	3.39	(3.39)

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 of 1 to 15 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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
USD/INR Sell forward	110	34	113.00	60.50	780.75	396.81	45.07	13.59
EUR/USD Sell forward	11	8	12.00	3.90	95.51	31.03	-	-
EUR/USD Buy forward	-	3	-	7.32	-	59.15	-	-
EUR/THB Buy forward	12	-	17.50	-	142.16	-	-	-
USD/THB Buy forward	1	4	0.50	2.27	3.44	15.02	-	-
USD/ZAR Buy Forward	-	3	-	0.30	-	10.01	-	-

* Computed using average forward contract 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 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, 2019		Year ended March 31, 2018	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit / (loss) for the year				
USD	0.92	(0.92)	0.46	0.46
EUR	0.51	(0.51)	0.31	(0.31)
Impact on equity				
USD	6.99	(6.99)	3.59	(3.59)
EUR	(0.95)	0.95	(0.60)	0.60

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 ₹ 853 Crores and floating interest loan is ₹ 1,757 Crores (Previous year : Fixed interest loan ₹ 939 Crores and Floating interest loan ₹ 1,348 Crores)

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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, 2019		Year ended March 31, 2018	
	₹ 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	2.09	2.01	1.00	2.85

In case of increase in interest rate by above mentioned percentage, there would be a comparable impact on the profit before tax as mentioned above would be negative.

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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
IRS Contracts*	4	7	23.13	36.21	54.24	87.84	105.58	148.07

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

(All amounts in ₹ Crores, unless otherwise stated)

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, 2019			Year ended March 31, 2019	As at March 31, 2018			Year ended March 31, 2018
	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	912.03	22.88	Other financial assets / liabilities (current and non - current)	18.33	421.86	4.55	Other financial assets / liabilities (current and non - current)	(6.75)
Foreign currency denominated loans	733.38	733.38	Non-current borrowing	35.25	403.57	403.57	Non-current borrowing	(22.17)
Interest rate swap contacts	159.82	3.72	Other financial assets (current and non-current)	(3.33)	235.91	7.05	Other financial assets (current and non - current)	2.24

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, 2019			Year ended March 31, 2019	As at March 31, 2018			Year ended March 31, 2018
	Nominal amount	Carrying amount Assets / (liabilities)	Line item where the hedging instrument is included	Change in the value of the hedging instrument recognised in consolidated 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 consolidated statement of Profit and loss
Foreign exchange contracts	154.89	3.42	Other financial assets (current and Non-current)	2.00	103.76	1.08	Other financial assets / liabilities (Current and Non - current)	(4.30)

(All amounts in ₹ Crores, unless otherwise stated)

41.3.2 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 the 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 excepted 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 group:

	Note No.	As at March 31, 2019	As at March 31, 2018
Loans - non-current	8	0.07	0.15
Loans - current	8	2.74	2.74
Trade receivables	13	2.49	15.83
		5.30	**18.72**

	Loans (current and non current)	Trade receivables
As at March 31, 2017	2.89	15.15
Provided during the year	-	1.11
Reversed during the year	-	(0.42)
As at March 31, 2018	**2.89**	**15.84**
Provided during the year	1.37	0.86
Reversed during the year	(1.45)	(14.22)
As at March 31, 2019	**2.81**	**2.49**

Other than financial assets mentioned above, none of the group's financial assets are either impaired or past due, and there are no indications that defaults in payments obligation would occur.

(All amounts in ₹ Crores, unless otherwise stated)

41.3.3 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
As at March 31, 2019				
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**
	3,112.30	**2,023.58**	**137.76**	**5,273.64**

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
As at March 31, 2018				
Borrowings*	1,234.57	1,649.83	257.43	**3,141.83**
Trade payables	1,044.24	-	-	**1,044.24**
Other financial liabilities	139.80	-	-	**139.80**
	2,418.61	**1,649.83**	**257.43**	**4,325.87**

* including current maturity of non-current borrowings

42 Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers

Contact assets (Unbilled revenue)	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	-	-
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	**-**

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Contact liability	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance	33.12	28.96
Revenue recognised that was included in the contract liability balance at the beginning of the period	(33.12)	(28.96)
Increase due to cash received, excluding the amount recognised as revenue during the period	16.69	33.12
	16.69	**33.12**

43 Group Information

Name	Principal activities	Country of incorporation	% equity interest	
			March 31, 2019	March 31, 2018
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	100%	-
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%	-
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%

44 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		Share in other comprehensive income		Share in total comprehensive income	
		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%	3,918.64	81%	517.18	608%	34.30	85%	551.49
II	**Subsidiaries:**								
A	**Indian**								
1	SRF Holiday Home Limited	0%	3.78	0.0%	(0.05)	-	-	-	(0.05)
2	SRF Employees Welfare Trust	0%	*	0.0%	**	-	-	0%	**
B.	**Foreign**								
1	SRF Global BV (Consolidated)	7%	306.56	20%	131.55	-223%	(12.56)	19%	118.98
	Adjustments arising out of consolidation	(2%)	(99.71)	(1%)	(7.05)	(285%)	(16.10)	(4%)	(23.15)
	Total	**100%**	**4,129.27**	**100%**	**641.63**	**100%**	**5.64**	**100%**	**647.27**
	Non-controlling Interests in all subsidiaries	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

* Amount in absolute ₹ 18,383 (Previous year - Nil)

** Amount in absolute ₹ (16,617) (Previous year - Nil)

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45 Additional Disclosures

(a) Research and Development Expenditure

The details of research and development expenditure of ₹ 104.40 Crores (Previous year: ₹ 106.86 Crores) included in notes 4 to 30 above are as under:

	Year ended March 31, 2019	Year ended March 31, 2018
Capital expenditure	4.06	16.03
Revenue expenditure	100.34	90.83
	104.40	**106.86**
The details of revenue expenditure incurred on research and development is as below:		
Cost of material consumed	2.46	1.50
Salaries and wages, including Bonus	34.96	33.29
Contribution to provident and other funds	2.03	2.01
Workmen and staff welfare expenses	3.07	1.93
Stores and spares consumed	8.45	8.07
Power and fuel	7.24	5.13
Rent	1.28	0.35
Repairs and maintenance		
- Buildings	0.01	0.10
- Plant and machinery	9.33	10.41
- Others	1.55	0.55
Insurance	0.38	0.50
Rates and taxes	0.08	0.05
Travelling and conveyance	1.45	1.42
Legal and professional charges	4.13	2.81
Depreciation and amortisation expense	18.60	17.53
Miscellaneous expenses	5.32	5.18
	100.34	**90.83**

(b) Managerial Remuneration

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

	Year ended March 31, 2019	Year ended March 31, 2018
Salary and contribution to provident and other funds	7.44	6.74
Value of perquisites	3.53	3.16
Commission	6.50	5.45
SUB-TOTAL	**17.47**	**15.35**

(b) Remuneration to Non Executive Directors

	Year ended March 31, 2019	Year ended March 31, 2018
Commission	0.50	0.40
Directors sitting fees	0.21	0.19
Other fees	0.13	0.13
SUB-TOTAL	**0.84**	**0.72**
TOTAL	**18.31**	**16.07**

(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.

Exchange loss/ (gain) added/ (adjusted)	Year ended March 31, 2019	Year ended March 31, 2018
Property, plant and equipment		
- Roads	0.79	(0.74)
- Buildings	10.55	(9.98)
- Plant and equipment	97.69	(37.36)
- Furniture and fixtures	0.21	(0.22)
- Office equipment	0.06	(0.16)
	109.30	**(48.46)**
Other Intangible Assets		
- Trade marks/ Brands	1.95	0.04
- Technical knowhow	1.14	-
- Others	0.56	-
	3.65	**0.04**

The cumulative exchange loss/ (gain) added/ (adjusted) and remaining unamortised as at March 31, 2019 is ₹ 256.03 Crores (Previous year: ₹ 160.05 Crores).

(d) The Company was required to spend ₹ 10.38 Crores (Previous year: ₹ 9.56 Crores) on corporate social responsibility activities under section 135 of the Companies Act, 2013 out of which ₹ 10.38 Crores (Previous year: ₹ 5.00 Crores) has been spent.

(e) On May 11, 2019, the group has entered into business transfer agreement for sale of its Engineering Plastics Business for a consideration of ₹ 320 Crores (subject to working capital adjustments), upon completion of closing conditions. The statutory and legal formalities are expected to be completed within 6 months from the date of signing. This business was reported under "Others segment".

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration no. 101248W / W-100022

For and on behalf of the Board of Directors

Kaushal Kishore
Partner
Membership No.: 090075

Arun Bharat Ram
Chairman
DIN - 00694766

Ashish Bharat Ram
Managing Director
DIN - 00671567

Kartik Bharat Ram
Deputy Managing Director
DIN - 00008557

Rahul Jain
President & CFO

Lakshman Lakshminarayan
Director
DIN - 00012554

Rajat Lakhanpal
Vice President
(Corporate Compliance) and
Company Secretary

Place : Gurugram
Date : May 13, 2019

Independent Auditor's Report

To the Members of SRF Limited
Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of SRF Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective 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 the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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 the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements/ financial information of 5 subsidiaries viz., SRF Global B.V., SRF Industries (Thailand) Limited, SRF Industex Belting (Pty) Limited, SRF Flexipak (South Africa) (Pty) Limited, and SRF Holiday Home Limited, whose financial statements reflect total assets of Rs. 1185.80 Crores as at March 31, 2018, total revenues of Rs. 1048.66 Crores and net cash outflows amounting to Rs. 20.40 Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS 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 reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above 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 other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements referred in the Other Matters paragraph above 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 33(a) to the consolidated financial statements.

ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts – Refer Note 34(ii) to the consolidated financial statements.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 015125N

Vijay Agarwal
Partner
(Membership No. 094468)

Place: Gurugram
Date: May 17, 2018

Annexure "A" to The Independent Auditor's Report

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of SRF Limited (hereinafter referred to as "Parent") and its subsidiary company, which are company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company which are company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company, incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary company, incorporated in India, 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 system over financial reporting of the Parent, its subsidiary company, incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion 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 referred to in the Other Matters paragraph below, the Parent, its subsidiary company, incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 015125N

Vijay Agarwal
Partner
(Membership No. 094468)

Place: Gurugram
Date: May 17, 2018

Consolidated Balance Sheet

As at March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

Particulars	Note No.	As at March 31 , 2018	As at March 31 , 2017
Assets			
Non-current assets			
Property, Plant and Equipment	4	**5,004.78**	4,319.25
Capital work-in-progress		**558.81**	258.58
Goodwill	5	**4.08**	4.91
Other Intangible assets	6	**112.73**	80.75
Financial Assets			
Investments	7	**0.12**	25.12
Loans	8	**30.83**	42.34
Deferred tax assets	9	**-**	2.60
Other non-current assets	11	**201.52**	157.94
Total Non - Current Assets		**5,912.87**	**4,891.49**
Current assets			
Inventories	12	**958.18**	838.14
Financial Assets			
Investments	7	**121.70**	170.76
Trade receivables	13	**680.65**	656.89
Cash and cash equivalents	14	**87.01**	87.63
Bank balances other than above	15	**9.73**	8.49
Loans	8	**15.13**	14.26
Other financial assets	10	**47.63**	57.07
Current Tax Assets (Net)	22	**17.71**	9.92
Other current assets	11	**512.40**	236.28
Total Current Assets		**2,450.14**	**2,079.44**
Total Assets		**8,363.01**	**6,970.93**
Equity and Liabilities			
Equity			
Equity Share capital	16	**58.44**	58.44
Other Equity	17	**3,506.09**	3,124.22
Total equity		**3,564.53**	**3,182.66**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	**1,907.26**	1,431.86
Provisions	19	**33.37**	29.70
Deferred tax liabilities	9	**291.38**	286.60
Other non-current liability	23	**34.26**	29.92
Total Non - Current Liabilities		**2,266.27**	**1,778.08**

Consolidated Balance Sheet (Contd.)

As at March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

Particulars	Note No.	As at March 31 , 2018	As at March 31 , 2017
Current liabilities			
Financial Liabilities			
Borrowings	18	**850.78**	545.57
Trade payables	20	**1,044.24**	808.90
Other financial liabilities	21	**523.59**	524.15
Provisions	19	**4.60**	6.23
Current tax liabilities (net)	22	**10.53**	13.61
Other current liabilities	23	**98.47**	111.73
Total Current Liabilities		**2,532.21**	**2,010.19**
Total Liabilities		**4,798.48**	**3,788.27**
Total Equity and Liabilities		**8,363.01**	**6,970.93**
Accompanying notes forming part of the consolidated financial statements	1 to 43		

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

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Arun Bharat Ram
Chairman
(DIN - 00694766)

Ashish Bharat Ram
Managing Director
(DIN -00671567)

Kartik Bharat Ram
Deputy Managing Director
(DIN - 00008557)

Place : Gurugram
Date : May 17, 2018

Vinayak Chatterjee
Director
(DIN - 00008933)

Anoop K Joshi
President, CFO &
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018
(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	24	**5,684.87**	5,136.59
II	Other income	25	**115.12**	73.01
III	**Total Income (I+II)**		**5,799.99**	**5,209.60**
IV	**Expenses**			
	Cost of materials consumed	26	**3,015.70**	2,389.17
	Purchases of stock-in-trade	26	**47.40**	51.07
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	**(31.10)**	(21.43)
	Excise duty on sale of goods		**95.83**	314.79
	Employee benefits expense	27	**474.04**	433.80
	Finance costs	28	**123.89**	101.77
	Depreciation and amortisation expense	29	**315.80**	283.44
	Other expenses	30	**1,176.76**	999.80
	Total Expenses (IV)		**5,218.32**	**4,552.41**
V	**Profit before tax (III - IV)**		**581.67**	657.19
VI	**Tax Expense**	31		
	Current tax		**107.06**	116.49
	Deferred tax			
	MAT Credit		**(88.91)**	(58.89)
	Others		**101.81**	84.60
	Total tax expense		**119.96**	**142.20**
VII	**Profit for the period (V - VI)**		**461.71**	**514.99**
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans	17	**(1.41)**	0.28
	- Gain / (loss) on change in fair value of equity instrument	17	**-**	(4.22)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	32	**0.29**	0.13

Consolidated Statement of Profit and Loss (Contd.)

