



“SRF Limited”

June 30, 2023

Management:

Mr. Ashish Bharat Ram – Chairman and Managing Director
Mr. Kartik Bharat Ram – Joint Managing Director
Mr. L. Lakshman – Independent Director
Mr. Tejpreet Singh Chopra – Independent Director
Mr. Vellayan Subbiah – Non-Executive and Non-Independent Director
Ms. Bharti Gupta Ramola – Independent Director
Mr. Puneet Yadu Dalmia – Independent Director
Mr. Yash Gupta – Independent Director
Mr. Raj Kumar Jain – Independent Director
Mr. Pramod G Gujarathi– Director, Safety and Environment and the Occupier
Mr. Rahul Jain- President & CFO
Mr. Rajat Lakhanpal- Sr. VP (Corporate Compliance) & Company Secretary



Moderator:

Hello shareholders, good morning and a very warm welcome to the 52nd Annual General Meeting of SRF Limited through video conferencing. As a reminder, for the smooth conduct of the meeting, the members will be in the mute mode and the audio and video will be opened when they will speak at the AGM as per the pre-registration. Please note that as per the listing requirements, the proceedings of this Annual General Meeting will be recorded and made available on the website of the company.

I now hand over the proceedings to Mr. Ashish Bharat Ram, the Chairman and Managing Director of SRF Limited. Over to you, sir.

Ashish Bharat Ram:

Thank you. Good morning, friends. May I have your attention, please. I welcome all of you to the 52nd Annual General Meeting of the company, which is the fourth AGM of the company being held through video conferencing. The requisite quorum being present, I hereby call the meeting to order. I welcome my other colleagues on the board of your company to the Annual General Meeting.

Let me introduce the other directors to you. Sitting with me over here is, Mr. Kartik Bharat Ram, Joint Managing Director of the company and Chairman of the CSR Committee, who is sitting next to me. Mr. L. Lakshman, Independent Director and Chairman of the Audit Committee. Mr. Tejpreet Singh Chopra, Independent Director and Chairman of the Nomination Ruminant Committee and Stakeholder Relationship Committee. Mr. Vellayan Subbiah, Non-Executive and Non-Independent Director. Ms. Bharti Gupta Ramola, Independent Director and a Member of the Audit Committee. Mr. Puneet Yadu Dalmia, Independent Director and a Member of the Nomination Remuneration Committee. Mr. Yash Gupta, Independent Director and a Member of the Nomination Remuneration Committee and the Stakeholder Relationship Committee. Mr. Raj Kumar Jain, Independent Director and a member of the Audit Committee and Mr. Pramod Gujarathi, Director, Safety and Environment and the Occupier.

Friends, the notice of the 52nd Annual General Meeting has been circulated to all of you. And accordingly, we take the notice as read. To my comments, dear shareholders, colleagues on the board, ladies and gentlemen, good morning everyone. I would like to welcome you again, once again to the Annual General Meeting. A lot has happened in the past 12 months, so I will share an update of what we have achieved and how I see the outlook for the year ahead.

In business terms, financial year '23 has been an excellent year for the company. Despite weakness in our technical textiles and packaging firms businesses due to cyclical reasons, we have seen the chemicals business deliver outstanding results. Viewed from the financial lens, the company's revenue for the year stood at INR 14,870 crores, as against INR 12,434 crores in the previous year, recording an overall growth of 20%. The company achieved a 14% increase in profit after tax at INR2,162 crores, compared to INR1,889 crores last year. These results are in line with our expectations as they confirm the relevance of SRF's strategy of a diversified business model.

Moving now to our business segments, in financial year '23, the chemicals business accomplished strong growth of 41.4% year-over-year to achieve record revenues of INR7,411 crores. These are exceptional numbers by any standards, especially on a much larger base than

before. Going forward, I do see signs of a slight slowdown. Recessionary headwinds in some of the Western economies, coupled with major inventory corrections happening across the board, will create challenges for us in the next few months. However, I am confident that these are short-term hurdles and we will get back to a healthy growth rate in the near future.

From a slightly longer term perspective, our product pipeline remains extremely robust and a greater emphasis on building our AI portfolio will ensure that this segment will continue to grow at the stated levels. In financial year '23, our packaging films business witnessed moderate growth of 8.4% year-on-year to achieve revenues of INR 5,183 crores. Towards the second half of the year, we saw a lot of supply come in, which is likely to create a downturn for the next couple of years.

As demand pivots towards global suppliers with multi-locational facilities and with our focus on operational efficiencies, cost reduction initiatives to mitigate volatility and a strong customer relationships, we remain optimistic about the prospects of this business from the long-term perspective. However, we will continue to feel the pain in the short to medium term, which is part of any cyclical business.

In financial year '23, a technical textiles business witnessed a negative growth of 9.2% year-on-year to close the year with revenues of INR 1,894 crores. Overall the technical textiles business saw subdued performance owing to weak demand for Nylon Tyre Cord Fabric, our foundation business. Having said that, we are seeing trends of a slight improvement in demand for NTCF and our focus will be on ramping-up capacity utilization.

