

Annual Report 2016-17



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Message from the Chairman



“Strategic focus, technology innovation, customer focus and disciplined allocation of capital will guide our efforts in FY 2017-18, with an intended focus of further cementing our three strong, independent, industry-leading businesses”

Dear Shareholders,

Today's business environment is characterised by increasingly high levels of volatility. It defines the new 'business as usual'. However, having said that the Indian Government has done well to record a growth rate of 7.1 per cent during FY 2016-17, when compared with other large economies in the world. The Government has been steadfast in its desire to carry out reforms across various spheres. The rollout of the Goods and Services Tax (GST) is by far the most ambitious and path-breaking reform in the recent history of our country. One must also realise that such a massive initiative will have short-term change issues to deal with, but I am convinced that this reform singlehandedly can take us into a significantly higher growth trajectory. The seriousness with which the Government is taking on the Non-Performing Assets (NPAs) problem of the Banking industry is also commendable. This needed to happen and will ensure that over time good companies will be able to access cheaper funds for growth.

Our actions in FY 2016-17 further strengthened our foundation amidst macro challenges

The Company performed well in FY 2016-17, which is largely due to our diversified business model. It continues to remain one of our key strengths. Furthermore, we ensured that we delivered on our profitability goals and made progress on our operational efficiencies. I am pleased to inform that we maintained a robust profit after tax increase of 20% when compared to the previous financial year and our revenues for the year remained stable.

With an established presence of close to 50 years in the country and strengthened customer intimacy programmes, the Company continues to be a market leader across all its business segments.

Sustained investment in infrastructure, innovation and human capital

Throughout FY 2016-17, our Board and management team were looking ahead, acting on several fronts to ensure that SRF would not only address the current challenges, but also have the foundation ready for continued success regardless of macro conditions.

In the past year, we continued to consolidate our leadership position in our Fluorochemicals Business with a fifty percent plus market share on account of increased volumes and wider product offerings. We successfully developed in-house HFC blending capability in record time and initiated the production of R 410 A and R 407 C, providing a unique edge to us. We have become the first company in India to launch R 22 cans in the Indian market that are marketed under our brand name FLORON. We believe that this launch will go a long way in ensuring genuine product usage in the market. Furthermore, we have also launched the FLORON brand in Thailand, which is a promising market for us. Our ongoing investment in product development continues to drive strong near-term results for us in the refrigerant gases space and strengthens our position in the marketplace.

For our Specialty Chemicals Business, sustainable growth is key and we aim to achieve that by focussing on innovations to build a strong pipeline for induction of new offerings in both the agrochemical and pharmaceutical segments. As a valued partner to our customers, I am pleased to inform that we received the 2016 Supplier Award for Health, Safety and Environment from Syngenta and the 2017 Supplier Award for Sustainability from Bayer. These awards are

an endorsement of our '*Customer First*' strategy, as we continue to make every possible attempt to lead the markets by listening to the needs of our customers. While we remain very positive on the long-term potential of the Company's Specialty Chemicals Business to create tremendous value for our shareholders, we expect FY 2017-18 to be a slow growth year with agrochemicals remaining weak.

Our Packaging Films Business (PFB), which despite being a cyclical business continues to make a healthy contribution to the Company's top line and the bottom line. Our PFB plants ran to full capacity utilisation despite an over-supply in the market.

In February 2017, PFB turned an important chapter in its journey with a new Bi-axially Oriented Polyethylene Terephthalate (BOPET) Film Plant and Metalliser Plant going on stream, ahead of schedule. This line is also the first phase of the new greenfield Packaging Film facility in the Domestic Tariff Area, Indore. The new manufacturing line is a part of the Company's overall strategy to grow and thrive – reinvesting in capacity-building, delivering significant value for shareholders and matching precise customer requirements. We also continue to focus on increasing the share of innovative value-added products to the overall PFB portfolio.

With benchmark lowest cost structures in the industry and increased agility, PFB will remain steadfast on its journey to deliver a superior '*Easy to Do Business With*' experience for our valued customers.

Within the Technical Textiles Business, the Nylon Tyre Cord Fabric business continues to retain market leadership in an increasingly competitive environment. We continue to focus on increasing cost efficiencies in this segment through a judicious management of raw material and inventories. Similarly, we continue to maintain a leadership position in other segments such as Coated Fabrics and retain price leadership in the Laminated Fabrics segment. In Belting Fabrics, we have successfully increased our market share by deeper penetration into Tier II players. In FY 2017-18, we will continue to deliver improved productivity and greater consistency to drive value for our stakeholders.