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

Particulars			Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
B	(i)	Items that will be reclassified to profit or loss			
		- Exchange differences on translation of foreign operations	17	**21.56**	5.07
		- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	17	**(26.68)**	15.23
	(ii)	Income tax on items that will be reclassified to profit or loss	32	**9.33**	(5.27)
	Total other comprehensive income (A(i+ii) + B(i+ii))			**3.09**	**11.22**
IX	**Total comprehensive income for the period (VII + VIII)**			**464.80**	**526.21**
	Earning per equity share				
	Basic (in ₹)		38	**80.41**	89.69
	Diluted (in ₹)		38	**80.41**	89.69

Accompanying notes forming part of the consolidated financial statements 1 to 43

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

Vijay Agarwal
Partner

Place : Gurugram
Date : May 17, 2018

For and on behalf of the Board of Directors

Arun Bharat Ram
Chairman
(DIN - 00694766)

Ashish Bharat Ram
Managing Director
(DIN -00671567)

Kartik Bharat Ram
Deputy Managing Director
(DIN - 00008557)

Vinayak Chatterjee
Director
(DIN - 00008933)

Anoop K Joshi
President, CFO &
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2018
(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A	**Cash Flow from Operating Activities**		
	Profit before tax	**581.67**	657.19
	Adjustments for:		
	Finance costs	**123.89**	101.77
	Interest Income	**(3.86)**	(5.01)
	Net gain on sale / discarding of property, plant and equipment	**(0.58)**	(0.40)
	Net gain on financial assets measured at FVTPL	**(9.95)**	(13.32)
	Provision for doubtful assets	**3.02**	0.16
	Amortisation of Grant income	**(6.38)**	(2.10)
	Depreciation and amortisation expense	**315.80**	283.44
	Property, plant and equipment and inventory discarded	**6.48**	2.15
	Provision / Liabilities no longer required written back	**(26.98)**	(0.31)
	Amotisation of upfront payment for Leasehold Land	**1.85**	1.61
	Net unrealised currency exchange fluctuation gains	**1.51**	(8.25)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets :-		
	Trade receivables	**(25.67)**	(142.38)
	Inventories	**(120.73)**	(167.09)
	Loans (Current)	**(1.99)**	(2.92)
	Loans (Non-current)	**11.51**	(12.04)
	Other assets (Current)	**(264.02)**	(56.58)
	Other assets (Non-current)	**(22.39)**	(19.97)
	Adjustments for increase / (decrease) in operating liabilities :-		
	Trade payables	**235.34**	94.34
	Provisions	**2.04**	4.77
	Other liabilities (Non-current)	**10.72**	10.18
	Other liabilities (Current)	**5.90**	36.12
	Cash generated from operations	**817.18**	**761.36**
	Income taxes paid	**(117.64)**	(115.92)
	Net cash generated by operating activities	**699.54**	**645.44**
B	**Cash Flow from Investing Activities**		
	Purchase of non-current investments	**-**	(25.01)
	Payment for purchase of mutual funds	**(530.00)**	(600.00)
	Proceeds from sale of mutual funds	**614.02**	627.55
	Purchase of current investments (others)	**-**	(24.40)
	Interest received	**4.78**	5.02
	Bank balances not considered as cash and cash equivalents	**(1.24)**	40.86
	Payment for purchase of property, plant, equipment, capital work in progress and intangible assets	**(1,300.18)**	(673.99)
	Proceeds from disposal of property, plant and equipment	**17.32**	33.08
	Grant Received from Government of Republic of South Africa	**-**	3.64
	Net cash used in investing activities	**(1,195.30)**	**(613.25)**

Consolidated Cash Flow Statement (Contd.)

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

₹ in Crores

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C Cash Flow from Financing Activities*		
Proceeds from borrowings (Non-current)	**841.21**	-
Repayment of borrowings (Non-current)	**(431.72)**	(455.20)
Net proceeds / (repayment) from borrowings (Current)	**298.45**	364.57
Dividends on equity share capital paid	**(68.90)**	(68.90)
Corporate dividend tax paid	**(14.03)**	(14.03)
Finance costs paid	**(129.87)**	(110.88)
Net cash used in financing activities	**495.14**	**(284.44)**
Net increase / (decrease) in cash and cash equivalents	**(0.62)**	**(252.25)**
Cash and cash equivalents at the beginning of the year	**87.63**	339.88
Cash and cash equivalents at the end of the year	**87.01**	**87.63**

* The following table disclose below changes in liabilities arising from historical activities including both cash and non cash changes

Particulars	As at March 31, 2017	Cash flow from financing activities	Non-cash changes				As at March 31, 2018
			Upfront fees amortised	Exchange fluctuation changes #	Finance cost #	Interim Dividend declared ^	
Borrowings (non-current)*	1,850.63	409.49	3.80	27.13	-	-	**2,291.05**
Borrowings (current)	545.57	298.45	-	6.76	-	-	**850.78**
Interest accrued	8.85	(129.87)	-	-	146.09	-	**25.08**
Dividend and taxes thereon	6.32	(82.93)	-	-		82.93	**6.32**
	2,411.38	**495.14**	**3.80**	**33.89**	**146.09**	**82.93**	**3,173.23**

* including current maturity of long term debts
^ including taxes on dividend
\# including amount capitalised

Accompanying notes forming part of the consolidated financial statements 1 to 43

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

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Arun Bharat Ram
Chairman
(DIN - 00694766)

Ashish Bharat Ram
Managing Director
(DIN -00671567)

Kartik Bharat Ram
Deputy Managing Director
(DIN - 00008557)

Vinayak Chatterjee
Director
(DIN - 00008933)

Anoop K Joshi
President, CFO &
Company Secretary

Place : Gurugram
Date : May 17, 2018

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

(a) Equity share capital

	Amount
Balance at March 31, 2016	58.44
Changes in equity share capital during the year	-
Balance at March 31, 2017	58.44
Changes in equity share capital during the year	-
Balance at March 31, 2018	**58.44**

(b) Other Equity

	Reserves and Surplus					Items of other comprehensive income			Total
	Capital reserve	General reserve	Capital redemption reserve	Debenture redemption reserve	Retained earnings	Foreign currency translation reserve	Equity instrument through other comprehensive income	Effective portion of cash flow hedge	
Balance at April 01, 2016	193.77	523.77	10.48	50.00	1,908.28	17.66	-	0.58	**2,704.54**
Profit for the year	-	-	-	-	514.99	-	-	-	**514.99**
Other comprehensive income for the year, net of income tax	-	-	-	-	0.41	5.07	(4.22)	9.96	**11.22**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**515.40**	**5.07**	**(4.22)**	**9.96**	**526.21**
Payment of dividend (₹ 12/- per share)	-	-	-	-	(68.90)	-	-	-	**(68.90)**
Tax on Dividend	-	-	-	-	(14.03)	-	-	-	**(14.03)**
Foreign Currency Translation Reserve on liquidation of subsidiary	-		-	-	-	(23.60)	-	-	**(23.60)**
Transfer to Debenture redemption reserve	-	-	-	-	-	-	-	-	**-**
Balance at March 31, 2017	**193.77**	**523.77**	**10.48**	**50.00**	**2,340.75**	**(0.87)**	**(4.22)**	**10.54**	**3,124.22**
Profit for the year	-	-	-	-	461.71	-	-	-	**461.71**
Other comprehensive income for the year, net of income tax	-	-	-	-	(1.12)	21.56	-	(17.35)	**3.09**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**460.59**	**21.56**	**-**	**(17.35)**	**464.80**
Payment of dividend (₹ 12/- per share)	-	-	-	-	(68.90)	-	-	-	**(68.90)**
Tax on Dividend	-	-	-	-	(14.03)	-	-	-	**(14.03)**
Transfer from Debenture redemption reserve	-	50.00	-	(50.00)	-	-	-	-	**-**
Transfer to Debenture redemption reserve	-	-	-	75.00	(75.00)	-	-	-	**-**
Balance at March 31, 2018	**193.77**	**573.77**	**10.48**	**75.00**	**2,643.41**	**20.69**	**(4.22)**	**(6.80)**	**3,506.09**

Accompanying notes forming part of the consolidated financial statements 1 to 43

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

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Arun Bharat Ram
Chairman
(DIN - 00694766)

Ashish Bharat Ram
Managing Director
(DIN -00671567)

Kartik Bharat Ram
Deputy Managing Director
(DIN - 00008557)

Vinayak Chatterjee
Director
(DIN - 00008933)

Anoop K Joshi
President, CFO &
Company Secretary

Place : Gurugram
Date : May 17, 2018

1 Corporate Information

SRF Limited ("the Group") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013 ("”the 2013 Act”"). The group's equity shares are listed at the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the group is situated at The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, Second Floor, Mayur Vihar Place, Noida Link Road, Mayur Vihar Phase I Extn, Delhi - 110091. The group's parent and ultimate holding Company is KAMA Holdings Limited.

The principal activities of the group and its subsidiaries (together the Group) are manufacturing, purchase and sale of technical textiles, chemicals & polymers and packaging films.

The consolidated financial statements were approved for issue in accordance with a resolution of the directors on May 17, 2018.

2 Significant Accounting Policies

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

2.2 Basis of preparation and consolidation

The consolidated financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

All assets and liabilities have been classified as current or non-current according to the Group's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months.

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.

(All amounts in ₹ Crores, unless otherwise stated)

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. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

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, 2018	Proportion of ownership as at March 31, 2017
Indian Subsidiaries			
SRF Holiday Home Limited	India	**100%**	100%
Foreign Subsidiaries			
SRF Global BV	Netherlands	**100%**	100%
SRF Overseas Limited (100% subsidiary of SRF Global BV)	British Virgin Islands	@	@
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%

@ Upto March 7, 2017

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.

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.

(All amounts in ₹ Crores, unless otherwise stated)

Cost of acquisition or construction is inclusive of freight, duties, relevant 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 profit or loss as incurred.

Assets are classiifed to the appropriate catageroies 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 during 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	30-60 years
Plant and machinery	2-30 years
Furniture and fixtures	15 years
Office equipment	3-20 years
Vehicles	4 years

Freehold land is not depreciated

Depreciation is calculated on a pro rata basis except that, assets costing upto ₹ 5,000 each 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.

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 considering the terms of the business purchase agreements are as follows:

Trademarks / Brand	10-30 years
Technical Knowhow	10-30 years
Software	3 years
Other intangibles	2.5-10 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 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 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 (or Groups of 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 recognized directly in profit or loss. An impairment loss recognized 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

As at each balance sheet date, the carrying amount of cash generating units / assets is tested for impairment so as to determine:

(a) the provision for impairment loss, if any, required;

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.

Impairment loss is recognized when the carrying amount of an asset exceeds 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 calculations, 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.

(b) the reversal, if any, required of impairment loss recognized in previous periods.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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

Group as lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating Leases as lessee:
Lease rental expenses from operating leases is generally recognised on straight line basis over the term of 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 accrues. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Finance leases as lessee:
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.

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.

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

Interest income earned on temporary investment of specific borrowing pending expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they occur.

2.11 Foreign Currencies

a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (INR/Rs.), which is the Group's functional and presentation currency.

b) Transaction and balances

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

(i) 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 & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items

(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 charged off or credited to profit & loss account.

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 and stores & spares - 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.

(b) Stock in trade, Stock in process 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 disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.14 Revenue recognition

a) Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sales of products is inclusive of excise duty and net off value added tax/sales tax/goods and service tax.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the associated costs can be estimated reliably, there is no continuing management involvement with the goods nor it exercises effective control over the goods and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and cash discount. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales arrangement.

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).

2.15 Taxation

Income tax expense represents the sum of the tax currently payable 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. 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 is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

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. Unrecognized 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.

Deferred tax assets/liabilities are recognised for all taxable temporary differences, except:

(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.

Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

c) Minimum Alternate Tax (MAT)

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 Balance Sheet when it is probable that future economic benefit associated with it will flow to the group.

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 shall be 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 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

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 are measured at the undiscounted amount expected to be paid.

In case of the provident fund administered through Regional provident fund commissioner,the group has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The group’s contributions paid / payable during the year to provident fund administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees’ State Insurance Corporation are recognised in the Statement of Profit and Loss as an expense when employees have rendered services entitling them to the contributions.

Provision for gratuity, compensated absences, provident fund for certain category of employees administered through a recognised provident fund trust, legal severance and other 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.

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. It is included in retained earnings in the statement of changes in equity and the balance sheet.

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:

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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Equity instruments which are held for trading are measured at fair value through profit or loss

For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

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 recognized in other comprehensive income. This cumulative gain or loss is not reclassified to profit and loss on disposal of such instruments.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Investment in mutual funds are measured at fair value through profit or loss.

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 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

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, security deposits, trade receivables and bank balance.

The group follows 'simplified approach' for recognition of impairment loss allowance on financial assets that do not contain a significant financing component.

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the group estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

a) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount until the asset meets write-off criteria.

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 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 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 or 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 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 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 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 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 statement of profit and loss.

The group also designates cetain non derivative financial liabilities, such as foreign currecny borrowings from banks, as hedging instruments for the hedge of foreign currecny 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 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 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the 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.

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 Applicability of New and Revised Ind AS

Ministry of Corporate affairs has notified Ind AS 115 'Revenue from Contracts with customers', which is effective from April 1, 2018. The new standard outlines a single comprehensive control-based model for revenue recognition and supersedes current revenue recognition guidance based on risks or rewards.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The group is evaluating the requirements of Ind AS 115 and its effect of the financial statements.

Amendment to Ind AS 7: Effective April 1, 2017, the group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting of a reconciliation between the opening and closing balances in Balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements, refer Cash Flow Statement.

3. Significant accounting judgements, estimates and assumptions

The preparation of the group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Actual results may differ from the estimates.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The group continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

A. Significant accounting judgements

In the process of applying the group's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

1. Contingent Liabilities

In ordinary course of business, the group faces claims by various parties. The group assesses such claims and monitor the legal environment on an ongoing basis, with the assisting of external legal council, wherever necessary. The group records a liability for any claims where a potential loss probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the group provides the disclosures in the financial statements but does not record a liability in its financial statements unless the loss become probable.

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

   The Company 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 Company does not exercise significant influence over Vaayu Renewable Energy (Tapti) Private Limited.

B. Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

1. Defined benefit plans/ Other Long term employee benefits

The cost of the defined benefit plans and other long term employee benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The management considers the interest rates of government securities based on expected settlement period of various plans.

Further details about various employee benefit obligations are given in Note 36.

2. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The group establishes provision, based on reasonable estimates. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

3. Useful lives of Property, plant and equipment and intangible assets

The group reviews the estimated useful lives at the end of each reporting period.

