



**MEMORANDUM
AND
ARTICLES OF ASSOCIATION**

SRF LIMITED

**FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME**

COMPANY NO. 5197

**IN THE OFFICE OF THE REGISTRAR OF COMPANIES,
DELHI AND HARYANA**

[UNDER THE COMPANIES ACT, 1956 (OF 1956)]

In the matter of SHRI RAM FIBRES LIMITED

I here certify that SHRI RAM FIBRES LIMITED

..... which was originally incorporated on NINTH

day of JANUARY One Thousand Nine Hundred SEVENTY

under the Companies Act, 1956 and Under the name SHRI RAM FIBRES

LIMITED having duly passed the necessary special resolution in terms of section 21 of the Companies Act, 1956 and the approval of Central Government signified in writing have been accorded thereto in the Department of Company Affairs, New Delhi approval letter No. ROC/April/21/5197/2113 Dated 30-4-90

The name of the said Company is this day changed to SRF LIMITED

and this certificate is issued pursuant to Sec. 23(1) of the said Act.

Given under my hand at NEW DELHI this SECOND day of
MAY One Thousand Nine Hundred and NINETY

Seal
Registrar of Companies
Delhi

sd/-
(B. BHAVANI SHANKAR)
REGISTRAR OF COMPANIES
DELHI AND HARYANA

Company No. 5197



Certificate for Commencement of Business

Pursuant of section 149 (3) of the Companies Act, 1956

I hereby certify that the **SHRIRAM FIBRES LIMITED**

*which was incorporated under the Companies Act, 1956, on the
9TH day of **JANUARY** 1970 and which has this day filed
a duly verified declaration in this prescribed form that the conditions of
section 149 (2) (a) to (c) of the said Act, have been complied with is entitled
to commence business.*

Given under my hand at **NEW DELHI**
this **3RD (THIRD)** *day of* **JUNE**
One thousand nine hundred and **SEVENTY-ONE**

Seal
Registrar of Companies
Delhi

sd/-
(P.B. Saharya)
Registrar of Companies
DELHI

Form I.R.

Certificate of Incorporation

No. 5197 of 1969-70

I hereby certify that SHriram Fibres Limited is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the Company is Limited.

Given under my hand at NEW DELHI this NINETH (9th) day of JANUARY (PAUSA) one thousand nine hundred and SEVENTY (1891-SAKA).

sd/-

Seal

**Registrar of Companies
Delhi**

V.S. JONEJA

**Asstt. Registrar of Companies
Delhi**

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ARTICLES OF ASSOCIATION

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MEMORANDUM OF ASSOCIATION OF SRF LIMITED

- | | |
|--|-------------------|
| I. The name of the Company is SRF Limited. | Name* |
| II. The Registered Office of the Company will be situated in the Union Territory of Delhi. | Registered Office |
| III. The objects for which the Company is established are:- | Objects |
- A. Main Objects:-****
1. To carry on the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting or otherwise handling or dealing in man-made fibres including regenerated cellulose rayon, nylon and the like; nylon 6 and other nylon tyre cord, fabrics and industrial yarns; polyester filament yarn, artificial silks, staple fibres, acrylic fibre and tops and such other fibres or fibrous materials or allied products, by-products or substances or substitutes for all or any of them, or yarn or yarns for textile or otherwise, as may be practicable or deemed expedient.
 2. To make, manufacture, produce, purchase, sell, import, export or otherwise deal in all types of raw materials, stores, goods, products, including caprolactam, hexamethylene-diamine, adipic acid, dimethyl terephthalate, acrylonitrile and other allied chemicals required for the manufacture of the products mentioned in sub-clauses 1 above.
- B. Incidental and ancillary Objects:-**
3. To buy or generate for the purposes of the Company steam, heat, light, electricity, gas or other motive power.
 4. To purchase, take on lease or in exchange, hire or otherwise acquire, any real and personal properties and any rights or privileges which this Company may think necessary or convenient for the purpose of its business.
 5. To construct, improve, maintain, develop, work, manage, carry out, or control any roadways, tramways, railways, branches or sidings, bridges, reservoirs, water courses, wharves, manufactories; warehouses, electric works, shops, stores and other works and conveniences which may seem calculated to advance the Company's interests and to contribute to, subsidise, or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
 6. To apply for, purchase or otherwise acquire, any patents, trade marks, brevets d'inventions, licences, concessions and the like conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem to the Company capable of being used for any of the purposes of the Company or calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licenses in respect of, or otherwise turn to account the property, rights or information so acquired, and to experiment upon, testing or improving any such patents, inventions or rights and to carry on all kinds of research work.