The growth of the Company is not possible without fully engaging the hearts, minds and passion of our employees.

SRF promotes an environment where creativity is nurtured and individual talents are respected. As our organisation grows to better reflect the diverse nature of the markets we serve, we continue to build strong systems and infuse talent into our organisation, both in the areas of operations and R&D to help us in our growth path in the future. I am also pleased to share that we have recently rolled out the SRF Aspirations – 2025 company-wide, striving to continuously be known and respected for our Professional Reputation and Value System, Customer Advocacy, Innovation and Technology Leadership, and Operational Excellence.

Our commitment towards the communities where we operate also remained steadfast. Our key initiative of providing 'Quality Education to All', which is also one of the largest community programmes imparting education and vocational training programmes to underprivileged children and youth across the country was further strengthened during the past year by improving infrastructure facilities in Government schools, promoting computer-aided learning, launching a mobile bus for digital inclusion of communities, among other initiatives. This has been the Company's humble way of making a small, yet deeply felt contribution to the cause that is important and vital to our society.

Moving forward

Strategic focus, technology innovation, customer focus and disciplined allocation of capital will guide our efforts in FY 2017-18, with an intended focus of further cementing our three strong, independent, industry-leading businesses.

We have high aspirations to grow, improve our business, reduce costs and generate sustainable, profitable growth. Our focus for the year ahead is on positioning SRF to continue growing revenues, earnings and cash flow as well as embrace the principles of sustainability and environmental responsibility.

As we look to FY 2017-18 and beyond with confidence, we express our appreciation and gratitude to our employees, associates and shareholders.



Arun Bharat Ram
Chairman

Company Information

Board of Directors



Arun Bharat Ram
Chairman



**Lakshman
Lakshminarayan**



Ashish Bharat Ram
Managing Director



Vinayak Chatterjee



Kartik Bharat Ram
Dy. Managing Director



Vellayan Subbiah



Dr. Meenakshi Gopinath
Director – CSR



Tejpreet S Chopra



Pramod G. Gujarathi
Director (Safety & Environment)



Pramod Bhasin

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants

CFO & Company Secretary

Anoop K Joshi

Bankers

- ICICI Bank
- State Bank of India
- Standard Chartered Bank
- Citibank NA
- Yes Bank
- HDFC Bank
- Kotak Mahindra Bank
- HSBC
- Bank of Tokyo Mitsubishi UFJ Ltd.
- The Bank of Nova Scotia Asia Ltd.
- DBS Bank
- Barclays Bank
- IDFC Bank

Registered Office

(CIN: L18101DL1970PLC005197)
C-8, Commercial Complex,
Safdarjung Development Area,
New Delhi - 110 016, India
Email: info@srf.com Website: www.srf.com

Corporate Office

Block - C, Sector - 45, Gurgaon - 122 003,
Haryana, India

Chemicals and Polymers Business: Plants

- Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan
- Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu
- Plot No. 14 C, Sector 9, IIE Pantnagar Distt. Udham Singh Nagar - 263 153, Uttarakhand
- D II/I GIDC, PCPIR, Phase II, Tal. Vagra, Village Dahej, Distt. Bharuch - 392 130, Gujarat



Technical Textiles Business: Plants

- Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu
- Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu
- Virallimalai, Distt. Pudukottai - 621 316, Tamil Nadu
- Industrial Area, Malanpur, Distt. Bhind - 477 116, Madhya Pradesh
- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udham Singh Nagar - 244 713, Uttarakhand



Packaging Films Business: Plants

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



SRF Limited

(CIN: L18101DL1970PLC005197)

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Email: info@srf.com website: www.srf.com

NOTICE

Notice is hereby given that the **46th Annual General Meeting** of SRF Limited will be held on **Tuesday, August 8, 2017** at 3.30 p.m. at the Laxmipat Singhania Auditorium, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016 to transact the following businesses:-

Ordinary Business

1. To receive, consider and adopt the standalone and consolidated audited financial statements of the Company for the financial year ended March 31, 2017 along with the Reports of the Auditors' and Board of Directors' thereon.
2. To appoint a Director in place of **Mr. Arun Bharat Ram** (DIN 00694766), who retires by rotation and being eligible, offers himself for re-election.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

To ratify appointment of auditors of the Company as approved by the members at the 43rd Annual General Meeting:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, recommendations of the Audit Committee and the resolution passed by the members at the forty third annual general meeting held on August 4, 2014, the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, New Delhi (Registration No. 015125N) as Auditors of the Company be and is hereby ratified from the conclusion of this meeting till the conclusion of 47th Annual General Meeting."