(All amounts in ₹ Crores, unless otherwise stated)

4 Property, Plant and Equipment and Capital Work-in-Progress

	As at March 31, 2018	As at March 31, 2017
Carrying Amount of:		
Freehold Land	**358.64**	354.67
Roads	**56.52**	52.91
Buildings	**724.76**	668.41
Plant & Equipment	**3,798.19**	3,185.69
Furniture & Fixtures	**19.04**	18.12
Office Equipment	**25.12**	22.34
Vehicle	**22.51**	17.11
	5,004.78	**4,319.25**
Capital Work in Progress	**558.81**	258.58

	Freehold Land	Roads	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicle	Total
Cost								
Balance at April 1,2016	353.26	52.22	636.05	3,171.53	18.51	25.10	20.86	4,277.53
Additions/Adjustments (Note v & viii)	0.39	2.92	68.88	451.94	3.49	10.41	8.96	546.99
Disposals/Adjustments	-	-	(1.79)	(10.31)	(0.02)	(0.73)	(2.36)	(15.21)
Effect of foreign currency exchange differences	1.02	0.52	6.98	22.86	0.13	0.15	0.03	31.69
Balance at March 31, 2017	**354.67**	**55.66**	**710.12**	**3,636.02**	**22.11**	**34.93**	**27.49**	**4,841.00**
Additions/Adjustments (Note v & viii)	-	4.16	63.80	835.85	3.30	10.99	13.70	931.80
Disposals/Adjustments	(0.26)	(0.22)	(1.73)	(41.27)	(0.06)	(0.60)	(5.00)	(49.14)
Effect of foreign currency exchange differences	4.23	1.22	19.30	75.33	0.40	0.57	0.05	101.10
Balance at March 31, 2018	**358.64**	**60.82**	**791.49**	**4,505.93**	**25.75**	**45.89**	**36.24**	**5,824.76**
Accumulated depreciation and impairment								
Balance at April 1,2016	-	0.69	21.01	229.07	1.83	6.15	5.53	264.28
Depreciation expenses (note v & viii)	-	2.05	21.38	227.14	2.16	6.92	5.88	265.53
Disposals/Adjustments	-	-	(0.83)	(6.54)	-	(0.55)	(1.02)	(8.94)
Effect of foreign currency exchange differences	-	0.01	0.14	0.66	0.01	0.08	-	0.90
Balance at March 31, 2017	**-**	**2.75**	**41.70**	**450.33**	**4.00**	**12.60**	**10.39**	**521.77**
Depreciation expenses (note v & viii)	-	1.46	23.34	259.91	2.61	7.94	6.52	301.78
Disposals/Adjustments	-	(0.01)	(0.03)	(12.72)	(0.02)	(0.13)	(3.19)	(16.10)
Effect of foreign currency exchange differences	-	0.10	1.71	10.22	0.13	0.37	0.02	12.55
Balance at March 31, 2018	**-**	**4.30**	**66.72**	**707.74**	**6.72**	**20.78**	**13.74**	**820.00**

	Freehold Land	Roads	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicle	Total
Carrying Amount								
Balance at April 1, 2016	353.26	51.53	615.04	2,942.46	16.68	18.95	15.33	4,013.25
Additions/Adjustments (Note v & viii)	0.39	2.92	68.88	451.94	3.49	10.41	8.96	547.01
Disposals/Adjustments	-	-	(0.96)	(3.77)	(0.02)	(0.18)	(1.34)	(6.27)
Depreciation expenses (Note v & viii)	-	(2.05)	(21.38)	(227.14)	(2.16)	(6.92)	(5.88)	(265.53)
Effects of foreign currency exchange differences	1.02	0.51	6.84	22.20	0.12	0.07	0.03	30.79
Balance at March 31, 2017	**354.67**	**52.91**	**668.41**	**3,185.69**	**18.12**	**22.34**	**17.11**	**4,319.25**
Additions/Adjustments (Note v & viii)	-	4.16	63.80	835.85	3.30	10.99	13.70	931.80
Disposals/Adjustments	(0.26)	(0.21)	(1.70)	(28.55)	(0.04)	(0.47)	(1.81)	(33.04)
Depreciation expenses (Note v & viii)	-	(1.46)	(23.34)	(259.91)	(2.61)	(7.94)	(6.52)	(301.78)
Effects of foreign currency exchange differences	4.23	1.12	17.59	65.11	0.27	0.20	0.03	88.55
Balance at March 31, 2018	**358.64**	**56.52**	**724.76**	**3,798.19**	**19.04**	**25.12**	**22.51**	**5,004.78**

Notes:

(i) Borrowing cost capitalised to capital work in progress during the year ₹ 31.25 Crores (2017: 11.85 Crores).

(ii) The deed of assignment in respect of freehold at Manali, Chennai has been executed in respect of 135.02 acres (2017: 135.02 acres). In addition to aforesaid extent, 1.47 acres were handed over to SRF limited under a land delivery receipt. In the previous year the Company has sold 1.03 acres of land. Thus, the Company is in possession of 135.46 acres of industrial land at Manali, Chennai.

(iii) Conveyancing of buildings and other superstructures located at group's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp duty matter (Refer note 33).

(iv) Out of the Industrial Free hold land measuring 32.41 acres at the group's plant in Gummidipoondi, the group does not have clear title to 2.43 acres.

(v) Capital expenditure incurred during the year includes ₹ 16.03 Crores (2017 - ₹ 65.27 Crores) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 43(a) below.

(vi) Capital work in progress includes pre-operative expenses of ₹ 20.13 Crores (2017:₹ 6.35 Crores)

(vii) Refer to note 18.1 for information on PPE pledged as security by the group.

(viii) Refer to note 43 (c) for additions/deletions on account of exchange difference during the year.

(All amounts in ₹ Crores, unless otherwise stated)

5 Goodwill

	As at March 31, 2018	As at March 31, 2017
Cost	**4.91**	4.91
Accumulated impairment losses	**(0.83)**	-
	4.08	4.91
Cost		
Balance at April 1, 2016	**4.91**	
Additions	**-**	
Disposals	**-**	
Balance at March 31, 2017	**4.91**	
Additions	**-**	
Disposals	**-**	
Balance at March 31, 2018	**4.91**	
Accumulated Impairment losses		
Balance at April 1, 2016	**-**	
Additions	**-**	
Disposals	**-**	
Balance at March 31, 2017	**-**	
Additions	**0.83**	
Disposals	**-**	
Balance at March 31, 2018	**0.83**	

Allocation of goodwill to cash generating units (CGU):

Goodwill has been allocated for impairment testing purposes to the following cash generating units.

- SRF Industex Belting Proprietary Limited (Technical textile unit)
- SRF Industries Thailand Limited (Technical textile unit)
- Engineering plastics units
- Industrial yarn unit

For impairment testing the carrying amount of goodwill was allocated to cash generating units as follows:

	As at March 31, 2018	As at March 31, 2017
SRF Industex Belting Proprietary Limited (Technical textile unit)	**-**	0.83
SRF Industries Thailand Limited (Technical textile unit)	**2.67**	2.67
Engineering plastics units	**0.79**	0.79
Industrial yarn unit	**0.62**	0.62
	4.08	**4.91**

SRF Industex Belting Proprietary Limited (Technical textile unit)

The recoverable amount of this CGU was determined based on a value in use calculation which use cash flow projections based on financial budget approved by the directors of the group covering a five year period and a discount rate of 10% per annum in last year.

(All amounts in ₹ Crores, unless otherwise stated)

The Board of Directors of SRF Industex Belting Pty. Limited (SRFIB), a wholly owned step down subsidiary of the company had decided to close its operations in its Board Meeting held on October 16, 2017. Consequently, plant operations were closed on December 15, 2017 and all employee dues were settled by December 16, 2017. Due to this course of action, there are no estimated future cash flows from the relevant CGU, resulting impairment of goodwill of the CGU in the current year.

SRF Industries Thailand Limited (Technical textile unit)
The recoverable amount of this CGU is determined based on a value in use calculation which use cash flow projections based on financial budget approved by the directors of the group covering a five year period and a discount rate of 10% per annum (2017: 10%). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. Basis on the above impairment testing, no impairment losses have been recognised.

Engineering plastics units
The recoverable amount of this CGU is determined based on a value in use calculation which use cash flow projections based on financial budget approved by the directors of the Company covering a five year period and a discount rate of 10% per annum (2017: 10%). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period.

Basis on the above impairment testing, no impairment losses have been recognised.

Industrial yarn unit
The recoverable amount of this CGU is determined based on a value in use calculation which use cash flow projections based on financial budget approved by the directors of the Company covering a five year period and a discount rate of 10% per annum (2017: 10%). Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period.Basis on the above impairment testing, no impairment losses have been recognised.

6 Other Intangible Assets

	As at March 31, 2018	As at March 31, 2017
Trade Marks/Brands	**64.22**	67.59
Technical Knowhow	**40.82**	0.84
Software	**7.35**	7.83
Others	**0.34**	4.49
	112.73	**80.75**

	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
Cost					
Balance at April 1, 2016	75.74	2.98	15.13	18.88	112.73
Additions / Adjustments*	(0.53)	-	5.07	(0.14)	4.40
Disposals	-	-	-	-	-

	Trade Marks/ Brands	Technical Knowhow	Software	Others	Total
Balance at March 31, 2017	**75.21**	**2.98**	**20.20**	**18.74**	**117.13**
Additions/Adjustments*	0.04	41.55	4.42	-	46.01
Disposals	-	-	(0.08)	-	(0.08)
Balance at March 31, 2018	**75.25**	**44.53**	**24.54**	**18.74**	**163.06**
Accumulated amortisation and impairment					
Balance at April 1, 2016	4.01	1.07	6.43	6.96	18.47
Amortisation expenses	3.61	1.07	5.94	7.29	17.91
Disposals	-	-	-	-	-
Balance at March 31, 2017	**7.62**	**2.14**	**12.37**	**14.25**	**36.38**
Amortisation expenses	3.41	1.57	4.89	4.15	14.02
Disposals	-	-	(0.07)	-	(0.07)
Balance at March 31, 2018	**11.03**	**3.71**	**17.19**	**18.40**	**50.33**
Carrying Amount					
Balance at April 1, 2016	71.73	1.91	8.70	11.92	94.26
Additions/Adjustments*	(0.53)	-	5.07	(0.14)	4.40
Disposals	-	-	-	-	-
Amortisation expenses	(3.61)	(1.07)	(5.94)	(7.29)	(17.91)
Balance at March 31, 2017	**67.59**	**0.84**	**7.83**	**4.49**	**80.75**
Additions/Adjustments*	0.04	41.55	4.42	-	46.01
Disposals	-	-	(0.01)	-	(0.01)
Amortisation expenses	(3.41)	(1.57)	(4.89)	(4.15)	(14.02)
Balance at March 31, 2018	**64.22**	**40.82**	**7.35**	**0.34**	**112.73**

* Refer to note 43 (c) for additions/deletions on account of exchange difference during the year.

7 Investments

	As at March 31, 2018	As at March 31, 2017
Non-current		
Investment in equity instruments	**0.12**	0.12
Other Investments	**-**	25.00
	0.12	**25.12**
Current		
Investment in mutual funds	**94.07**	146.36
Other Investments	**27.63**	24.40
	121.70	**170.76**
Aggregate value of unquoted investments	**27.75**	49.52
Aggregate value of unquoted mutual funds	**94.07**	146.36
Aggregate value of dimunation other than temporary, in value of investments.	**4.34**	4.34

(All amounts in ₹ Crores, unless otherwise stated)

7.1 Investment in equity instruments at fair value through other comprehensive income

	As at March 31, 2018		As at March 31, 2017	
	Number	Amount	Number	Amount
Unquoted investments (Non-current)				
Equity shares of ₹ 10 each fully paid up of Malanpur Captive Power Limited	**42,21,535**	**4.22**	42,21,535	4.22
Less : Provision for Diminution in value		**(4.22)**		(4.22)
Equity Share of ₹ 10 Each Vaayu Renewable Energy (Tapti) Private Limited	**50,000**	**0.05**	50,000	0.05
Equity Shares of ₹ 10 Each Suryadev Alloys & Power Private Limited	**4,000**	**0.06**	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 :Provision for Diminution in value	**-**	**(0.12)**		(0.12)
Equity shares of ₹ 0.19 each fully paid up of OPGS Power Gujarat Private Limited	**4,75,000**	**0.01**	4,75,000	0.01
		0.12		0.12

7.2 Investment in mutual funds

	As at March 31, 2018		As at March 31, 2017	
	Number	Amount	Number	Amount
Unquoted Investments (Current)				
Investments at Fair Value Through Profit and Loss				
ICICI Prudential P1543 Saving Fund-Growth Plan	**36,12,365**	**94.07**	36,12,365	88.34
Religare Invesco Credit Opportunities Fund-Growth Plan	**-**	**-**	3,12,529	58.02
		94.07		**146.36**

7.3 Other Investments

	As at March 31, 2018		As at March 31, 2017	
	Number	Amount	Number	Amount
Unquoted Investments (Non Current)				
Non convertible debentures of Rs.1,00,000 each of Reliance Capital Limited	**-**	**-**	2,500	25.00
		-		**25.00**
Unquoted Investments (Current)				
Commercial papers of Reliance Infrastructure Limited	**-**	**-**	-	24.40
Non convertible debentures of Rs.1,00,000 each of Reliance Capital Limited	**2,500**	**27.63**	-	-
		27.63		**24.40**

(All amounts in ₹ Crores, unless otherwise stated)

8 Loans

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Loans to Employees	**6.97**	6.70
Security Deposits	**23.86**	35.64
Others		
- Considered Good	**-**	-
- Considered Doubtful	**0.15**	0.15
Less : Provision for Doubtful Loans	**(0.15)**	(0.15)
	30.83	**42.34**
Current		
Loans to Employees	**5.81**	5.99
Security Deposits	**9.32**	8.27
Others		
- Considered Good	**-**	-
- Considered Doubtful	**2.74**	2.74
Less : Provision for Doubtful Loans	**(2.74)**	(2.74)
	15.13	**14.26**

9 Deferred Tax Balances

The following is the analysis of deferred tax assets(liabilities) presented in balance sheet.