In the future, we will build on the non-tyre market to de-risk technical textiles business from the nylon tyre cord segment. Overall, we expect this business to experience moderate growth in the year ahead. In financial year '23, our other businesses demonstrated promising results with a 15.4% year-on-year growth to achieve a healthy revenue of INR 392 crores. And we hope to keep the momentum building in the future.

Our approach to ESG. As regards corporate citizenship and sustainability, the world is moving towards a more sustainable environment and we are conscientious about this. We have in fact integrated sustainability into our business strategy, and together with our robust governance mechanism, we are working towards our ESG goals to develop a long-term plan to move up this curve.

Our efforts in ESG encompass management of water use, protecting ecosystems, and reducing community impacts related to operations, among other things. Having said this, I invite you to read the ESG section of this year's annual report that covers our ESG agenda and progress against elements of each of the six capitals of the integrated reporting framework, namely financial, manufactured, intellectual, human, natural, and social and relationship capital. At SRF, we remain committed to drive sustainable and responsible all-round growth.

Let me now share our company's endeavors towards corporate social responsibility. Imparting quality education continues to be a focus area of SRF Foundation's work. By the end of the year, we have been able to provide over 1.7 lakh children with a better access to quality education by

transforming 465 government schools into model centers of learning, across 24 locations in 12 Indian states directly and indirectly by collaborating with like-minded partners. Improving the quality of education remains a key purpose of our CSR activities.

In closing, cycles are a part of every business, but we at SRF are very clear that we build businesses with a long-term perspective. I'm confident that our strategy for each of our businesses is robust, and that over an extended period of time, much like we have done over the past few years, we will continue to create value for all our stakeholders.

Before I conclude, I would like to thank all our employees throughout SRF for their dedication and passion in delivering results and to our board for providing invaluable guidance. I would also like to express my gratitude our shareholders for their continued trust in the management of the company. I also convey my sincere thanks to our customers, suppliers and all other business associates for their continued support, interest and confidence in the company. Thank you.

Friends, there are no qualifications, observations or comments on financial transactions or matters in the auditor's report. Therefore, as per Section 145 of the Companies Act, the auditor's report need not be read. Now, I request the operator to allow some of our members who have registered themselves as speakers to ask their queries in annual accounts in performance of the company.

Moderator:

Thank you sir. We will now begin with the question-and-answer-session. Now invite the registered speaker shareholders to raise their queries. Mr. Chairman will respond to all the queries at the end when all the speakers have spoken. In the interest of time, may I request you to restrict your questions or comments to two minutes. Now I invite Mr. Jaydip Bakshi to unmute his audio and video to ask his question or give comments. Mr. Bakshi, kindly unmute your audio and video and ask your question.

Jaydip Bakshi:

Very good morning, Chairman, Managing Directors, CFO and board of directors. Myself Jaydip Bakshi, connecting from the city of Kolkata. Excellent performance with a revenue of growth of around 20% and PAT also of 14% in this geopolitical uncertainties which is prevailing and the inflation situation which is continuing. Congrats for the tireless work done by all involved in regarding this and for the chemical business accomplishing a strong growth of 41%. I also take this opportunity to thank Mr. Rajat ji for giving, for allowing me to express my views and presenting a detailed annual report. And also, sir, request you to kindly send me a hard copy of the annual report.

Sir, what is the expected demand in future for export and domestic market for our specialty chemical business? And any new product addition in our portfolio? Sir, new technology upgradation to boost SRF into the next level of upgradations. Sir, congrats to our researchers and the scientists who have done hard work, tireless work under our R&D for bringing out new innovative products for the future generation. In the third, in the FCB, the fluorochemical business, we gain by focusing on the US market. Any other new market area of penetration are we thinking of?



Sir, kindly highlight on the de-bottling of the capacity in South Africa. And congrats for the awards which we have received, which is mentioned in page number seven, and also for the CSR activity, which has been great, helping out to the underprivileged sector. So any risk factor do we foresee in the future business? And how are we thinking of countering this cyberattack? So what are the steps for the long-term value creations also?

Sir, what are our thoughts for the reverse and the recycling of our waste products? Sir, nothing to add more, sir. Sir, I wish to have a planned visit in any of our national units. And I hope that under your leadership and guidance of our board, our company will come out with much better results, creating the value of sustainable way. Thank you, sir. And all stay safe.

Moderator: Thank you, Mr. Bakshi. Now I invite Mr. Gagan Kumar. And I request him to unmute his audio and video and to ask his question or give comments.

Gagan Kumar: Good morning Mr. Chairman, Board of Directors and fellow shareholders. Myself Gagan Kumar, I am joining this meeting from Delhi. Sir, we have been connected with this -- our company. Our parents have bought this company's shares, and today, we are enjoying the multiple benefits of the same. So, thanks to the management for giving such a good result. In your speech now, you have told a lot about what we have done, what are our plans for this year and in the future. I would like to know only one thing that in the future, if we are going to open any new plant please inform about this. Also I would like to thank to our CS that anytime we have any query in the whole year, we send a mail to them, then immediately we get the answer. Our company is an investor friendly company and all the best for your coming future, sir. Thank you, so much.