*The name of the Company was changed from Shri Ram Fibres Limited to SRF Limited vide Special Resolution dated 14.3.90 and Fresh Certificate of Incorporation issued by the Registrar of Companies, Delhi and Haryana, New Delhi on 2.5.90, pursuant to section 23 of the Companies Act, 1956.

**By complying with provisions of Section 149(2-A) of the Companies Act, 1956, the Company is authorised to engage in the businesses mentioned in clauses 33 and 56-66.

7. To acquire and undertake the whole or any part of the business, property and liabilities of any person or firm or company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.
8. To enter into any partnership, arrangement for sharing profits, union of interests, co-operation, joint-adventure, reciprocal concession or otherwise with any person or firm or company carrying on or engaged in or interested in or about to become engaged in, or interested in the carrying on or conduct of any business or transaction which the company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as to benefit the Company.
9. To amalgamate with any other company having objects altogether or in part similar to those of this Company.
10. To develop and turn to account any land acquired by the Company or in which it is interested, and in particular by laying out and preparing the same for the building purposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings, and by planting, paving, draining, farming, cultivating and letting on building lease or building – agreement, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.
11. To take or otherwise acquire and hold shares, stock, debentures or other interests in any other company, or carry on any business capable of being conducted so as to benefit this Company.
12. To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time seem expedient and be determined.
13. To lend money to such persons or companies on such terms as may seem expedient, and in particular to employees or ex-employees, customers and others having dealings with the Company and to give any guarantee or indemnity that may seem conducive to the business of the Company.
14. To receive fixed or their deposits not withdrawable by cheques, drafts or orders and pay interest on them at a reasonable rate for the purpose of financing the business of the Company.
15. To borrow or raise money by the issue of debentures or debenture stock (perpetual or otherwise), bonds, mortgages or any other securities or in such manner as the Company shall think fit, and for the purposes aforesaid to mortgage or charge all or any of the Company's property or assets, present and future, including its uncalled capital and collaterally or further secure any securities of the Company by trust deed or other assurance.
16. To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
17. To apply for, promote and obtain any Act of Parliament, privileges, concessions, licence or authorisation of any government, state or municipality or other authority for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem expedient, and to make representation against any proceedings or applications which may seem calculated to prejudice the interests of the Company.
18. To enter into any arrangements with any governments or authorities supreme, municipal, local or otherwise, that may seem conducive to the Company's objects, or any of them and to obtain from any such government or authority, any rights, privileges, and concessions which the Company may think it desirable to obtain, and to carry out, exercise, and comply with any such arrangements, privileges, and concessions.

Objects

19. To pay all costs, charges and expenses preliminary and incidental to the formation, promotion, registration, or establishment of this or any other company and the issue of its capital and to remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in or debentures or debenture stock or other securities or obligations of the Company or in or about the promotion, formation or business of the Company; or of any other company promoted wholly or in part by this Company.
20. To pay for any rights or property acquired by the Company, and to remunerate any person or company whether by such payment or by the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.
21. To pay donations to any individuals or institutions or associations or contribute to any charitable, religious, benevolent, national, public or general and other funds or institutions or associations.
22. To procure the company to be registered or established or to be authorised to do business as joint stock company with limited liability in any foreign country or place.
23. To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company or for any other purpose which may seem calculated to benefit this Company.
24. To sell or otherwise dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other company.
25. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any part of the property and rights of the Company.
26. To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company in the event of its winding up, but so that no distribution amounting to a reduction of capital be made except with the sanction, if any, for the time being, required by law.
27. To provide for the welfare of employees or ex-employees of the Company and the wives, widows, families or dependents of such persons by building or contributing to the building of the houses, dwelling or by grants of money, pensions, allowances, gratuities, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other funds, institutions and trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and assistance as the Company shall think fit.
28. To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press, public places and theatres, by radio, by television, by producing and exhibiting films, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
29. To apply the assets of the Company in any way in or towards the establishments, maintenance or extension of any association, institution, fund or movement connected with the business and activities of the Company.
30. To refer to arbitration any existing or future dispute or difference between the Company and any other person, firm, company or corporation.
31. To do all or any of the above things in any part of the world as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others.
32. To do all such other things as are incidental or conducive to the attainment of the above said objects or any one of them.