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	**296.26**	222.86
Deferred tax liabilities	**(587.64)**	(506.86)
Total	**(291.38)**	**(284.00)**
Net Deferred tax asset after set off	**-**	**2.60**
Net Deferred tax liabilities after set off	**291.38**	**286.60**

2017-18	Opening Balance	Recognised in P&L	Recognised in OCI	FCTR for the year	Closing Balance
Deferred tax assets					
Expenses deductible in future years	14.14	-	-	0.04	14.18
Provision for doubtful debts / advances	2.48	(1.82)	-	0.11	0.77
MAT Credit Entitlement	154.32	88.91	-	-	243.23
Unabsorbed carried forward losses	32.30	(16.70)	-	2.36	17.96
Others	19.62	(1.49)	-	1.99	20.12
	222.86	**68.90**	**-**	**4.50**	**296.26**
Deferred tax liabilities					
Property plant & equipment and intangible assets	(495.45)	(80.49)	-	(8.31)	(584.25)
Investment in mutual funds	(4.77)	(1.23)	-	-	(6.00)
Cash flow hedges	(5.57)	-	9.33	-	3.76
Others	(1.07)	(0.08)	-	-	(1.15)
	(506.86)	**(81.80)**	**9.33**	**(8.31)**	**(587.64)**
Total	**(284.00)**	**(12.90)**	**9.33**	**(3.81)**	**(291.38)**

2016-17	Opening Balance	Recognised in P&L	Recognised in OCI	FCTR for the year	Closing Balance
Deferred tax assets					
Expenses deductible in future years	12.38	1.64	-	0.12	14.14
Provision for doubtful debts / advances	2.55	(0.22)	-	0.15	2.48
MAT Credit Entitlement	95.43	58.89	-	-	154.32
Unabsorbed carried forward losses	1.94	27.18	-	3.18	32.30
Others	17.40	0.88	-	1.34	19.62
	129.70	**88.37**	**-**	**4.79**	**222.86**
Deferred tax liabilities					
Property plant & equipment and intangible assets	(379.56)	(110.43)	-	(5.46)	(495.45)
Investment in mutual funds	(1.05)	(3.72)	-	-	(4.77)
Cash flow hedges	(0.30)	-	(5.27)	-	(5.57)
Others	(1.12)	0.07	-	(0.02)	(1.07)
	(382.03)	**(114.08)**	**(5.27)**	**(5.48)**	**(506.86)**
Total	**(252.33)**	**(25.71)**	**(5.27)**	**(0.69)**	**(284.00)**

Notes:

(a) At March 31, 2018, there was no recognised deferred tax liability (March 31, 2017: 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.

(b) There are capital losses of ₹ 277.45 Crores (March 31, 2017 : ₹ 286.27 Crores) on which no deferred tax asset has been created due to lack of probability of future capital gains against which such deferred tax assets can be realised. These capital losses would expire upto financial year ending March 31, 2023.

10 Other Financial Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
Current		
Derivatives designated and effective as hedging instruments carried at fair value through Profit & loss account		
- Foreign currency forward contracts designated in hedge accounting relationships	**1.44**	5.60
Derivatives designated and effective as hedging instruments carried at fair value through Other comprehensive income		
- Foreign currency forward contracts designated in hedge accounting relationships	**4.55**	11.30
- Interest rate swaps designated in hedge accounting relationships	**7.05**	4.80
Insurance Claim recoverable	**31.34**	30.12
Others	**3.25**	5.25
	47.63	**57.07**

11 Other Assets

(unsecured and considered good, unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Capital Advances	**61.83**	38.79
Prepaid expenses	**0.04**	0.10
Cenvat/Service tax/Goods and Services Tax/sales tax recoverable	**27.63**	19.59
Prepaid lease*	**94.37**	92.83
Claims recoverable (post EPCG scheme and others)	**17.65**	6.63
Total other non-current assets	**201.52**	**157.94**
Current		
Prepaid expenses	**12.39**	8.48
Cenvat/Service tax/Goods and Services Tax/sales tax recoverable	**303.02**	116.61
Export Incentives Recoverable	**88.38**	55.52
Deposits with customs and excise authorities	**7.12**	7.64
Advance to suppliers	**82.56**	37.48
Prepaid lease*	**1.28**	1.35
Others	**17.65**	9.20
Total other current assets	**512.40**	**236.28**

* The execution of lease deed of land in respect of 919370 sq. mtrs. (2017 : 911336 sq. mtrs) of leasehold land allotted to the group by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

12 Inventories

(Lower of cost and net realisable value)

	As at March 31, 2018	As at March 31, 2017
Raw material	**481.95**	414.41
Stock in progress	**110.97**	101.45
Finished goods	**194.96**	181.82
Stores and spares	**166.29**	138.59
Traded goods	**4.01**	1.87
	958.18	**838.14**
Included above, goods-in-transit:		
Raw material	**174.61**	152.19
Stock in progress	**0.08**	1.04
Finished goods	**31.20**	13.30
Stores and spares	**0.05**	0.19
	205.94	**166.72**

Notes

(i) The cost of inventories recognised as an expense during the year is ₹ 4539.41 Crores (2017: ₹ 3806.83 Crores)

(ii) The cost of inventories recognised as an expense includes ₹ 1.87 Crores (2017: ₹ 2.64 Crores) in respect of write-downs of inventory to net relisable value.

(iii) Refer to Note 18.1 for information on inventories pledged as security by the group

(iv) The method of valuation of inventory has been stated in note 2.12

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

13 Trade Receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	**680.65**	656.89
Unsecured, considered doubtful	**15.83**	15.15
Less: Allowance for doubtful debts	**(15.83)**	(15.15)
	680.65	**656.89**

Notes

(i) The credit period generally allowed on sales varies, on case to case basis, business to business, based on market conditions. Maximum credit period allowed is upto 120 days.

(ii) Age of receivables:

	As at March 31, 2018	As at March 31, 2017
Within the credit period	**512.80**	586.56
1 to 180 days past due	**166.47**	66.11
More than 180 days past due	**17.20**	19.37
	696.47	**672.04**

(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 31,2018 are of ₹ 437.72 Crores (March 31, 2017: ₹ 185.46 Crores). The Company have derecognized these receivables as it has transferred its contractual rights to the banks with substantially all the risks and rewards of ownership and retain no control over these receivables as the banks have the right to further sell and transfer these receivables with notice to the Company. Under these agreements, the banks have the right to serve notice of recovery to the Company only in the case of performance disputes.The Company is of view that there is no such condition of 'performance default' and therefore there would not be any recourse on the Company, accordingly these receivables have been netted off.

(iv) There are no major customer who represent more than 10% of the total balances of trade receivables.

14 Cash and Cash Equivalents

	As at March 31, 2018	As at March 31, 2017
Balances with Banks		
Current accounts	**52.97**	43.63
Savings account	**9.82**	35.35
Exchange Earners Foreign Currency (EEFC) accounts	**23.68**	8.04
Cash in hand	**0.54**	0.61
	87.01	**87.63**

(All amounts in ₹ Crores, unless otherwise stated)

15 Other Bank Balances

	As at March 31, 2018	As at March 31, 2017
Earmarked Balances		
- Margin money	**3.41**	2.17
- Unclaimed dividend accounts	**6.32**	6.32
	9.73	**8.49**

16 Share Capital

	As at March 31, 2018	As at March 31, 2017
Authorised share capital:		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of ₹ 10 each	**120.00**	120.00
10,00,000 (Previous Year - 10,00,000) Preference shares of ₹ 100 each	**10.00**	10.00
12,00,000 (Previous Year - 12,00,000) Cumulative Preference shares of ₹ 50 each	**6.00**	6.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference shares of ₹ 100 each	**200.00**	200.00
	336.00	**336.00**
Issued share capital:		
6,14,77,255 (Previous Year - 6,14,77,255) Equity Shares of ₹ 10 each	**61.48**	**61.48**
Subscribed capital:		
5,74,20,500 (Previous Year - 5,74,20,500) Equity Shares of ₹ 10 each fully paid up	**57.42**	57.42
Add: Forfeited shares - Amount originally paid up	**1.02**	1.02
	58.44	**58.44**

16.1 Fully paid equity shares

	Number of shares	Amount
Balance at March 31, 2016	5,74,20,500	57.42
Add / Less: Movement during the year	-	-
Balance at March 31, 2017	5,74,20,500	57.42
Add / Less: Movement during the year	-	-
Balance at March 31, 2018	**5,74,20,500**	**57.42**

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 group 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.

(All amounts in ₹ Crores, unless otherwise stated)

During the year ended March 31, 2018, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 12 per share (2017 : ₹ 12 per share).

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

The company has bought back Nil Equity shares in aggregate in last five financial years.

16.2 Details of shares held by the holding company

	Number of fully paid ordinary shares
As at March 31, 2018	
KAMA Holdings Limited, the Holding group	3,00,49,000
As at March 31, 2017	
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, 2018		As at March 31, 2017	
	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**	**52.33%**	3,00,49,000	52.33%
Amansa Holding Private Limited	**44,42,241**	**7.74%**	37,29,559	6.50%
DSP Blackrock Mutual fund (Throgh various schemes)	**29,51,511**	**5.14%**	22,93,789	3.99%

17 Other Equity

	As at March 31, 2018	As at March 31, 2017
General reserve	**573.77**	523.77
Retained earnings	**2,643.41**	2,340.75
Cash flow hedging reserve	**(6.81)**	10.54
Capital redemption reserve	**10.48**	10.48
Capital reserve	**193.77**	193.77
Debenture redemption reserve	**75.00**	50.00
Foreign currency translation reserve	**20.69**	(0.87)
Reserve for equity instruments through other comprehensive income	**(4.22)**	(4.22)
	3,506.09	**3,124.22**

17.1 General reserve

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**523.77**	523.77
Transfer from Debenture redemption reserve	**50.00**	-
Balance at end of year	**573.77**	**523.77**

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.

17.2 Retained earnings

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**2,340.75**	1,908.28
Profit for the year	**461.71**	514.99
Other comprehensive income arising from measurement of defined benefit obligation*	**(1.12)**	0.41
Payment of dividend on equity shares	**(68.90)**	(68.90)
Corporate tax on dividend	**(14.03)**	(14.03)
Transfer to Debenture Redemption Reserve	**(75.00)**	-
Balance at end of year	**2,643.41**	**2,340.75**

The amount that can be distributed as dividend by the parent to its equity shareholders is determined based on the seperate financial statements of the parent and also considering the requirements of the Companies Act, 2013.The amounts reported above are not distributable in entirety.

* net of income tax of ₹ 0.29 crore (2017: ₹ 0.13 crore)

17.3 Cash flow hedging reserve

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**10.54**	0.58
Recognized/(reclassed) during the year	**(26.68)**	15.23
Income tax related to above	**9.33**	(5.27)
Balance at end of year	**(6.81)**	**10.54**

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, 2018	As at March 31, 2017
Balance at beginning of year	**10.48**	10.48
Movement	**-**	-
Balance at end of year	**10.48**	**10.48**

(All amounts in ₹ Crores, unless otherwise stated)

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.

17.5 Capital reserve

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**193.77**	193.77
Movement	**-**	-
Balance at end of year	**193.77**	**193.77**

17.6 Debenture redemption reserve

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**50.00**	50.00
Transfer to general reserve	**(50.00)**	-
Transfer from retained earnings	**75.00**	**-**
Balance at end of year	**75.00**	**50.00**

The group has issued non convertible debentures and as per the provisions of the 2013 Act ,it is required to create debenture redemption reserve out of the profits available for payment of dividend.

17.7 Reserve for equity instruments through other comprehensive income

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	**(4.22)**	-
Net fair value gain on investment in equity instruments at FVTOCI	**-**	(4.22)
Balance at end of year	**(4.22)**	**(4.22)**

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, 2018	As at March 31, 2017
Balance at beginning of year	**(0.87)**	17.66
Exchange differences arising on translation of foreign operations	**21.56**	5.07
Foreign currency translation reserve on liquidation of subsidiary	**-**	(23.60)
Balance at end of year	**20.69**	**(0.87)**

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. Rs.) 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 Profit and loss on disposal of foreign operation.

18 Borrowings

	As at March 31, 2018	As at March 31, 2017
Non-current		
Secured		
3,000 Nos., 7.33% (2017: 2,000 Nos., 9.8%), listed, secured Redeemable Non-convertible Debentures of ₹ 10 lakhs each [1]*	**299.75**	199.92
Term Loans from banks [2]*	**1,505.15**	1,084.27
Term Loans from Others [3]*	**473.42**	541.48
Less: Current maturities of non-current borrowings	**(383.80)**	(418.78)
	1,894.52	**1,406.89**
Unsecured		
Deferred payment liabilities	**12.74**	24.97
	12.74	**24.97**
	1,907.26	**1,431.86**
* Above amount of borrowings are net of upfront fees paid ₹ 9.87 Crores (March 31, 2017 - ₹ 8.48 Crores)		
Current		
Secured		
Cash credits from banks [4(i)]	**94.99**	22.14
Term loans from banks [4 (ii)]	**104.75**	227.33
	199.74	**249.47**
Unsecured		
Cash credits from banks	**29.98**	-
Term loans from banks*	**621.06**	296.10
	651.04	**296.10**
	850.78	**545.57**

* Includes ₹ 100 Crores (As on March 31, 2017 - Nil) for Commercial Paper issued by the group. The maximum amount due during the year is ₹ 300.00 Crores (2017-18 - ₹ 125.00 Crores)

There have been no breach of covenants mentioned in the loan agreements during the reporting periods.

18.1 Details of security of the secured loans:

	Details of Loan	As at March 31, 2018	As at March 31, 2017	Security
1	Nil (Previous Year –2,000), 9.80%, Listed, Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each **Terms and conditions** a) Redeemable at face value in one single installment at the end of 3rd year from the date of allotment. b) Coupon is payable Semi-annually on 25th March and 25th September every year.	**-**	200.00	Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition, these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh, Pantnagar, Kashipur in the State of Uttarakhand and Dahej in the State of Gujarat (excluding certain assets) and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.
	3,000 (Previous Year –Nil), 7.33%, Listed, Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each **Terms and conditions** 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.	**300.00**	-	Debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh, Pantnagar, Kashipur in the State of Uttarakhand and Dahej in the State of Gujarat (excluding certain assets) and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.
2	(i) Term loan from Banks	**1192.84**	745.50	(a)(i) Out of the loans as at 2(i), loans aggregating to ₹ 1029.95 Crores (Previous Year – ₹ 518.73 Crores) are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Special Economic Zone, Indore in the State of Madhya Pradesh and Kashipur, Pantnagar in the State of Uttarakhand and Dahej in the State of Gujarat (save and except certain assets).

Details of Loan	As at March 31, 2018	As at March 31, 2017	Security
			Out of the loans as at 2(i)(a)(i), loans aggregating to ₹ 162.89 Crores (Previous Year – ₹ 226.77 Crores) are to be additionally secured by hypothecation of Company's moveable properties both present and future, at Dahej in the State of Gujarat (save and except certain assets). (a)(ii) Out of the loans as at 2(i) loans aggregating to ₹ 1192.84 Crores (Previous Year – ₹ 745.50 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. Out of the loans as at 2(i)(a)(ii) loans aggregating to ₹ 1144.34 Crores (Previous Year – ₹ 695.50 Crores) are additionally secured by equitable Mortgage of Company's immoveable properties, both present and future, situated at Jhiwana in the State of Rajasthan. Out of the loans as at 2(i)(a)(ii) loans aggregating to ₹ 426.06 Crores (Previous Year – ₹ 546.48 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). Out of the loans as at 2(i)(a)(ii), the term loans aggregating to: a) ₹ 36.32 Crores (Previous Year – ₹ 76.02 Crores) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu, Special Economic Zone, Indore in the State of Madhya Pradesh and at Pantnagar in the state of Uttarakhand. (b) ₹ 48.50 Crores (Previous Year – ₹ 50.00 Crores) are to be further 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	**260.62**	258.20	Term loan in SRF Global BV of USD 40 million (Previous Year- USD 40 million) is secured by a Standby Documentary Credit of USD 40.50 million issued by The HongKong & Shanghai Banking Corporation Limited, India which is to be secured by an equitable mortgage of the immoveable properties of SRF Limited in Manali in the State of Tamil Nadu.
(iii) Term loans from Banks	**58.63**	84.23	Term loans from banks aggregating to ₹ 58.63 Crores (Previous Year – ₹ 84.23 Crores) are secured by hypothecation of Company's certain moveable assets situated at Dahej in the State of Gujarat.