Special Business

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

Appointment of **Mr. Pramod Gopaldas Gujarathi** as Director:

"RESOLVED THAT Mr. Pramod Gopaldas Gujarathi (DIN 00418958), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from April 1, 2017, in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of his office shall be liable to determination by retirement of directors by rotation."

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

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval be and is hereby accorded for the appointment of Mr. Pramod Gopaldas Gujarathi (DIN 00418958), as the Whole-Time Director, designated as "Director (Safety & Environment) and Occupier" of the company on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:-

Tenure

Three years with effect from April 1, 2017. He shall be liable to retire by rotation.

Functions

Mr. Pramod Gopaldas Gujarathi shall be responsible for compliances with the laws relating to safety, health

and environment at the factories of the Company, present and future and such other responsibilities, if any, as may be entrusted to him by the Chairman, Managing Director, Deputy Managing Director and/ or the Board, from time to time.

Remuneration

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

Minimum Remuneration

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

Termination

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

"RESOLVED FURTHER THAT the Nomination and Remuneration Committee/ Board of Directors be and is hereby authorised to recommend/decide from time to time the salary, perquisites and commission payable to Mr. Pramod Gopaldas Gujarathi during his tenure with effect from April 1, 2017 within the approved ceiling of remuneration in accordance with the Nomination and Remuneration Policy."

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

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

Re-appointment of **Mr Arun Bharat Ram** (DIN-00694766) as Chairman with Executive Powers:

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

Tenure

5 years with effect from June 15, 2018. He shall be liable to retire by rotation.

Functions

Subject to the direction, control and superintendence of the Board of Directors, Mr. Arun Bharat Ram shall provide pro-active guidance to the Management Team and participate in all critical decisions.

Remuneration

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

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

Minimum Remuneration

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

Termination

The appointment of Mr. Arun Bharat Ram as Chairman in executive capacity may be terminated by either party giving to the other six calendar months' notice in writing.

In the event of termination of this appointment of Mr. Arun Bharat Ram by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Companies Act, 2013 or any statutory amendment or re-enactment thereof.

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

"RESOLVED FURTHER THAT the Nomination and Remuneration Committee be and is hereby authorised to recommend/decide from time to time the salary, perquisites and commission payable to Mr. Arun Bharat Ram during his tenure with effect from June 15, 2018 within the approved ceiling of remuneration in accordance with the Nomination and Remuneration Policy."

"RESOLVED FURTHER THAT the powers and authorities delegated by the Board to Mr. Arun Bharat Ram from time to time including powers to sub-delegate shall remain valid upon his re-appointment."

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

Ratification of Remuneration of Cost Auditors for financial year 2017-18

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial

year ending March 31, 2018 as provided below, be and is hereby approved and ratified:

Name of Cost Auditor	Business	Remuneration payable
H Tara & Co. (Membership No. 17321)	Technical Textile Business and Engineering Plastic Business	₹ 3.60 lakhs plus taxes as applicable and reimbursement of actual out of pocket expenses
Sanjay Gupta & Associates (Membership No. 18672)	Chemicals Business and Packaging Film Business	₹ 5.00 lakhs plus taxes as applicable and reimbursement of actual out of pocket expenses

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

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

"RESOLVED THAT pursuant to the provisions of Section 42, 71, 179 and any other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board duly authorized by it in this regard in accordance with the applicable provisions of the said Act) be and is hereby authorised to issue, offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures including commercial paper, in one or more series/tranches, aggregating upto ₹ 2000 crores (Rupees two thousand crores), on private placement, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and most beneficial to the Company including as to the timing of issue of such Debentures, the consideration for the issue, the utilisation of the issue proceeds and all other matters connected with or incidental thereto;

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps including the power to sub-delegate the powers as may be necessary, proper or expedient to give effect to this resolution."