Ashish Bharat Ram: Thank you, Gagan ji, thank you.

Moderator: Thank you, Mr. Kumar. I now invite Mr. Dikshit Mittal who is the authorized representative of LIC Mutual Fund to unmute his audio and video and to ask his question or give comments.

Dikshit Mittal: Yeah, hi, good evening everyone. Sir, I have two questions only. So one for the short term as you mentioned in your opening speech that we are seeing some recessionary trend across the globe. But across our portfolio of chemicals, so do you see material impact in this year because of this destocking and low demand or is it a passing phase maybe in one quarter maybe we can surpass that?

And secondly, sir, on the longer term basis, because in our specialty chemical we have around 85% dependency on the agrochemical industry, which is highly cyclical in nature, right? So what are our plans basically to diversify, though you have now started investing into fluoropolymers and pharma, but can these vertical be large enough in the next three years so that our revenue profile is much more broad-based? Yeah, that's it from my side. Thank you.

Ashish Bharat Ram: Thank you Mr. Mittal. Thank you.



Moderator: Thank you Mr. Mittal. I now invite Mr. M.P. Bhutani to unmute your audio and video, and to ask his question or give comments. Mr. Bhutani, please unmute your audio and video. Mr. Bhutani, request you to kindly unmute your audio and video.

Ashish Bharat Ram: I think, so that we can move on if Mr. Bhutani is not able to join.

Moderator: Since this was the last question, I now hand over the proceedings of the meeting to the Chairman sir. Over to you, sir.

Ashish Bharat Ram: Bhutani ji, unfortunately your voice is not clear.

Moderator: Sir, you will have to disconnect, sir. I am sorry, we cannot hear you. I hand over the meeting to you, sir. Over to you.

Ashish Bharat Ram: Okay, thank you. So, a lot of the questions were generally around the chemical business. So let me first try and answer some of those questions. Yes, we have had a very good run for the last four years or five years. And as you saw, we've also grown at over 40% last year. But as I said in my speech, 40% annualized growth on the base that we have by any means is a highly exceptional growth and to be able to sustain growth of that level is I would say, not impossible but obviously very difficult. Yes this year is a year where we are seeing some headwinds. There is I would say, inventory destocking that is happening not just in the commodity space, but to some extent, even in the specialty space.

And I think this is because over the last two years, post-COVID, we saw a sort of structure where I think the supply chains were still under stress and there was a general tendency for people to keep higher inventories. It's very difficult to say, whether this is a one month, a one quarter or two quarter impact, but clearly it is a short term impact, not something that I believe will be there for very long, but there will be to some extent disruption at least for the next couple of quarters.

When we talk to customers, I think to some extent, obviously when everybody is going through a de-stocking, nobody wants to talk about when that de-stocking will sort of come down and when we will go back to normalcy. But the good thing is that in the end markets, consumption still remains reasonably strong. So my gut tells me that hopefully in the second half of this financial year, we should start seeing things getting back to some level of normalcy.

As far as our percentage of business coming from AgChem is concerned, you're right that it is 85%. I think over a period of time, the work that we're doing on the pharma side will obviously help us take pharma up, but agro will always remain a very large part of the SpecChem business. But within that, I think the two or three things that we're doing is diversifying not just a customer base, but also the product profile. So from being just a supplier of intermediates, I think getting into active ingredients with a much larger value chain, creates a stickiness with our customers, which obviously gives us, let's say, a much more visible sort of order book going forward.

So I think, we're working a lot on diversifying the product base, diversifying the type of products that we are in and diversifying our customer base. So within Agro, we are sort of de-risking that



way, but Agro will always remain a big chunk of what we're doing. The fluoropolymer story is a very new story. So I think, you will have to give us time before I can give you a more concrete sense of how much, you know, what sort of a role fluoropolymers will play in the long run. But I am very optimistic that a lot of the future technologies are dependent on fluoropolymer, so our entry into fluoropolymers should bode us well for the next three years to five years.

Lastly, I think on, there was something around the new plants. I think as far as new plants are concerned, whenever we do have new plants that we believe we need to invest in, obviously it goes through the Board process and the shareholders are the first to know of any such investment once we've got it cleared from the Board. So whatever it is that we are investing in right now is all in the knowledge of the shareholder. So if anything else comes up, I am sure through the right processes, you will also get to know.

I thank you once again for all your questions and if there is anything that remains unanswered, please do send in your queries and I am sure the Investor Relations team will be able to answer that.

Now I request all members who have not voted through remote e-voting to cast their votes through e-voting. This facility would be open for a period of 30 minutes. Mr. Arvind Kohli, Company Secretary in Practice is appointed as Scrutinizer for the AGM and the results will be declared later today. I thank you all for attending this meeting.

Moderator:

Thank you very much sir. The icon for e-voting is available on the screen which will redirect you to a separate window on the e-voting portal of NSDL. The e-voting facility will be active for 30 minutes. Thank you.