		Details of Loan	As at March 31, 2018	As at March 31, 2017	Security
3	(i)	Term loan from others	**98.19**	136.06	Term loan in SRF Industries (Thailand) Limited of USD 45 million from International Finance Corporation, Washington is secured by pledge of that company's machineries and by mortgage on that company's land and building
	(ii)	Term loans from Others	**117.28**	149.02	Term loan in SRF Flexipak (South Africa) (Pty) Limited of USD 40 million from International Finance Corporation, Washington is secured by continuing coverage mortgage bond over the land and general notarial bond over the property of that company.
	(iii)	Term loans from others	**260.62**	259.16	Loan of ₹ 260.62 Crores (Previous Year – ₹ 259.16 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	**94.99**	22.14	Secured by hypothecation of stocks, stores and book debts (current assets), both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.
	(ii)	Term loan from banks	**104.75**	227.33	
			2487.92	**2081.64**	

Such hypothecation and equitable mortgage rank pari-passu between term loans from banks / other (save and except hypothecation of certain movable assets at Dahej in the State of Gujarat in favour of a bank as at 2(iii) above and hypothecation and equitable mortgage of certain moveable and immovable assets at Dhar in the State of Madhya Pradesh in favour of others as at 3 above)

(All amounts in ₹ Crores, unless otherwise stated)

18.2 Terms of repayment of loan

Non Current Borrowings

Loan Category	Frequency of principal repayments	Interest rate	Up to March 31, 2019	Up to March 31, 2020	Up to March 31, 2021	From 2022 to 2027
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	8.60% to 11.00%	9.81	4.97	5.00	38.50
	Quarterly Instalment	7.05%	0.30	25.05	49.80	74.70
Foreign currency term loans	Quarterly	0.94%	-	-	63.56	340.01
	Half yearly instalments	Libor plus interest rate spread ranging from 1.30% to 1.85%	194.01	233.11	152.02	175.94
	One instalment a year	Libor plus interest rate 1.60%	32.58	-	-	-
	Bullet	Fixed 0.05% to Libor plus interest rate spread of 2.25%	149.86	162.89	260.62	15.00
			386.56	**426.02**	**831.00**	**644.15**

Current Borrowings

Short term borrowings are payable in one installment within one year. For short term borrowings in foreign currency, interest rates range from Euribor +15 bps to Euribor +18 bps & from LIBOR to LIBOR +50 bps. For rupee denominated short term loans taken during the year interest rate is at 6.28% to 8.25%.

19 Provisions

	As at March 31, 2018	As at March 31, 2017
Non-Current		
Provision for employee benefits		
Provision For Leave encashment	**23.52**	21.19
Provision For Retention pay	**8.33**	1.20
Other employee benefits	**1.52**	7.31
	33.37	**29.70**
Current		
Provision for employee benefits		
Provision For Leave encashment	**4.51**	5.22
Provision For Retention pay	**0.09**	1.01
	4.60	**6.23**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ Crores, unless otherwise stated)

20 Trade Payables

	As at March 31, 2018	As at March 31, 2017
Outstanding dues to Micro and Small enterprises #	**19.35**	7.45
Outstanding dues to parties other than Micro and Small enterprises	**1024.89**	801.45
	1,044.24	**808.90**

Refer note 20.1

20.1 Dues To micro, small and medium enterprises

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

	As at March 31, 2018	As at March 31, 2017
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	**42.40**	21.49
- Interest due thereon	**0.70**	0.19
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	**31.60**	28.04
- Interest actually paid under section 16 of MSMED	**-**	-
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	**0.38**	0.51
Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	**1.08**	0.70
- Interest remaining unpaid as at the end of the year	**2.19**	1.11
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	**1.08**	0.70

21 Other Financial Liabilities

	As at March 31, 2018	As at March 31, 2017
Current		
Current maturities of long term debt	**383.80**	418.78
Interest accrued	**25.08**	8.85
Unpaid dividends*	**6.32**	6.32
Security deposits	**6.27**	6.16
Payables to capital creditors		
Outstanding dues to Micro and Small enterprises #	**25.24**	15.15
Outstanding dues to parties other than Micro and Small enterprises	**76.24**	68.32
Foreign currency forward contracts designated in hedge accounting relationships	**0.36**	-
Others	**0.28**	0.57
Total other financial liabilities	**523.59**	**524.15**

* Will be credited to investor education and protection fund if not claimed within seven years from the date of issue of dividend/interest warrant and the date the fixed deposits have matured.
# Refer note 20.1

22 Tax Assets and Liabilities

	As at March 31, 2018	As at March 31, 2017
Current tax assets		
Taxes paid (Net) - Current	**17.71**	9.92
Current tax liablities		
Income tax payable (net)	**10.53**	13.61

23 Other Liabilities

	As at March 31, 2018	As at March 31, 2017
Non-current		
Deferred government grants*	**34.26**	29.92
	34.26	**29.92**
Current		
Advances received from customers	**33.12**	28.96
Statutory remittances	**30.13**	34.78
Other taxes payables	**28.47**	41.25
Gratuity	**6.75**	6.24
Deferred government grants*	**-**	0.50
	98.47	**111.73**

* The Company has recognized grant in respect of duty paid on procurement of capital goods under EPCG scheme of Central Government which allows refund of the such duty in the form of freely transferable duty credit scrips of upon meeting of requisite export obligation. The Company expects to meet its export obligations in future years. Export obligation as on March 31, 2018 is ₹ 145.68 Crores (Previous Year - ₹ 104.93 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 Group has received a Manufacturing Investment Programme ("MIP") grant from the Department of Trade and Industry ("DTI") South Africa for costs incurred in the construction of its manufacturing assets. There are no unfulfilled conditions or contingencies attached to these grants. In the current year the Board of Directors of SRF Industex Belting Pty. Limited (SRFIB), a wholly owned step down subsidiary of the company had decided to close its technical textile business operations, thus the balance unamortised deferred government grant has been recognised in profit and loss statement.

The unamortized grant amount as on March 31, 2018 is ₹ 34.26 Crores (March 31, 2017: ₹ 30.42 Crores). The group recognised ₹ 6.38 Crores (2017: ₹ 2.10 Crore) in the statement of profit & loss account as amortisation of grant.

(All amounts in ₹ Crores, unless otherwise stated)

24 Revenue from Operations

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)*		
Manufactured goods	**5,537.24**	4,980.22
Traded goods	**69.41**	73.96
	5,606.65	**5,054.18**
Other operating revenues		
Claims	**1.89**	0.94
Export incentives	**45.70**	44.69
Scrap sales	**19.58**	10.62
Other operating income	**11.05**	26.16
	78.22	**82.41**
	5,684.87	**5,136.59**

* Consequent to introduction of Goods and Services Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard-18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly, the figures for the periods upto June 30, 2017 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding.

		Year ended March 31, 2018	Year ended March 31, 2017
A.	Sale of products	**5,606.65**	5,054.18
B.	Excise duty on sale of goods	**95.83**	314.79
C.	Sale of products excluding excise duty [A-B]	**5,510.82**	**4,739.39**

25 Other Income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Income*		
- from customers	**0.09**	0.60
- on loans and deposits	**0.91**	1.31
- on others	**2.86**	3.10
Other non-operating income	**21.05**	24.72
Other gains and losses		
Net gain on sale/discarding of property, plant and equipment	**0.58**	-
Net gain on financial assets measured at FVTPL	**9.95**	13.32
Net currency exchange fluctuation gains	**46.32**	27.55
Grant income	**6.38**	2.10
Provision / Liabilities no longer required written back	**26.98**	0.31
	115.12	**73.01**

* pertains to assets at amortised cost

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

26.1 Cost of Materials Consumed

	Year ended March 31, 2018	Year ended March 31, 2017
Opening stock of raw materials	**414.41**	290.06
Add: Purchases of raw materials	**3,083.24**	2,513.52
	3,497.65	2,803.58
Less: Closing stock of raw materials	**481.95**	414.41
Cost of materials consumed	**3,015.70**	**2,389.17**

26.2 Purchases of Stock in Trade

	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of Stock in Trade	**47.40**	51.07
	47.40	**51.07**

26.3 Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade

	Year ended March 31, 2018	Year ended March 31, 2017
Inventories at the end of the year:		
Stock-in-Process	**110.97**	101.45
Finished goods	**194.96**	181.82
Traded goods	**4.01**	1.87
Less: Excise duty on finished goods	**-**	(14.30)
	309.94	**270.84**
Effect of changes in exchange currency rates		
Stock-in-Process	**3.31**	0.96
Finished goods	**4.69**	0.99
	8.00	**1.95**
Inventories at the beginning of the year:		
Stock-in-Process	**101.45**	77.08
Finished goods	**181.82**	181.63
Traded goods	**1.87**	2.64
Less: Excise duty on finished goods	**(14.30)**	(13.89)
	270.84	**247.46**
Net (Increase) / Decrease	**(31.10)**	**(21.43)**

27 Employee Benefits Expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages, including bonus	**398.59**	361.80
Contribution to provident and other funds	**28.03**	27.15
Workmen and staff welfare expenses	**47.42**	44.85
	474.04	**433.80**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ Crores, unless otherwise stated)

28 Finance Cost

	Year ended March 31, 2018	Year ended March 31, 2017
Interest cost*	**102.59**	84.24
Other borrowing costs	**15.21**	14.85
Exchange differences regarded as an adjustment to borrowing costs	**6.09**	2.68
	123.89	**101.77**

* Includes unwinding of deferred payment liabilty and pertains to liability at amotized cost

29 Depreciation and Amortisation Expense

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	**301.78**	265.53
Amortisation of intangible assets	**14.02**	17.91
	315.80	**283.44**

30 Other Expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Bad debts / advances written off	**2.65**	0.56
Contract conversion charges	**2.56**	3.35
Directors' sitting fees	**0.19**	0.19
Expenditure on Corporate Social Responsibility	**5.00**	7.60
Fixed assets/inventory provided / written off	**6.48**	2.58
Freight	**209.11**	153.86
Insurance	**21.87**	18.55
Power and Fuel	**500.79**	417.80
Professional and legal charges	**34.00**	26.84
Provision for doubtful debts / advances	**0.37**	(0.40)
Rates and taxes	**7.98**	16.86
Rent	**29.43**	24.67
Repairs and Maintenance		
- Buildings	**4.91**	4.35
- Plant and machinery	**134.72**	123.41
- Other maintainces	**35.78**	34.10
Selling commission	**12.56**	9.74
Stores and Spares consumed	**55.00**	44.85
Travel	**18.16**	20.10
Auditor Remuneration#		
- Audit Fees	**1.17**	1.04
- For limited review of unaudited financial results	**0.56**	0.67
- For Corporate governance, consolidated financial statements and other certificates	**0.15**	0.17
- For tax audit	**0.24**	0.23
- Reimbursement of out of pocket expenses	**0.07**	0.02
Miscellaneous expenses	**93.01**	88.66
	1,176.76	**999.80**

#including fees paid to auditors of Subsidiary Companies

31 Income Tax Recognised in Profit and Loss

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
In relation to current year	**109.52**	116.49
In relation to earlier years	**(2.46)**	-
	107.06	**116.49**
Deferred tax		
In relation to current year		
MAT credit	**(49.17)**	(58.89)
Others	**96.55**	84.60
In relation to earlier years		
MAT credit*	**(39.74)**	-
Others	**5.26**	-
	12.90	**25.71**
	119.96	**142.20**

The income tax expenses for the year can be reconciled to the accounting profits as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax	**581.67**	**657.19**
Income Tax Expense @ 34.608% (2017: 34.608%)	**201.31**	227.44
Weighted deduction under section 35(2AB) and 80-IA	**(36.70)**	(36.38)
Investment allowance on plant and machinery	**-**	(22.39)
Effect of expenses that are not deductible in determining taxable profits	**1.04**	4.03
Effect of deduction under the tax laws	**(2.98)**	(4.43)
Effect of change in tax rates	**4.90**	-
Effect of income of overseas subsidiaries that is exempt from respective subsidiary's tax laws	**(4.19)**	(15.65)
Effect of lower tax rates in overseas subsidiaries	**(8.92)**	(10.21)
Effect of Deffered tax reversal in overseas subsidiaries	**2.69**	-
Others	**(0.25)**	(0.21)
Income tax expenses recognised in profit and loss in relation to current year	**156.90**	**142.20**
Income tax expenses recognised in profit and loss in relation to earlier years*	**(36.94)**	-
Total Income tax expenses recognised in profit and loss	**119.96**	142.20

The tax rate used for the current year reconciliation above is the corporate tax rate of 34.608% (2017: 34.608%) payable by Indian entities in India on taxable profits under the Indian tax law.

