

CREATING VALUE THE SRF WAY

ANNUAL REPORT 2019-20



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COMPANY INFORMATION

Auditors

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

President & CFO

Rahul Jain

Vice President (Corporate Compliance) & Company Secretary

Rajat Lakhanpal

Bankers

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

Registered Office

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Corporate Office

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www.srf.com



MESSAGE FROM THE CHAIRMAN



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

Dear Shareholders,

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

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

Creating Value: The SRF Way

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



Arun Bharat Ram
Chairman

BOARD OF DIRECTORS



Arun Bharat Ram
Chairman



Ashish Bharat Ram
Managing Director



Kartik Bharat Ram
Dy. Managing Director



Pramod G. Gujarathi
Director – Safety & Environment



Dr. Meenakshi Gopinath
Director – CSR



Lakshman Lakshminarayan
Independent Director



Vellayan Subbiah
Independent Director



Tejpreet S Chopra
Independent Director



Bharti Gupta Ramola
Independent Director



Puneet Yadu Dalmia
Independent Director



Yash Gupta
Independent Director



Chemicals Business : Plants

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



Technical Textiles Business : Plants

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



Packaging Films Business : Plants

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



Other Businesses : Plants

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

SRF Limited

(CIN: L18101DL1970PLC005197)

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NOTICE

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

Ordinary Business

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

Special Business

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

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

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

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

Tenure

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

Functions

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

Remuneration

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

Minimum Remuneration

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

Termination

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

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

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

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

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

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

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

Tenure

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

Functions

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

Remuneration

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

Remuneration for a part of the Year

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

Minimum Remuneration

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

Termination

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

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

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

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

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

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

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

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

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

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

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

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