Objects

C. Other Objects

33. To carry on the business of manufacturing of and dealers in chemicals, chemical compounds and chemical products of any nature and kind whatsoever, and as wholesale and retain chemists and druggists, chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, petro-chemical compounds and elements of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, anti-biotics etc., tannins, tannin extracts, essences, solvents, plastics of all types, dyes, dyestuff, intermediates, textile auxiliaries, cellophane, colours, paints, varnishes, disinfectants, insecticides, fungicides, deodorants, as well as biochemical, pharmaceutical, medicinal, sizing, bleaching, photographic and other preparations and articles of any nature and kind whatsoever.
34. To carry on the business of ginners, spinners, weavers, flax manufacturers, balers and pressers of all cotton, jute, silk, hemp, wool, hair, rayon and other fibrous materials including man-made fibres, and the business of buyers and sellers of and dealers in cotton, jute, silk, flax, hemp, wool, hair, rayon and any other fibrous materials and transacting all manufacturing, curing, preparing, colouring, dyeing or bleaching processes and purchasing, and vending the raw materials and manufactured articles; purchasing, combing, preparing, spinning, weaving, dyeing, bleaching, printing, manufacturing, selling and otherwise dealing in yarn, linen, cloth, and other goods and fabrics made from cotton, jute, silk, flax, hemp, wool, hair, rayon, and any other fibres, or fibrous substances including man-made fibres, weaving and otherwise manufacturing, buying, selling and dealing in all kinds of cloth and other goods and fabrics, whether textile, felted, netted, or looped, and vitriol, bleaching, sizing, dyeing, printing and other processing materials.
35. To carry on all or any of the businesses of printers, stationers, lithographers, type-founders, stereo-typers, electro-typers, photographic printers, photo-lithographers, chromolithographers, engravers, die-sinkers, bookbinders, designers, draughtsmen, paper and ink manufacturers, book-sellers, publishers, advertising agents, engineers and dealers, in or manufacturers, of any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
36. To carry on the business of iron-founders, mechanical engineers and manufacturers of agricultural implements and other machinery, toolmakers, brass-founders, metal-workers, boiler-makers, millwrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, electrical engineers, water-supply engineers, gasmakers, farmers, printers, carriers and merchants.
37. To carry on any business relating to the winning and working of minerals, the production and working of metals and the production, manufacture and preparation of any other materials, which may be usefully or conveniently combined with the engineering or manufacturing business of the Company.
38. To carry on the business of a store-keeper in all its branches, and in particular to buy, sell, manufacture and deal in goods, stores, consumable articles, chattels and effects of all kinds, both wholesale and retail, and to transact every kind of agency business.
39. To establish and carry on schools or colleges and to provide for the delivery and holding of lectures, exhibitions, public meetings, classes and conferences, calculated directly or indirectly to advance the cause of education, whether general, professional or technical and primarily for the purpose of promoting the interest of the Company.
40. To purchase, take on lease or otherwise acquire any mines, mining rights and metalliferous land in India or elsewhere, and any interest therein, and to explore, work, exercise, develop and turn to account the same; to crush, win, get, quarry, smelt, calcine, refine, dress, amalgamate, manipulate, and prepare for market ore, metal and mineral substances of all kinds, and to carry on any other metallurgical operations which may seem conducive to the Company's objects.

