



we always find a better way

annual report

2010-11

Contents

Chairman's Message	6
Company Information	8
Notice	10
Directors' Report	15
Management Discussion and Analysis	24
Corporate Governance Report	36
Auditors' Report	46
Financial Statements	50

2010 - 11



we find BETTER ways to manufacture

SRF entered into a **joint venture to set up a Biaxially Oriented Poly Ethylene Terephthalate (BOPET) films plant** in Bangladesh and obtained board approval for setting up a Biaxially Oriented Polypropylene (BOPP) films plant in South Africa.

we try to produce BETTER quality

SRF set up a **dedicated product development center** for its Engineering Plastics Business during the year.



we find BETTER ways to conserve

SRF's Chemicals Business won the 'Commendation Certificate' under the prestigious '**CII-ITC Sustainability Award-2010**'. This was for the third year in a row SRF bagged the prestigious award for its endeavor towards sustainable economic, environmental and social development.

we always find

highpoints



we find ways to manage relationships **BETTER**

SRF Foundation, the social wing of SRF, bagged the '**Best in CSR Practice**' award at the 5th Indy's Awards function for its contribution in the field of education as well as community development in and around its plant locations.

we find **BETTER** ways to protect our planet

SRF undertook an ISO 14064-compliant study to **measure the carbon footprint** of its Chemicals Business based at Bhiwadi



we try to make the world a **BETTER** place

A consortium of Netherlands based Civil Society Organisations, selected the Natural Resource Management (NRM) project, the only one in Asia, as a **unique example of NGO-Business Partnership** to be presented at a learning event at Erasmus University, Rotterdam.

a better way

chairman's message

“The credit
for
developments
must go to those
who deserve it
the most – our
people.”



Dear shareholders,

I am happy to share with you your company's spectacular performance in 2010-11 which saw it cross several new milestones. We surpassed previous year's all time high consolidated net profit after tax (PAT) of Rs. 324 crore by 49 per cent thereby setting a new record at Rs. 484 crore during the year. Though the profitability in large measure was propelled by a dramatic improvement in the demand for packaging films, the other businesses also made significant contributions.

At SRF, we continued to demonstrate our business leadership by building and augmenting new product and process capabilities. We made significant headway in our effort to complete approvals of our newly developed Polyester Tyre Cord Fabrics from some of the leading tyre majors. We diversified our product portfolio especially for the auto and the electrical segments by developing and commercialising poly carbonate based engineering plastics. And, we further stepped up our R&D efforts to discover and develop molecules for some of the world's leading pharma and agro-chemicals manufacturers. The capability of the R&D team in the Chemicals Business is increasing all the time and we believe that they will be the growth-driver for the future of the Chemicals Business.

Simultaneously we continued to work towards strengthening our long-term fundamentals and global competitiveness through continuous investments in adding, replacing and upgrading capacity and technology. Recognising the distinctive potential of growth in all our businesses, we embarked upon several projects worth around Rs. 1500 crore during the year. We also took several strategic initiatives to expand our global operations. We entered into a joint venture to set up a Biaxially Oriented Poly Ethylene Terephthalate (BOPET) films plant in Bangladesh and obtained board approval for setting up a Biaxially Oriented Polypropylene (BOPP) films plant in South Africa.

These developments clearly point to a brighter future. And, the credit must go to those who deserve this the most - our people who made concerted efforts to achieve a remarkable breakthrough in our company's performance. We continued to draw on our talent pool and our 'management way' of TQM to build and improve upon our organisational capabilities in tune with changing business imperatives. Using IT as a platform we set off on a path of 'knowledge management' making a paradigm shift in the way we contribute and collaborate across the company. Among other people development initiatives we worked on integration of our overseas units with the parent company through relevant policies and systems.

More importantly, we launched a company-wide campaign to reiterate our commitment to living the organisational values. We also created and communicated a 'brand charter' which defined what we stood for as an organisation. Sure, all these efforts are aimed at enabling our colleagues to align with our company's business proposition, which revolves around ethical values. There is no gainsaying the fact that adherence to these values is a bedrock of all our actions.