*This amount includes tax credit of ₹ 33.97 Crores which is related to finalization and determination of deduction claimed for earlier years of benefits as per Section 80-IA of the Income-tax Act, 1961, for generation of power from captive power plants which is based on court judgments, opinion from external tax experts, finalization of transfer pricing study and cost audit of the respective years.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ Crores, unless otherwise stated)

32 Income Tax Recognised in Other Comprehensive Income

	Year ended March 31, 2018	Year ended March 31, 2017
Arising on income and expense recognised in other comprehensive income		
Net gain on designated portion of hedging instruments in cash flow hedges	**9.33**	(5.27)
Remeasurement of defined benefit obligation	**0.29**	0.13
	9.62	**(5.14)**
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will be reclassified to profit or loss	**9.33**	(5.27)
Items that will not be reclassified to profit or loss	**0.29**	0.13
	9.62	**(5.14)**

33 Contingent Liabilities and Commitments

		As at March 31, 2018	As at March 31, 2017
a.	Claims against the group not acknowledged as debts :		
	Excise duty, custom duty and service tax*@	**22.94**	70.12
	Sales tax and entry tax (refer note 'b' below)**@	**63.19**	124.26
	Income Tax****	**8.58**	7.93
	Stamp Duty*****	**28.81**	28.81
	Others***	**0.94**	1.01

* Amount deposited ₹ 7.49 Crores (2017 : ₹ 8.60 Crores)

** Amount deposited ₹ 21.76 Crores (2017 : ₹ 12.39 Crores)

*** Amount deposited ₹ 0.08 Crore (2017 : ₹ 0.08 Crore)

**** Amount deposited ₹ 6.07 Crores (2017 : ₹ 6.48 Crores)

***** In the matter of acquisition of the Tyrecord Division at Malanpur from CEAT Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at ₹ 303.00 Crores and levied a stamp duty of ₹ 23.73 Crores and imposed a penalty of ₹ 5.09 Crores. The said demand was challenged before the Hon'ble High Court of Madhya Pradesh Bench at Gwalior. The Hon'ble High Court of Madhya Pradesh accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at ₹ 27.76 Crores and not the entire undertaking valued at ₹ 303.00 Crores as claimed by the State. Consequently, the Hon'ble High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal. Since then, the Department has filed appeal which has been admitted. Matter will be listed in due course.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of ₹ 20.64 Crores (2017 : ₹ 20.64 Crores) and ₹ 0.38 Crore (2017: Rs 0.38 Crore) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

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

b. The Company had received demand for payment of Central Sales Tax (CST), Value Added Tax (VAT) and Entry Tax aggregating to ₹ 123.11 Crores including interest and penalty of ₹ 34.38 Crores for the period 2004 to 2013 in respect of sales from its manufacturing facility in Special Economic Zone (SEZ) in Madhya Pradesh to Domestic Tariff Area (DTA). The Company had already paid on the same products ₹ 51.37 Crores as Additional Countervailing Duty (ACVD) to the Central Government. The Company had filed writ petitions against all such demands, on which the Hon'ble High Court of Madhya Pradesh ("Court") has granted stay.

In respect of such demands, the Company made representation to Government of Madhya Pradesh and its regulatory authorities, based on such representation the Company is allowed certain benefits and concessions in respect of such demand.

The Management is of view that the overall matter has been resolved and no material liability is likely to fructify on the Company.

c. The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty / service tax amounting to ₹ 23.51 Crores (2017 : ₹ 23.95 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.

d. Liability on account of bank guarantees of Rs.123.79 Crores (2017 : ₹ 120.13 Crores)

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. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

34 Capital and other commitments

		As at March 31, 2018	As at March 31, 2017
(i)	Estimated Amount of contracts remaining to be executed on capital account & not provided for	**140.82**	397.87

(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.

(iii) The Company has recognized grant in respect of duty paid on procurement of capital goods under EPCG scheme of Central Government which allows refund of the such duty in the form of freely transferable duty credit scrips of upon meeting of requisite export obligation. The Company expects to meet its export obligations in future years. Export obligation as on March 31, 2018 is ₹ 145.68 Crores (Previous Year - ₹ 104.93 Crores).

(All amounts in ₹ Crores, unless otherwise stated)

35 Related Party Transactions

35.1 Description of related parties

Holding Company	Key management personnel
KAMA Holdings Limited	Mr. Arun Bharat Ram
	Mr. Ashish Bharat Ram
	Mr. Kartik Bharat Ram
Fellow subsidiaries	Mr. K. Ravichandra*
KAMA Realty (Delhi) Limited	Mr. Vinayak Chatterjee
Shri Educare Limited	Mr. Tejpreet S Chopra
Shri Educare Maldives Private Limited	Mr. L.Laxshman
SRF Transnational Holdings Limited	Mr. Vellayan Subbiah
	Mr. Pramod Bhasin
	Ms. Meenakshi Gopinath
	Mr. Pramod Gopaldas Gujarathi**

Post Employment Benefit Plans Trust	Enterprises over which KMP have significant influence ^
SRF Welfare Trust	SRF Foundation
SRF Limited Officers Provident Fund Trust	Karm Farms LLP
SRF Employees Gratuity Trust	Srishti Westend Greens Farms LLP
SRF Officers Gratuity Trust	SRF Welfare Trust
	Statkraft BLP Solar Solutions Private Limited

* upto March 31, 2017

** from April 1, 2017

^ Only with whom the company has transaction during the year.

35.2 Transactions with related parties

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of property, plant & equipment and intangible assets from:		
Enterprises over which KMP have significant influence	**23.40**	-
	23.40	**-**
Rent paid		
Holding company	**6.72**	6.62
Key management personnel	**0.29**	0.29
Enterprises over which KMP have significant influence	**1.56**	1.47
	8.57	**8.38**
Reimbursement of expenses from		
Holding Company	**0.0051**	0.0045
Fellow Subsidiaries	**0.04**	0.04
	0.05	**0.05**

(All amounts in ₹ Crores, unless otherwise stated)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Loans / deposits given to (including exchange fluctuation)		
Fellow Subsidiaries	**0.05**	-
Enterprises over which KMP have significant influence	**0.05**	-
	0.10	**-**
Loans/deposits received back from		
Donations to		
Enterprises over which KMP have significant influence	**5.00**	7.60
	5.00	**7.60**
Contribution to post employment benefit plans		
Post employment benefit plans trust	**21.69**	16.94
	21.69	**16.94**

35.3 Outstanding Balances

	As at March 31, 2018	As at March 31, 2017
Commission Payable		
Key management personnel	**5.85**	5.85
	5.85	**5.85**
Payable		
Post employment benefit plans trust	**7.83**	5.76
	7.83	**5.76**
Security Deposits outstanding		
Fellow Subsidiaries	**3.39**	3.34
Key management personnel	**0.13**	0.13
Enterprises over which KMP have significant influence	**1.38**	1.34
	4.90	**4.81**

35.4 Key management personnel compensation

	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term benefits*	**14.84**	14.14
Post-employment benefits	**1.23**	1.09
Other long-term benefits	**0.30**	0.47
	16.37	**15.70**

* includes sitting fees and commission paid / payable to Non Executive Directors

(All amounts in ₹ Crores, unless otherwise stated)

36 Employee Benefits

36.1 Defined contribution plans:

Amounts recognized in the statement of profit and loss are as under:

Indian Entities	For the year ended March 31, 2018	For the year ended March 31, 2017
Superannuation fund (Refer to note (i) below)	**0.91**	0.72
Provident fund administered through Regional Provident Fund Commissioner (Refer to note (ii) below)	**9.46**	8.54
Employees' State Insurance Corporation	**1.58**	0.80
	11.95	**10.06**

Foreign Entities	For the year ended March 31, 2018	For the year ended March 31, 2017
Contribution to provident fund	**2.47**	2.65
Skill and development & Social Security Fund	**1.45**	1.48
Pension fund	**1.16**	1.08
	5.08	**5.21**

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 group 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 group also participate in a defined contribution superannuation plan maintained by the group. The group 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 group 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 as per law. 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 accounted for on the basis of an actuarial valuation.

(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:

(a) Gratuity

(b) Provident fund for certain category of employees administered through a recognized provident fund trust

(c) Legal Severance pay & Health care (Unfunded) as applicable with respect to foreign subsidiaries

(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 occurance 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 detemine 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 liabilty.

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

Indian Entities	As at March 31, 2018		As at March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Discount Rate	**7.74%**	**7.74%**	**7.35%**	7.35%
Salary increase	**7.50%**	**7.50%**	7.50%	7.50%
Retirement Age (years)	**58**	**58**	58	58
Mortality Rates	**IALM (2006-08)**	**IALM (2006-08)**	IALM (2006-08)	IALM (2006-08)
Withdrawal rate				
Upto 30 years	**10.00%**	**10.00%**	10.00%	10.00%
31 to 44 years	**5.00%**	**5.00%**	5.00%	5.00%
Above 44 years	**2.00%**	**2.00%**	2.00%	2.00%

(All amounts in ₹ Crores, unless otherwise stated)

Foreign Entities	As at March 31, 2018		As at March 31, 2017	
	Legal Severance Pay	Health Care (Unfunded)	Legal Severance Pay	Health Care (Unfunded)
Discount Rate	**2.88%/3.07**	**0.00%**	3.13%/3.32%	9.80%
Salary increase	**5.00%/5.00%**	**0.00%**	5.00%/4.85%	
In service mortality	**TMO**	**SA**	TMO	SA
	2017		2008	85-90
Retirement Age	**60 / 55**	**-**	60 / 55	60 - 65
Withdrawal Rate				
- up to 20 years	**55/20**	**-**	55/25	15
21-30	**45/17**		45/20	
31-40'	**17/12**		20/12.5	
41-50	**7/3**		10/5	
51 onwards	**3/2**		4/0	

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuations 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 an loss in respect of these benefit plans are as follows:

Indian Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current Service cost	**5.44**	**5.37**	5.09	4.68
Net interest expenses	**0.46**	**-**	0.61	-
	5.90	**5.37**	**5.70**	**4.68**

Foreign Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Legal Severance Pay	Health Care (Unfunded)	Legal Severance Pay	Health Care (Unfunded)
Current Service cost	**1.32**	**0.19**	1.19	0.04
Net interest expenses	**0.19**	**-**	0.10	0.17
Provision no longer required*		**(1.97)**		
	1.51	**(1.78)**	**1.29**	**0.21**

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"

(All amounts in ₹ Crores, unless otherwise stated)

(iv) Amounts recognised in other comprehensive income:

Indian Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Return on plan assets (excluding amounts included in net internet expenses)	**(1.02)**	-	(5.87)	-
Actuarial (gain)/losses arising from changes in financial assumptions	**(2.03)**	-	2.85	-
Actuarial (gain)/losses arising from changes in experience adjustments	**3.90**	-	3.56	-
	0.85	-	**0.54**	-

Foreign Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Legal Severance Pay	Health Care (Unfunded)	Legal Severance Pay	Health Care (Unfunded)
Actuarial (gain)/losses arising from changes in financial assumptions	**0.18**	-	(0.48)	-
Actuarial (gain)/losses arising from changes in experience adjustments & demographic assumption	**0.38**	-	(0.34)	-
	0.56	-	**(0.82)**	-

(v) The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Indian Entities	As at March 31, 2018		As at March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Present value of funded defined benefit obligation	**62.22**	**105.25**	57.53	93.31
Fair Value of Plan Assets	**55.47**	**106.83**	51.29	93.48
Surplus / (Deficit)	**(6.75)**	**1.58**	**(6.24)**	**0.17**
Effect of asset ceiling, if any	-	**(1.58)**	-	(0.17)
Net assets / (liability)	**(6.75)**	-	**(6.24)**	-

Foreign Entitles	As at March 31, 2018		As at March 31, 2017	
	Legal Severance Pay	Health Care (Unfunded)	Legal Severance Pay	Health Care (Unfunded)
Present value of funded defined benefit obligation	**8.09**	-	5.45	1.86
Fair Value of Plan Assets	-	-	-	-
Net asset / (liability)	**(8.09)**	-	**(5.45)**	**(1.86)**

(All amounts in ₹ Crores, unless otherwise stated)

(vi) Movements in the present value of defined benefit obligation are as follows:

Indian Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening defined benefit obligation	**57.53**	**93.31**	48.53	79.38
Current Service Cost	**5.44**	**5.37**	5.09	4.68
Interest Cost	**4.23**	**6.82**	3.89	6.29
Actuarial (gain)/losses arising from changes in financial assumptions	**(2.03)**	**-**	2.85	-
Actuarial (gain)/losses arising from changes in experience adjustments	**3.90**	**-**	3.56	-
Benefits paid	**(6.85)**	**(11.82)**	(6.39)	(5.13)
Contribution by plan participants / employees	**-**	**8.11**	-	6.52
Settlement / transfer in	**-**	**3.46**	-	1.57
Closing defined benefit obligation	**62.22**	**105.25**	**57.53**	**93.31**

Foreign Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Legal Severance Pay	Health Care (Unfunded)	Legal Severance Pay	Health Care (Unfunded)
Opening defined benefit obligation	**5.45**	**1.86**	4.92	1.59
Current Service Cost*	**1.32**	**(1.78)**	1.19	0.04
Interest Cost	**0.19**	**-**	0.10	0.17
Actuarial (gain)/losses arising from changes in financial assumptions	**0.18**	**-**	(0.48)	-
Actuarial (gain)/losses arising from changes in experience adjustments & demographic assumption	**0.38**	**-**	(0.34)	-
Exchange difference on foreign plans	**0.46**	**-**	0.06	0.11
Benefits paid/Settled	**0.11**	**(0.08)**	-	(0.05)
Closing defined benefit obligation	**8.09**	**-**	**5.45**	**1.86**

* Provision reversal due to closure of business operations in South Africa.

(vii) Movements in the fair value of plan assets are as follows:

Indian Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Opening fair value of plan assets	**51.29**	**93.48**	40.92	79.55
Return on plan assets (excluding amounts included in net interest expenses)	**4.79**	**8.23**	9.15	6.29
Contributions from employer	**6.24**	**5.37**	7.61	4.68
Contributions from plan participants	**-**	**8.11**	-	6.52

Indian Entities	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Benefits paid	**(6.85)**	**(11.82)**	(6.39)	(5.13)
Settlement / Transfer in	**-**	**3.46**	-	1.57
Asset Loss				
Closing fair value of plan assets	**55.47**	**106.83**	**51.29**	**93.48**

Plan assets comprises of HDFC Group Unit Linked Plan fund, Government of India securities and bank balances. The average duration of defined benefit obligation is 23 years (2017: 23 years). The company expects to make a contribution of ₹ 6.54 Crores (2017: ₹ 5.95 Crores) to the defined benefit plans during next financial year.

(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.

Indian Entities

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 2.45 Crores (Increase by ₹ 2.64 Crores) (as at March 31, 2017: decrease by ₹ 2.23 Crores (increase by ₹ 2.41 Crores))

If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹ 2.63 Crores (decrease by ₹ 2.46 Crores) (as at March 31, 2017 : increase by ₹ 2.39 Crores (decrease by ₹ 2.24 Crores))

Foreign Entities

If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₹ 0.72 crore (Increase by ₹ 0.83 crore) (as at March 31, 2017: decrease by ₹ 0.49 Crore (increase by ₹ 0.55 crore))

If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by ₹ 0.89 crore (decrease by ₹ 0.76 crore) (as at March 31, 2017: increase by ₹ 0.57 crore (decrease by ₹ 0.52 crore)

Sensitivity due to mortality & 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"

	For the year ended March 31, 2018	For the year ended March 31, 2017
Long term retention pay (Refer to note (i) below)	**1.60**	0.15
Compensated absences	**5.62**	6.81
	7.22	**6.96**

(All amounts in ₹ Crores, unless otherwise stated)

(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 group. The incentive is payable in three year blocks subject to achievement of certain performance ratings. The group 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 group has accrued the above mentioned amounts.