41. To carry on the business of producers and suppliers of electricity or gas, whether for the purpose of light, heat, motive-power, telephonic, telegraphic, industrial or other purposes; and generally to provide, work, maintain and carry out all necessary cables, wires, accumulators, lamps, exchanges, telephones and apparatus connected with the generation, distribution, supplying, accumulation and employment of electricity or gas. Objects
42. To carry on the business of manufacture and sellers of and dealers in and agents for all kinds of radio/television apparatus and other electronic appliances and equipments, all kinds of electric lamps, including gas-filled lamps, vacuum lamps, carbon lamps and arc lamps, electric discharge tubes and other articles, instruments and things required for or capable of being used for or in connection with the generation, transformation, propagation, radiation, distribution, supply, accumulation and employment or application of electricity, for radiating wires for wireless signaling, lighting, heating, motive-power, X-ray, medical and other purposes whatsoever, and to construct, maintain, carry out, work, buy, sell, let on hire and deal in works, plant, machinery, conveniences and things of all kinds capable of being used in connection with such purposes of any kind, including cables, wires, lines, stations, exchanges, accumulators, dynamos, motors, batteries, switching, regulating, controlling, signaling and medical apparatus, lamps, meters and engines.
43. To carry on business as financiers, concessionaries, and merchants, and to undertake and carry on and execute all kinds of financial, commercial, trading and other operations which may seem to be capable of being carried on in connection with any of these objects, or calculated to enhance the value of or facilitate the realization of or render profitable any of the Company's property or rights.
44. To carry on the business as manufacturers of and dealers in fertilisers, phosphates, bone products, glue, alumic product and manures and as distillers, dye-makers, gas-makers, soap and perfume makers, metallurgists and mechanical engineers.
45. To engage in coastal and international shipping in India or in any part of the world, to purchase, charter, hire, build or otherwise acquire, steam and other ships or vessels, and to employ the same in conveyance of passengers, mails, and merchandise of all kinds in any part of the world and to undertake and carry on all or any of the trades and businesses of shippers, ship owners, ship repairers, ship brokers, agents, aeroplane owners and carriers. Sub-clause 45 to 55 inserted vide Special Resolution dated 2.11.1981 and confirmed by CLB order dated 16.06.1982.
46. To carry on the business of manufacture and dealers in pulp and papers of all kinds, and articles made from paper or pulp and materials, used in the manufacture or treatment of paper, including cardboard, mill board and oil papers and packing cartons and newsprint and photographic raw materials and films, paperboard, straw board, hard board, fibre board, chip board, corrugated paper, transparent paper, craft paper, carbons, parchment and corks.
47. To carry on business as tanners, curriers and manufacturers of leather, and all description of goods, wholly or partly of leather, to design, develop, manufacture, produce, process, assemble and distribute, export, all types of leather and allied products manufactured from leather such as insoles and foot-wear, maintain related accessories, manufacture, processing and selling regenerated leather rolls, sheets, and strips as may be deemed expedient.

48. To set up steel furnaces and continuous castings and rolling mill plants for producing steel allow, steel ingots, steel and allow steel pellets of all kinds and sections and re-rolling sections, to mine and process ore, manufacture sinters, pellets, sponge iron, etc. Objects
49. To carry on the trade or business of leasing in lands, buildings, factories, houses, flats and other residential, commercial, agricultural, and mining properties and all types of plants and machinery and to carry on business and deal in the above as agents.
50. To carry on business of manufacture and sale in all aspects and repairs of, motor cars, motor buses, omnibuses, motor lorries, motor trucks, motor cycles, scooters, jeeps, trolleys, trailers, buses, motor vans, vehicles, and other conveyances of all kinds and descriptions, tractors and other machinery and vehicles, conveyance and their engines, tyres and semityres of different types of vehicles and tubes thereof, including their flaps, dry cells, inert cells and batteries, accumulators and storage batteries; cadmium, rechargeable batteries, flash lights, carbon electrodes, zinc callots and all appliances and replacement parts and things used in the manufacture of or in connection with such cells and batteries. To carry on business of manufacture, fabricate and assemble and deal in all automotive parts and agricultural implements of all kinds and descriptions, automotive gears, transmission axles, universal joints, springs, spring leaves, head lamps, sealed beams, components, spare parts, accessories and fittings of all kinds for the said articles and things used in connection with the manufacture thereof.
51. To manufacture, produce, sell, buy, import, export or otherwise deal in acidic, basic and neutral refractories, insulators of all kinds, technical ceramics, earthenware, pottery or articles of clay, cement, gypsum, sand or other earthly matter, synthetic ceramics, or a combination of two or more of them, and to carry on the business of all kinds of these products including glass products, glass sheets, plate glass, fibre glass, optical glass, glass wool and laboratory ware.
52. To act as consultants, technical, financial, commercial, personnel, managerial, marketing, purchasing, quality control, operational, projects, and in furtherance and pursuance of which to accept appointment and act as consultants and/or in any manner or form whatsoever, either in advisory or any other capacity, either by itself solely or in conjunction with other units, so as to render services emanating from above referred activities either directly or otherwise, in India or abroad.
53. To produce, manufacture, treat, process, refine, import, export, purchase, and sell and distribute all kinds of cement, ordinary, white, coloured, portland, pozzolana, alumina, blast furnaces, silica or otherwise.
54. To carry on the business of manufacturing, processing, formalising, producing, buying, selling, exporting, importing or otherwise dealing in all types of photo sensitive, photographic, and cinematographic goods like films, photo sensitive paper, photo-chemicals, sensitized products, whether or not exposed or developed and films for X-ray and other medicinal purposes including plates, sheets, rolls or any other form.
55. (i) To undertake, carry out, promote and sponsor, rural development including any programme for promoting the social and economic welfare of or upliftment of the public, or any rural area and to incur any expenditure on any programme of rural development, to assist execution and promotor thereof either directly or through an independent agency or in any other manner, and for this purpose, the Directors may transfer and divest the ownership of any property to or in favour of any public or local body or authority or Central or State Government etc.