Another vehicle that drives our businesses is the creation of societal value through sustainable means. Pursuing a purpose of changing the lives of the underprivileged in our community we continued to work on the identified areas of Education, Health Care-HIV AIDS, Natural Resource Management (NRM), and Affirmative Action in support of SC/ST, the historically disadvantaged people in India.

In particular, we expanded our ambit of work in education through our social wing, SRF Foundation. We intensified our efforts to improve infrastructure and teachers' training in all the 40 schools we have adopted in the Mewat region of Haryana. Many other companies, government agencies, NGOs, employee volunteers, educational institutes

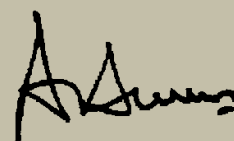
and the community at large joined us in our efforts to transform the lives of the children in these schools.

It's truly satisfying to be able to contribute towards community development in a meaningful manner. Recognitions for our socially and environmentally responsible work further inspire us all to reaffirm our commitment to the cause. It's a matter of great pride for all of us that our Chemicals Business was conferred with the prestigious 'CII-ITC Sustainability Award-2010' for the third year in a row for its endeavor towards sustainable economic, environmental and social development. You will be happy to know that a consortium of Netherlands based Civil Society Organisations, selected our NRM project, the only one in Asia, as a unique example of NGO-Business Partnership to be presented at a learning event at Erasmus University, Rotterdam during the year. In line with our proactive approach towards managing climate change, we undertook an ISO 14064-compliant study to measure the carbon footprint of its Chemicals Business based at Bhiwadi during the year.

The journey continues. We will continue to engage with our customers. We will continue to create value for our society. And, we will continue to spur innovation. Let me assure you that we will remain committed to bringing continuous improvements in all that we do – the work ethos that reflect in the new tagline of your company, We always find a better way.

I look forward with confidence to achieve total excellence.

With kind regards,



ARUN BHARAT RAM
Chairman

company information

Board of Directors



- Arun Bharat Ram, Chairman
- Ashish Bharat Ram, Managing Director
- Kartikeya Bharat Ram, Dy Managing Director
- S P Agarwala
- K Ravichandra, Director (Safety & Environment)
- M V Subbiah
- Satish K Kaura
- Vinayak Chatterjee
- Subodh Bhargava
- Piyush G Mankad

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants

Company Secretary

Anoop K Joshi

Bankers

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

Registered Office

C-8, Commercial Complex, Safdarjung Development Area, New Delhi-110016, India

Corporate Office

Block-C, Sector-45, Gurgaon-122003, Haryana, India



Chemicals and Polymers Business: Plants

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

Technical Textiles Business: Plants

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

Packaging Films Business: Plants

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

Notice

Notice is hereby given that the 40th Annual general meeting of SRF Limited will be held on Thursday, the 28th July, 2011 at 3.30 pm at the Laxmipat Singhanian Auditorium, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016 to transact the following businesses:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr S P Agarwala, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr Vinayak Chatterjee, who retires by rotation and being eligible, offers himself for re-election.

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

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

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

“RESOLVED that subject to such consents and permissions, if any, as may be necessary, approval of the Company be and is hereby accorded in terms of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and the Schedule(s) thereto,

including any statutory amendment or re-enactment thereof, to the re-appointment of Mr Kartikeya Bharat Ram as Deputy Managing Director for a fresh tenure of five years effective from 01.06.2011 on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:

Tenure

Five years with effect from 01.06.2011

Functions

Mr Kartikeya Bharat Ram shall be responsible for Human Resources, Information Technology, Total Quality Management, Corporate Communication functions and other responsibilities as may be entrusted to him by the Chairman and/or the Board, from time to time.

Remuneration

Subject to the overall limit on remuneration payable to all the managerial personnel taken together, remuneration payable to Mr Kartikeya Bharat Ram shall comprise salary, perquisites and commission, as may be decided by the Remuneration Committee/Board of Directors within an overall ceiling of 5% of net profits of the Company, computed in the manner laid down in Section 349 of the Companies Act, 1956.

Remuneration for a part of the Year

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

Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year, remuneration payable to Mr Kartikeya Bharat Ram shall be decided by the Remuneration Committee subject to the provisions of the Companies Act, 1956 and such approval, if any, as may be required.

Termination

Appointment of Mr Kartikeya Bharat Ram as Deputy Managing Director may be terminated by either party