37 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, coated fabric, laminated fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals and Polymers business: includes refrigerant gases, chloromethane, pharmaceuticals, fluorochemicals & allied products, engineering plastics business and its research and development.
- Packaging Film Business includes polyester films.

Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, 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.

	Year ended March 31, 2018	Year ended March 31, 2017
Segment Revenue		
a) Technical Textiles Business (TTB)		
- External sales	**2,078.16**	2,007.68
- Inter-segment sales	**2.83**	2.56
Total	**2,080.99**	**2,010.24**
b) Chemicals and Polymers (CPB)		
- External sales	**1,826.50**	1,721.40
- Inter-segment sales	**-**	-
Total	**1,826.50**	**1,721.40**

(All amounts in ₹ Crores, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
c) Packaging Films Business (PFB)		
- External sales	**1,780.21**	1,407.51
- Inter-segment sales	**2.06**	1.70
Total	**1,782.27**	**1,409.21**
Total Segment revenue	**5,689.76**	**5,140.85**
Less: Inter Segment revenue	**4.89**	4.26
Revenue from Operations	**5,684.87**	**5,136.59**
Add: Unallocable Income	**115.12**	73.01
Total Revenue	**5,799.99**	**5,209.60**
Segment Profits		
(Profit / (Loss) before interest and tax from each segment)		
a) Technical Textiles Business (TTB)	**271.02**	257.08
b) Chemicals and Polymers (CPB)	**295.59**	327.35
c) Packaging Films Business (PFB)	**229.77**	201.27
Total Segment results	**796.38**	**785.70**
Less: i) Interest & Finance Charges	**123.89**	101.77
Less: ii) Other Unallocable expenses net of income	**90.82**	26.74
Profit before tax	**581.67**	**657.19**
Less: Provision for taxation	**119.96**	142.20
Profit after tax	**461.71**	**514.99**

Segment assets and liabilities

	As at March 31, 2018	As at March 31, 2017
Segment Assets		
a) Technical Textiles Business (TTB)	**1,557.60**	1,645.03
b) Chemicals and Polymers (CPB)	**4,025.67**	3,057.90
c) Packaging Films Business (PFB)	**2,478.84**	1,906.39
Total	**8,062.11**	**6,609.32**
Unallocable Assets	**300.90**	361.61
Total Assets	**8,363.01**	**6,970.93**
Segment Liabilities		
a) Technical Textiles Business (TTB)	**472.39**	430.02
b) Chemicals and Polymers (CPB)	**385.19**	330.48
c) Packaging Films Business (PFB)	**441.16**	310.42
Total	**1,298.74**	**1,070.92**
Unallocable Liabilities	**3,499.74**	2,717.35
Total Liabilities	**4,798.48**	**3,788.27**

(All amounts in ₹ Crores, unless otherwise stated)

Capital Expenditure

	Year ended March 31, 2018	Year ended March 31, 2017
Capital Expenditure		
a) Technical Textiles Business (TTB)	**55.94**	14.57
b) Chemicals and Polymers (CPB)	**936.28**	341.82
c) Packaging Films Business (PFB)	**274.89**	348.92
d) Unallocated	**10.92**	15.71
Total	**1,278.03**	**721.02**
Depreciation		
a) Technical Textiles Business (TTB)	**48.34**	51.72
b) Chemicals and Polymers (CPB)	**188.03**	167.69
c) Packaging Films Business (PFB)	**68.61**	53.10
d) Unallocated	**10.82**	10.93
Total	**315.80**	**283.44**

	Year ended March 31, 2018	Year ended March 31, 2017
Geographical Information		
Revenue from operations		
- India	**3,182.90**	**2,907.95**
- South Africa	**359.31**	**331.35**
- Singapore	**83.54**	**229.15**
- Germany	**166.17**	**251.14**
- USA	**325.39**	**192.71**
- Thailand	**155.16**	**147.57**
- Others	**1,412.40**	**1,076.72**
	5,684.87	**5,136.59**

	As at March 31, 2018	As at March 31, 2017
Non current segment assets		
Within India	**5,097.04**	4,041.72
Outside India	**784.88**	779.71
	5,881.92	**4,821.43**

Non current segment assets includes property, plant and equipment,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 2017-18 and 2016-17

(All amounts in ₹ Crores, unless otherwise stated)

Revenue from major products

	Year ended March 31, 2018	Year ended March 31, 2017
Manufactured goods		
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	**160.57**	158.86
Nylon Tyre Cord Fabric/ Polyester tyre cord fabric / Industrial Yarn Fabric	**1,643.08**	1,603.21
Laminated Fabric	**254.42**	170.25
Nylon / PBT / PC Compounding Chips	**215.04**	221.51
Fluorochemicals, Refrigerant Gases & Allied Products	**764.95**	590.14
Fluorospecialities Chemicals	**571.58**	606.14
Chlorinated Solvents	**132.30**	164.72
Packaging Films	**1,754.70**	1,360.73
Waste/Others	**40.60**	104.66
	5,537.24	**4,980.22**
Traded goods	**69.41**	73.96
	5,606.65	**5,054.18**

38 Earnings Per Share

	Year ended March 31, 2018	Year ended March 31, 2017
Basic Earnings per share (₹)	**80.41**	89.69
Diluted Earnings per share (₹)	**80.41**	89.69
Profit attribuatable to equity holders of the group used in calculating basic earning per share and dilluted earning per share	**461.71**	514.99
Weighted average number of equity shares of the group used in calculating basic earning per share and dilluted earning per share (nos.)	**5,74,20,500**	5,74,20,500

39 Operating Lease

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 & 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:

	As at March 31, 2018	As at March 31, 2017
Non-cancellable operating lease commitments		
- Within one year	**8.15**	19.99
- Later than one year & not later than five years	**11.89**	16.57
- Later than five years	**60.91**	62.86
	80.95	**99.42**

	Year ended March 31, 2018	Year ended March 31, 2017
Lease Rent Recognised in the statement of profit & loss as per note 30	**29.43**	24.67

(All amounts in ₹ Crores, unless otherwise stated)

40 Financial Instruments and Risk Management

40.1Capital 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 through maintaining reasonable balance between debt and equity. The capital structure of the group consists of net debt (borrowings net of cash and cash equivalents) 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 review, the management considers the cost of capital and risk associated with each class of capital. The group also evaluates its gearing measures like Debt Equity Ratio, Debt Service Coverage Ratio, Interest Service Coverage Ratio & Debt to EBIDTA ratios to arrive at an appropriate level of debt and accordingly evolve its capital structure.

The following table provides the details of the debt and equity at the end of the reporting periods :

	As at March 31, 2018	As at March 31, 2017
Debt	**3,141.84**	2,396.21
Cash & cash equivalents	**87.01**	87.63
Net Debt	**3,054.83**	**2,308.58**
Total Equity	**3,564.53**	**3,182.66**
Net debt to equity ratio	**0.86**	**0.73**

(All amounts in ₹ Crores, unless otherwise stated)

40.2 Financial instruments by category

	As at March 31, 2018				As at March 31, 2017			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#^	FVTOCI
Financial Assets								
Investments	121.70	-	-	0.12	146.36	-	49.40	0.12
Trade Receivables	-	-	680.65	-	-	-	656.89	-
Cash and cash equivalents	-	-	87.01	-	-	-	87.63	-
Bank balances other than above	-	-	9.73	-	-	-	8.49	-
Loans	-	-	45.96	-	-	-	56.60	-
Other financial assets	-	13.04	34.59	-	-	21.70	35.37	-
	121.70	**13.04**	**857.94**	**0.12**	**146.36**	**21.70**	**894.38**	**0.12**

	As at March 31, 2018			As at March 31, 2017		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings	-	-	2,758.04	-	-	1,977.43
Trade Payables	-	-	1,044.24	-	-	808.90
Other financial liabilities	-	0.36	523.23	-	-	524.15
	-	**0.36**	**4,325.51**	**-**	**-**	**3,310.48**

^ Non convertible debentures reclassified from amortised cost to FVTPL during the year.

Carrying value of the financial assets and liabilities designated at amortized cost approximates its fair value.

(All amounts in ₹ Crores, unless otherwise stated)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments*	121.70	-	0.12	**121.82**
Other financial assets**	-	13.04	-	**13.04**
	121.70	**13.04**	**0.12**	**134.86**
Financial Liabilities				
Other financial liabilities***	-	0.36	-	**0.36**
	-	**0.36**	**-**	**0.36**

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments*	**146.36**	**-**	**0.12**	**146.48**
Other financial assets**	-	21.70	-	**21.70**
	146.36	**21.70**	**0.12**	**168.18**
Financial Liabilities				
Other financial liabilities***	-	-	-	**-**
	-	**-**	**-**	**-**

** Investments (Level 1 - Mutual Funds and Non Convertible Debentures, Level 3 - Unquoted equity instruments)

** Other Financial Assets:(Level 2- Hedging Instruments)

*** Other Financial liabilities:(Level 2- Hedging Instruments)

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. This category consists of open ended mutual funds.

Level 2:

Valuation techniques with 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.

Level 3:

Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value 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.

Sensitivity of Level 3 Financial Instruments are insignificant

(All amounts in ₹ Crores, unless otherwise stated)

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:

Investments in mutual funds: Fair value is determined by reference to quotes from the financial institutions, i.e. net asset value (NAV) for investments in mutual funds declared by mutual fund house.

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.

Unquoted equity investments: Fair value is derived on the basis of income approach, in this approach the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

Reconciliation of Level 3 fair value measurements

	Unlisted equity instruments
As at April 1, 2016	**4.33**
Purchases	0.01
Gain / (loss) recognised in OCI	(4.22)
As at March 31, 2017	**0.12**
Purchases	-
Gain / (loss) recognised in OCI	-
As at March 31, 2018	**0.12**

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 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 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.

(All amounts in ₹ Crores, unless otherwise stated)

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 three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes loans and borrowings, deposits, investments and derivative financial instruments. The group enters into the 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). The group manages the Net exposure on a rolling 12 month basis and hedges the exposures based on a duly approved policy by the Board. 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) and Japanese Yen (JPY). 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, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	**316.03**	330.60	**1,734.56**	1,877.23
EUR	**92.81**	36.47	**469.11**	8.87
JPY	**-**	-	**6.55**	-

Foreign currency sensitivity analysis

The group is mainly exposed to USD, EURO and JPY

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.

	Year ended March 31, 2018		Year ended March 31, 2017	
	₹ strengthens by 1%	₹ weakens by 1%	₹ strengthens by 1%	₹ weakens by 1%
Impact on profit /(loss) for the year				
USD	**14.21**	**(14.21)**	2.58	(2.58)
EUR	**3.71**	**(3.71)**	(0.40)	0.40
JPY	**0.07**	**(0.07)**	-	-

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 of 12 to 15 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		Foreign Currency (FCY Millions)		Nominal Amount (₹ Crores)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD/INR Buy forward	-	9	-	15.48	-	100.28
USD/INR Sell forward	**34**	33	**60.50**	50.00	**394.19**	323.95
EUR/INR sell forward	-	-	-	-	-	-
EUR/USD sell forward	**8**	12	**3.90**	6.30	**31.48**	43.62
EUR/INR Buy forward	**3**	3	**7.32**	4.80	**59.05**	33.24
EUR/USD Buy forward	-	10	-	14.95	-	103.51
GBP/USD Buy forward	-	2	-	1.88	-	15.23
EUR/ZAR Sell Forward	-	1	-	0.70	-	4.85
USD/THB Sell Forward	-	-	-	-	-	-
USD/THB Buy Forward	**4**	4	**2.27**	2.80	**14.76**	18.14
USD/ZAR Buy Forward	**3**	2	**1.50**	1.25	**9.77**	8.10
USD/ZAR Sell Forward	-	1	-	0.30	-	1.94
Fair value assets / (liabilities)					**5.62**	16.90

* Sensitivity on the above derivative contacts in respect of foreign currency exposure is insignificant

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 agreed 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 borrowings, the amount of fixed interest loan is ₹ 939 Crores and floating interest loan is ₹ 1348 Crores (March 31, 2017: Fixed interest loan ₹ 481 Crores and Floating interest loan ₹ 1352 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 borrowings, as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	₹ loans interest rate decreases by 0.50 %	USD loans interest rate decreases by 0.15 %	₹ loans interest rate decreases by 0.50 %	USD loans interest rate decreases by 0.15 %
Increase in profit before tax by	**1.04**	**2.85**	0.61	2.70

In case of increase in interest rate by above mentioned percentage, there would be a comparable impact on the profit before tax as mentioned above would be negative.

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		Foreign Currency (FCY Millions)		Nominal Amount (₹ Crores)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
IRS Contracts*	**7**	5	**40.21**	51.33	**261.99**	332.60
Fair value assets /(liabilities)					**7.05**	4.80

* Sensitivity on the above IRS contacts in respect 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 arte swap and the interest payments on the loan are paid simultaneously and are charged of to profit and loss.

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) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

To manage trade receivables, the group 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.

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 group . 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 the minimize the concentration of risks and therefore mitigate financial loss due to counterparty's potential failure.