- (ii) To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral upliftment of the public or any section of the public in such manner as Directors may think fit.
56. To manufacture, produce, sell, buy, import, export, or otherwise deal in forgings, castings, metal workings, light and medium fabricated products, aluminum products, cutting tools, mining and drilling tools and equipment.
57. To manufacture, produce, sell, buy, import, export, let on hire, repair, service or otherwise deal in all kinds of internal-combustion, multi-purpose mand marine engines and motors and related parts, components and accessories thereof.
58. To manufacture, produce, sell, buy, import, export, or otherwise deal in all types and kinds of industrial and electrical machinery, valves, material handling equipment, pollution control and effluent treamtment and handling machinery, manufacturing systems, bearings, chains, fasteners, gears, transformers, cold storage & air-conditioning machinery and parts, components and accessories thereof.
59. To manufacture, produce, sell, buy, import, export, let on hire, repair/ service or otherwise deal in all types of consumer durables including all types of home appliances and parts, components and accessories thereof.
60. To carry on all or any of the business as buyers, sellers, import-traders, export-traders, importers, exporters, distributors, agents, brokers, stockiest, commission agents and dealers of all kinds of consumer, industrial or engineering goods, commodities, products or materials as may be permissible under trade policies and to act as a recognised trading house and/or export house and to carry on any business connected therewith.
61. To carry on the activities in the field of bio-technology and non-conventional energy sources by undertaking manufacture, production or providing services as may be necessary.
62. To acquire by purchase or otherwise, land, buildings, houses, bungalows, flats and other forms of residential premises, factories, offices and commercial premises, farms and any other kind of estate or property for developing, constructing, cultivating, farming, planting, houses and commercialising and any other use relating to the business of real estate and to sell, lease, rent out and sell on hire-purchase and otherwise deal in the aforesaid properties in such manner as may be required.
63. To carry on the business of manufacture, buying, selling or otherwise dealing in food products, aerated waters and brewers, distillers of beer, wines, spirits and liquors of every description whether intoxicating or not.

Objects

Sub-clauses
56 to 66
inserted
vide Special
Resolution
dated
28.2.89 and
confirmed
by CLB
Order dated
1.6.90.

64.	To undertake all the functions and activities of merchant bankers including advice to companies with regard to appropriate means of financing, channelising funds including non-resident funds, mergers/ amalgamations and acquisitions, shares/debentures/bonds and to carry out the media publicity plans and related matters.	Objects
65.	To carry on all or any of the business of registrars & transfer agents, underwriters and issue house and to offer data processing and other related facilities in connection with such business.	
66.	To carry on the business of industrial financing, including factoring, discounting, purchasing, acquiring or otherwise dealing in any manner with the bills receivables, invoices and other obligations/bills at sight of other companies, supplier's guarantee and to guarantee the payment of money of any company or of any authority and to guarantee or stand surety for the performance of any contracts or obligations and to give indemnities of all kinds as may be necessary.	
67.	To design, develop, purchase, import, take on hire, pilot maintain, manage, exploit, export, sell, distribute, and deal in all types of Information Technology related software services used by or involving computers, date processing systems and to provide complete solutions in related business activities including providing of Computer Consultancy Services, Management Consultancy Services, running training centres for all uses and for all types of consumers.	Sub clauses 67-70 inserted vide special Resolution dated 22.9.2000
68.	To carry on business of providers of all or any other information technology services including services such as Internet Service Provider, e-commerce, shared services, call centres, back office services, Hyper Text up Language (HTML) coding, text publishing, software development, etc., or as a service provider for business processes and transactions, whether on-shore or off-shore, either on locations or otherwise, inter-alia in the areas of Geographical Information System (GIS), medical transcription, healthcare, insurance etc.	
69.	To carry on the business in knowledge based industry such as in the field of education by establishing, managing, maintaining institution(s), providing consultancy and management services in all areas related to education whether in India or abroad, for promoting education in technical field or otherwise and whether directly and/or indirectly through institutions/agencies.	
70.	To produce, assemble, process, develop, own, take on hire, or otherwise acquire and deal in educational programs, computer aided designs, literature and other audio video products for industrial, commercial, domestic and advertisement purposes.	
IV.	The liability of the members is limited.	Limited Liability
V.	The share capital of the Company is Rs.336,00,00,000 (Rupees Three hundred thirty six crores only) divided into 32,00,00,000 Equity Shares of Rs.10 each, 10,00,000 Preference Shares of Rs. 100 each and 12,00,000 Cumulative Convertible Preference Shares of Rs.50 each , with the power to increase, reduce, divide and/or sub-divide the share capital and attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions, whether in regard to dividend, voting, return of capital, distribution of assets or otherwise, howsoever, as may be determined in accordance with the law and the regulations from time to time of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may from time to time be provided by the regulations/ resolutions of the Company and to consolidate or sub-divide or reorganise shares or issue shares of higher or lower denominations.	Share Capital substituted vide Special Resolution dated 06.10.2021
VII.	We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-	

Sl. No.	Names, addresses and description of subscribers	No. of shares taken	Signatures of the subscribers	Signature of witnesses with addresses and occupations
1	Bharat Ram S/o Sir Shri Ram, Industrialist, 25 Sardar Patel Road New Delhi.	10	Sd/-	Onkar Nath S/o Late Basheshwar Dayal, Law Officer, The Delhi Cloth & General Mills Co. Ltd. Bara Hindu Rao, Delhi-6. Service
2	Charat Ram S/o Sir Shri Ram Industrialist, 26 Sardar Patel Road, New Delhi.	10	Sd/-	-do-
3	Jagan Nath S/o Shri Ram Roop Land Lord & Bankers, Gali Ram Roop, Subzimandi, Delhi.	10	Sd/-	-do-
4	Brihaspati Deva Pathak S/o Pt. Bhandra Dutt Shastri, Service, Krishna Kuteer, Roshan Mandi, Najafgarh (Delhi).	10	Sd/-	T.V. Narayanaswamy S/o Late S. Vydyanatha Iyer, Asst. Law Officer, The Delhi Cloth & General Mills Co. Ltd. Bara Hindu Rao, Delhi-6. Service
5	Bhiku Ram Jain S/o Lala Mangat Rai, Business, 49, Rajpur Road. Delhi.	10	Sd/-	-do-
6	S. Ratnam S/o Late P. Sambamurthi, Business Executive, 5-A, Ring Road, New Delhi-24.	10	Sd/-	-do-
7	J.N. Thadani S/o Late Dr. N. V. Thadani, Business Executive, 43, Sundar Nagar, New Delhi-11.	10	Sd/-	-do-
Total No. of shares taken		70		

Dated, the 22nd day of December, Nineteen Hundred Sixty Nine.

ARTICLES OF ASSOCIATION

OF

SRF LIMITED

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the annual general meeting held on 5th August, 2019 in substitution for and to the entire exclusion of the earlier regulations comprised in the extant Articles of Association of the Company.

TABLE 'F' EXCLUDED

- (1) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.
- (2) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition or modifications to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

INTERPRETATION

In these Regulations —

- (a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and to any previous company law, so far as may be applicable.
- (b) "the seal" means the common seal of the company
 1. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital

1. The authorised capital of the Company shall be such as is set out in the Memorandum of Association of the Company from time to time.
2. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time, subject to complying with the then existing provisions of law, think fit.
3. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

Register of Members

4. The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members/Debenture or other security holders (the Register) in accordance with Section 88 and other applicable provisions of the Act and the Depositories Act, with the details

of shares / debentures/other securities held in any medium as may be permitted by law including any form of electronic medium.

The Company shall have power to keep in any Country outside India, a Register of Members / Debenture holders for the members/debenture holders resident in that Country.

Alteration of Capital

5. Subject to the provisions of Section 61, the company may, by ordinary resolution—
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvernt that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Effect of conversion of shares into stock

6. Where shares are converted into stock—
 - (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
 - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
 - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

Reduction of capital

7. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law—
 - (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account.

Capitalisation of profits

8. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
 - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied either in or towards—
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
 - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause(B);
 - (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
9. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, or the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

Issue of share certificates

10. (i) Subject to applicable laws, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided -
- (a) one certificate for all his shares without payment of any charges; or
 - (b) several certificates, each for one or more of his shares,
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

11. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given.
- (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
12. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

Payment of Commission

13. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40 of the Act, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of Section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

Variation rights of shares

14. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding in all at least one-third of the issued shares of the class in question.
15. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Issue of Preference Shares

16. Subject to the provisions of Section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Calls on shares

17. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

- (iii) A call may be revoked or postponed at the discretion of the Board.
- 18. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
- 19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 20. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 21. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Payment of calls in advance

- 22. The Board of Directors may, if it thinks fit, subject to the provisions of Section 50 of the Act and Listing Regulations, agree to and receive from any member willing to advance the same the whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as may be decided by Board of Directors provided that money paid in advance of calls shall not confer a right to participate in voting or profits or dividend. The Board of Directors may at any time repay the amount so advanced.