(All amounts in ₹ Crores, unless otherwise stated)

Financial assets for which loss allowance is measured:

	Note No.	As at March 31, 2018	As at March 31, 2017
Loans - Non-current	8	**0.15**	0.15
Loans - Current	8	**2.74**	2.74
Other asset	10	**-**	-
Trade receivables	13	**15.83**	15.15
		18.72	**18.04**

As at April 1, 2016	**20.11**
Provided during the year	0.16
Reversed during the year	(2.23)
As at March 31, 2017	**18.04**
Provided during the year	3.02
Reversed during the year	(2.33)
As at March 31, 2018	**18.73**

Other than financial assets mentioned above, none of the group's financial assets are either impaired or past due, and there were 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 needs of the future. The group manages its liquidity by holding appropriate volumes of liquid assets which are available to 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 groupings based on their contractual maturities:

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
As at March 31, 2018				
Borrowings*	1,234.57	1,649.83	257.43	**3,141.83**
Trade payables	1,044.24	-	-	**1,044.24**
Other financial liabilities	139.80	**-**	**-**	**139.80**
	2,418.61	**1,649.83**	**257.43**	**4,325.87**

(All amounts in ₹ Crores, unless otherwise stated)

	Less than 1 year	More than 1 year and upto 5 years	More than 5 years	Total
As at March 31, 2017				
Borrowings*	964.35	1,278.38	153.48	**2,396.21**
Trade payables	808.90	-	-	**808.90**
Other financial liabilities	105.37	-	-	**105.37**
	1,878.62	**1,278.38**	**153.48**	**3,310.48**

* including current maturity of non-current borrowings

41 Group Information

Name	Principal activities	Country of incorporation	% equity interest March 31, 2018	% equity interest March 31, 2017
SRF Holiday Home Limited	Develop, build & lease of Industrial, commercial & residential complexes	India	100%	100%
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 Overseas Limited (subsidiary of SRF Global BV)	Discontinued operations in the year ended March 31, 2014 Liquidated on March 7, 2017	British Virgin Islands	*	*
SRF Industries (Thailand) Limited (subsidiary of SRF Global BV)	Manufacture of Tyre cord fabric, Polyester film and metallized PET film & trading of chemical products	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (subsidiary of SRF Global BV)	Manufacture of Belting fabrics	Republic of South Africa	100%	100%

*Upto March 7, 2017

42 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		Share in other comprehensive income		Share in total comprehensive income	
		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**	97%	3,449.67	88%	405.66	-579%	(17.91)	83%	387.75
II	**Subsidiaries:**								
	A. A Indian								
	1. SRF Holiday Home Limited	0%	3.83	0%	(0.05)	-	-	-	(0.05)
	B. Foreign								
	1. SRF Global BV (Consolidated)	5%	190.44	12%	54.17	679%	21.00	17%	75.18
	Adjustments arising out of consolidation	-2%	(79.41)	0%	1.93	-	-	-	1.91
	Total	**100%**	**3,564.53**	**100%**	**461.71**	**100%**	**3.09**	**100%**	**464.80**
	Non-controlling Interests in all subsidiaries	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

43 Additional Disclosures

(a) Research and Development Expenditure

The details of research and development expenditure of ₹ 106.86 Crores (Previous Year - ₹ 137.19 Crores) included in notes 4 to 30 above are as under:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Capital Expenditure	**16.03**	65.27
Revenue Expenditure	**90.83**	71.92
	106.86	**137.19**
The details of revenue expenditure incurred on research and development is as below:		
Cost of material consumed	**1.50**	2.15
Salaries and wages, including Bonus	**33.29**	26.18
Contribution to provident and other funds	**2.01**	1.55
Workmen and staff welfare expenses	**1.93**	2.16
Stores and spares consumed	**8.07**	4.30
Power and fuel	**5.13**	3.25
Rent	**0.35**	0.98
Repairs and maintenance	**-**	
- Buildings	**0.10**	0.02
- Plant and machinery	**10.41**	9.13
-Others	**0.55**	1.58
Insurance	**0.50**	0.31
Rates and taxes	**0.05**	0.05
Travel	**1.42**	2.82
Professional and legal charges	**2.81**	3.64
Depreciation and amortisation expense	**17.53**	11.10
Miscellaneous expenses	**5.18**	2.70
	90.83	**71.92**

(b) Managerial Remuneration

	Year ended March 31, 2018	Year ended March 31, 2017
(i) (a) Chairman / Managing Director / Deputy Managing Director/ Whole time Director		
Salary and contribution to Provident and other funds	**6.74**	6.04
Value of Perquisites	**3.16**	3.02
Commission (Provided)	**5.45**	5.45
Sub-Total	**15.35**	**14.51**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ Crores, unless otherwise stated)

		Year ended March 31, 2018	Year ended March 31, 2017
(b)	**Non Executive Directors**		
	Commission (Provided)	**0.40**	0.40
	Directors' Sitting Fees	**0.19**	0.19
	Other Fees	**0.27**	0.23
	Sub-Total	**0.86**	**0.82**
	Total	**16.21**	**15.33**

c) The group has elected to continue 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 difference loss/(gain) of ₹ (48.42) Crores arising on all long term monetary items financed or re-financed on or before March 31, 2016 relating to acquisition of depreciable assets are added to/deducted from the cost of such assets/capital work in progress and will be depreciated over the balance useful life of assets. The unamortized portion carried forward as at March 31, 2018 is ₹ 169.05 Crores.

d) During the financial year 2017-18, the group has incurred Rs.5.00 Crores (previous year – ₹ 7.60 Crores), on corporate social responsibility activities under section 135 of the Companies Act, 2013.

For and on behalf of the Board of Directors

Arun Bharat Ram
Chairman
(DIN - 00694766)

Ashish Bharat Ram
Managing Director
(DIN -00671567)

Kartik Bharat Ram
Deputy Managing Director
(DIN - 00008557)

Vinayak Chatterjee
Director
(DIN - 00008933)

Anoop K Joshi
President, CFO & Company
Secretary

Place : Gurugram
Date : May 17, 2018

GENERAL INFORMATION

1. Our Company was incorporated on January 9, 1970 under the laws of the Republic of India as 'Shriram Fibres Limited' with a certificate of incorporation granted by the Registrar of Companies, Delhi at New Delhi. We obtained a certificate of commencement of business on June 3, 1971. Subsequently, the name of our Company was changed to 'SRF Limited' pursuant to a resolution dated March 14, 1990 adopted by our Shareholders and a fresh certificate of incorporation dated May 2, 1990 was granted by the Registrar of Companies, Delhi and Haryana at New Delhi.

2. The registered office of our Company is located at The Galleria, DLF Mayur Vihar, Unit No.236 & 237, Second Floor, Mayur Place, Mayur Vihar Phase-I Extension, New Delhi – 110 091, India and our corporate office is located at Block – C, Sector 45, Gurugram – 122 003, Haryana India.

3. The CIN of our Company is L18101DL1970PLC005197.

4. Our Company Secretary and Compliance Officer is Rajat Lakhanpal. His contact details are as follows:

   Rajat Lakhanpal
   Vice President (Corporate Compliance) and Company Secretary
   Address: Block-C, Sector-45, Gurugram 122 003, India
   Tel: +91 124 4354589
   E-mail: cs@srf.com

5. The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹ 3,36,00,00,000, divided into 12,00,00,000 equity shares of ₹ 10 each, 10,00,000 preference shares of ₹ 100 each, 12,00,000 cumulative preference shares of ₹ 50 each and 2,00,00,000 cumulative preference shares of ₹ 100 each. Our issued share capital as of the date of this Preliminary Placement Document is ₹ 61,53,72,550. Our subscribed and paid up equity share capital as of the date of this Preliminary Placement Document is ₹ 57,48,05,000 divided into 5,74,80,500 Equity Shares of ₹ 10 each.

6. This Issue was authorized and approved by our Board of Directors on August 31, 2020 and approved by our Shareholders on October 8, 2020 through postal ballot.

7. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations to list the Equity Shares on the NSE and the BSE, each dated October 12, 2020. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.

8. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 10.00 A.M. to 1.00 P.M. (except public holidays) at our Corporate Office.

9. Except as disclosed in this Preliminary Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

10. No change in the control of the Company will occur consequent to the Issue.

11. Except as disclosed in this Preliminary Placement Document, there has been no material change in our financial condition since June 30, 2020, the date of the latest financial statements prepared and included herein.

12. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and pursuant to Rule 19A of the SCRR.

13. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue.

14. The Floor Price for the Issue is ₹ 4,168.73 per Equity Share, calculated in accordance with Regulation 176 of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations in accordance with the approval of the Shareholders accorded through their resolution passed on October 8, 2020 by way of postal ballot.

15. Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing so at his or her own risk.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

____

Mr. Ashish Bharat Ram
Designation: Managing Director

Date: October 12, 2020
Place: Gurugram

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under this Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mr. Ashish Bharat Ram
Designation: Managing Director

I am authorized by the QIP Committee, a committee constituted by the Board of Directors of the Company, vide resolution dated October 12, 2020 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter(s) subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Mr. Ashish Bharat Ram
Designation: Managing Director

Date: October 12, 2020
Place: Gurugram

SRF LIMITED

Registered Office
The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, Second Floor, Mayur Place
Mayur Vihar Phase-I Extension, New Delhi 110 091, India

Corporate Office
Block C, Sector – 45, Gurugram, Haryana 122 003, India

Website: www.srf.com
Contact Person: Rajat Lakhanpal, Vice President (Corporate Compliance) & Company Secretary
Address: Block C, Sector – 45, Gurugram, Haryana 122 003, India
E-mail: cs@srf.com | **Tel No:** +91 11 4948 2870

BOOK RUNNING LEAD MANAGERS

Axis Capital Limited
Axis House, Level 1
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai 400 025
Maharashtra, India

Ambit Private Limited
Ambit House, 449, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Maharashtra, India

HDFC Bank Limited
Investment Banking Group
Unit No. 401 & 402
4th Floor, Tower B, Peninsula Business Park
Lower Parel, Mumbai 400 013
Maharashtra, India

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. C-27
G Block, Bandra Kurla Complex
Bandra (East),
Mumbai 400 051
Maharashtra, India

DOMESTIC LEGAL COUNSEL TO THE COMPANY

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216, Okhla Industrial Phase III
New Delhi 110 020, India

DOMESTIC LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

AZB & Partners
AZB House
Plot No. A8, Sector 4
Noida – 201301, India

AZB & Partners
AZB House
Peninsula Corporate Park, Ganpatrao Kadam Marg
Lower Parel, Mumbai – 400013, India

SPECIAL INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

Duane Morris & Selvam LLP
16 Collyer Quay, #17-00
Singapore 049318

STATUTORY AUDITORS

B S R & Co. LLP, Chartered Accountants
Building No. 10, 12th Floor, Tower C, DLF Cyber City, Phase-II
Gurugram 122 002, India

APPLICATION FORM

<table>
<tr><td rowspan="2">SRF
We always find a better way
SRF Limited</td><td>APPLICATION FORM</td></tr>
<tr><td>Name of the Bidder___________________________

Form. No._____</td></tr>
<tr><td>(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)
Corporate Identity Number: L18101DL1970PLC005197
Registered Office: The Galleria, DLF Mayur Vihar, Unit No.236 & 237
Second Floor, Mayur Place, Mayur Vihar, Phase-I Extension, New Delhi – 110091, India
Corporate Office: Block-C, Sector-45, Gurugram 122 003, India
Tel No.: +91 11 4948 2870; Website: www.srf.com; Email: cs@srf.com
CIN: L18101DL1970PLC005197</td><td>Date: ________________</td></tr>
</table>

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING TO ₹ [●] MILLION IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") BY SRF LIMITED (THE "COMPANY") (AND SUCH ISSUE THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARE IS ₹ [●]PER EQUITY SHARE AND THE COMPANY MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which: (a) are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) are not restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules") or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. Further, foreign venture capital investors, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" in the accompanying preliminary placement document dated October 12, 2020 (the "PPD"). The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" in the PPD.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA NON-DEBT RULES, IN THE ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DOES NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA NON-DEBT RULES, INVESTMENTS, WHERE THE BENEFICIAL OWNER OF EQUITY SHARES IS SITUATED IN OR IS A CITIZEN OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA, CAN ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,
The Board of Directors
SRF Limited
Block-C, Sector-45, Gurugram 122 003, India

Dear Sirs,

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others ____________ (Please specify)

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices.*

On the basis of the serially numbered PPD and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws and that we are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly. We confirm that we are not an FVCI. Further, we confirm that we do not have any right in the Company under a shareholders' agreement or voting agreement entered into with promoters or members of the promoter group of the Company, veto rights or right to appoint any nominee director on the Board of Directors of the Company. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, National Capital Territory of Delhi and Haryana at New Delhi, as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or are under common control, are Allotted more than 5% of the Equity Shares in the

Issue, the Company will disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together referred to as the " **Stock Exchanges**"), and we consent to such disclosure.

We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, " **Eligible FPIs**"), have submitted separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount to be Allotted under each such scheme. We undertake that we will sign and/or submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Applicant and the Applicant has all the necessary approvals. We note that the Board of Directors of the Company, or any duly authorized committee thereof, is entitled, in consultation with Axis Capital Limited, Ambit Private Limited, HDFC Bank Limited and Kotak Mahindra Capital Company Limited (collectively, the "**Book Running Lead Managers**" or " **BRLMs**") in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**"),when issued, and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of this Application Form and the Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form within the Issue Closing Date and such Application Amount has been / will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company , in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties and acknowledgments as provided in the " Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions" and "Transfer Restrictions" sections of the PPD; and (ii) the terms, conditions and agreements mentioned herein, are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby further represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read the PPD in its entirety, including in particular, the section titled 'Risk Factors' therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when issued), this Application Form, the CAN (when issued) and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are granted by the Stock Exchanges; (6) the Equity Shares shall be Allocated and Allotted at the discretion of the Company in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that 'belong to the same group' or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation and warranty: the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (10) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and that the Equity Shares are being offered only outside the United States in reliance on Regulation S; (11) we were outside the United States (within the meaning of Regulation S) at the time the offer of the Equity Shares was made to us and we are outside the United States (within the meaning of Regulation S) on the date hereof; and (12) we satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF APPLICANT*			
REGISTERED ADDRESS			
NATIONALITY			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL			

FOR FPIs**	SEBI FPI REGISTRATION NO. ____
FOR MFs	SEBI MF REGISTRATION NO. ____
FOR AIFs***	SEBI AIF REGISTRATION NO. ____
FOR VCFs***	SEBI VCF REGISTRATION NO. ____
FOR SI-NBFC	RBI REGISTRATION DETAILS____
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ____

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund applicants are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****** Allotments made to Alternative Investment Funds and Venture Capital Funds in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. Alternative Investment Funds and Venture Capital Funds should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.***

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS									
Depository Name	National Securities Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

PAYMENT DETAILS **REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER**
By [●] p.m. (IST), [day] [date]

BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	SRF LIMITED QIP ESCROW	**Account Type**	Escrow Account
Name of Bank	HDFC Bank Limited	**Address of the Branch of the Bank**	HDFC Bank Ltd. Vatika Atrium A Block, Golf Course Road, Sector-53, Gurgaon-122002
Account No.	57500000574112	**IFSC**	HDFC0000572
Phone No.	+91 98182 10565		

Kindly make your payment only by way of electronic fund transfers, towards the Escrow Account. Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. within the Issue Closing Date. All payments must be made in favour of "SRF LIMITED QIP ESCROW". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form. You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID FOR		**BID PRICE PER EQUITY SHARE (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)
BID AMOUNT (RUPEEES)			
(In Figures)		(In Words)	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Email:	____		

OTHER DETAILS	
PAN*	
Date of Application	
Signature of Authorized Signatory (may be either signed physically or digitally)*	

ENCLOSURES ATTACHED (Attested / certified true copy of the following)

- ☐ Copy of the PAN Card or PAN Allotment Letter
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ Copy of the IRDAI registration certificate
- ☐ Certified true copy of power of attorney
- ☐ Others, please specify________________

**Please note that the Applicant should not submit the GIR number or any other identification number instead of the PAN as the application is liable to be rejected on this ground.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.
Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate.

The Application Form, the PPD sent to you and the Placement Document, which will be sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.