Lien

- 23. (i) The company shall have a first and paramount lien—
 - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
- 24. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
Provided that no sale shall be made—
 - (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

25. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
 - (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
 - (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
26. (i) The proceeds of the sale shall be received by the company and applied in payment of such amount in respect of which the lien exists as is presently payable.
 - (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Transfer of shares

27. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
 - (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
28. The Board may, subject to the right of appeal conferred by section 58 decline to register—
 - (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
 - (b) any transfer of shares on which the company has a lien.
 29. The Board may decline to recognise any instrument of transfer unless—
 - (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56;
 - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - (c) the instrument of transfer is in respect of only one class of shares.

30. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares

31. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
 - (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
32. (i) 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 the 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.

- (ii) The 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.
33. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
34. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:
- Provided that the 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 ninety days, the 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.
- Forfeiture of shares**
35. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
36. The notice aforesaid shall—
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
37. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
38. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
39. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
- (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
40. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration,

shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

- (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
 - (iii) The transferee shall thereupon be registered as the holder of the share; and
 - (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
41. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Buy-back of shares

42. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

Nomination

43. (i) Every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death.
- (ii) Where the securities of a company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the securities of a company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the securities of the company, the nominee shall, on the death of the holder of securities or, as the case may be, on the death of the joint holders, become entitled to all the rights in the securities, of the holder or, as the case may be, of all the joint holders, in relation to such securities, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the securities, making the nomination to appoint, in the prescribed manner, any person to become entitled to the securities of the company, in the event of the death of the nominee during his minority.

Issue of Debentures

44. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Borrowing Powers

45. Subject to the provisions of Section 73, 76, 179, 180 and such other provisions of the Act as may be applicable and Rules framed there under Government Guidelines issued from time to time, and Guidelines issued by other relevant authorities, the Board may by means of a resolution passed at a meeting of the Board, from time to

time, accept deposits from its Members and/or public & secure/insure payment thereof and/or borrow from any person or institution and secure the payment of any sum or sums of the money so borrowed for the purpose of the Company on such terms and conditions as may be approved by the Board, subject, however, that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

General meetings

46. All general meetings other than annual general meeting shall be called extraordinary general meeting.
47. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting. and
(ii) The Board shall, at the requisition made by—
 - (a) in the case of a company having a share capital, such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting;
 - (b) in the case of a company not having a share capital, such number of members who have, on the date of receipt of the requisition, not less than one-tenth of the total voting power of all the members having on the said date a right to vote, call an extraordinary general meeting of the company.If for any reason beyond the control of the Board, any general meeting (including an annual general meeting) cannot be held on the appointed day, the Board shall have power to postpone the General meeting of which a notice should be given to the members through advertisement in at least two newspapers, of which one should be in the language of the region in which the Registered office of the company is situated.
48. Every member of the Company shall be entitled to attend either in person or by proxy and every director or the Auditor of the Company shall have the right to attend and the auditor to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

Proceedings at general meetings

49. (i) No business shall be transacted at any general meeting unless a quorum of members is present throughout the meeting.
(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
50. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
51. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
52. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

53. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

- 54. Subject to any rights or restrictions for the time being attached to any class or classes of shares—
 - (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
- 55. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- 56. (i) 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.
(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 57. 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.
- 58. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- 59. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
- 60. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

- 61. (i) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for 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 the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
(ii) An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.
(iii) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

62. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
- (b) in connection with the business of the company.
63. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- Every director present at any meeting of the Board or of a committee thereof shall sign his name in a Register to be kept for that purpose.
64. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time be less than 3 (three) and exceed 15 (fifteen). Provided that the Company may appoint more than 15 (fifteen) directors after passing Special Resolution.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
65. 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.
66. Subject to the control, direction and supervision of the Board of Directors, the Managing Director or Joint/Deputy Managing Directors shall be entitled to look after and manage the business of the Company, purchase and sale of goods, enter into and sign contracts, borrow or lend money with or without security, open bank accounts, current or overdraft, sign, draw and endorse, cheques, hundies and other negotiable instruments and generally to do all such acts, deeds and things and sign all such papers and documents as may be necessary for carrying on the business and managing the day to day affairs of the Company.
67. Subject to the control, direction and supervision of the Board of Directors, the whole-time director(s) shall look after the responsibilities assigned to him/her by the Chairman/ Managing Director/ Deputy Managing Director and/or by the Board of Directors.
68. 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 the company
- 68A.* Notwithstanding anything to the contrary contained in these Articles, the Directors shall have authority from time to time to appoint or accept nomination of Directors, not liable to retirement by rotation, nominated by the debenture trustee(s) in terms of clause (m) of sub-regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended, or such other provisions of law, as may be applicable.

*(Inserted vide Special Resolution dated 30.06.2023)

Chairman Emeritus

69. (i) The Board shall be entitled to appoint any person who has rendered significant or distinguished services to the Company or to the industry to which the Company's business relates or in the public field, as the Chairperson Emeritus of the Company.
- (ii) The Chairman Emeritus shall hold office until he resigns.

- iii) The Chairman Emeritus may attend any meetings of the 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 the Board or Committee thereof.
- iv) The Chairman Emeritus shall not be deemed to be a Director for any purposes of the Act or any other statute or Rules made thereunder or these Articles including for the purpose of determining the maximum number of directors which the Company can appoint.
- (v) Subject to the applicable statutory provisions, the Board may decide to make any payment/ incur any expenses on his behalf in any manner, for any services rendered by the Chairman Emeritus to the Company.

Proceedings of the Board

- 70. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- 71. (i) The Board may elect from amongst one of their number, a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
- 72. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
- 73. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
- 74. (i) The Board may, subject to the provisions of the Act, delegate all or any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 75. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their numbers to be Chairperson of the meeting.
- 76. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 77. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment

of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

78. Save as otherwise expressly provided in the Act, a resolution in writing, signed by majority the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

79. Subject to the provisions of the Act, Chief executive officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

The Seal

80. The Directors may provide a Common Seal for the purpose of the Company and, from time to time, destroy the same and substitute a new Seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being. The Seal of the Company shall only be affixed to any instrument or any document by the authority of the Directors or of a Committee of the Directors authorised by the Directors in that behalf, and unless otherwise provided by the Act or any rules made thereunder, in the presence of a Director of the Company or a constituted Attorney or the Chief Financial Officer or Secretary or such other person/persons appointed for the purpose by the Directors. The Director or the constituted Attorney or the Secretary or the person or persons in whose presence the Seal of the Company is affixed to an instrument or any document shall sign the same.

Dividends and Reserve

81. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
82. Subject to the provisions of Section 123, 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 company.
83. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
84. (i) Subject to the provisions in the Act and in the Listing Regulations and subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
85. (iii) All dividends shall subject to the provisions in the Listing Regulations be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

86. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
87. (i) Any dividend, interest or other monies payable in cash in respect of shares may, subject to the provisions in the listing regulations, be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
88. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
89. No dividend shall bear interest against the company.

Accounts

90. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Winding up

91. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

92. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal. The Board of Directors may obtain a suitable Directors & Officers Liability Policy (D & O Policy) for indemnification in this regard.

General Power

93. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

IN THE HIGH COURT OF DELHI AT NEW DELHI
(Original Jurisdiction)
IN THE MATTER OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF SCHEME OF AMALGAMATION,
ARRANGEMENT & RECONSTRUCTION
BETWEEN
Company Petition No.339 of 2001
Connected with
Company Application No.1236 of 2001

IN THE MATTER OF :

SRF Limited,
having its registered office at 'Express Building', 9-10,
Bahadur Shah Zafar Marg,
New Delhi 110 002

Petitioner Company No.1
(within the Jurisdiction of this Court)

AND
SRF Chemicals Limited,
having its registered office at 'Express Building',
9-10, Bahadur Shah Zafar Marg,
New Delhi 110 002
AND

Petitioner Company No.2
(within the Jurisdiction of this Court)

IN THE MATTER OF :

M/s. Tyrecord Fabric Limited,
having its registered office at Plot K-1
SIPCOT Industrial Complex, Gumidipoondi,
Tamil Nadu 601 201

Non Petitioner Company
(outside the Jurisdiction of this Court)

BEFORE THE HON'BLE MR.JUSTICE MUKUL MUDGAL
DATED THIS 17TH & 22ND DAY OF JANUARY, 2002

ORDER UNDER SECTION 394

The above petition coming on for hearing on 17 & 22/1/2002 for sanction of the Scheme of Amalgamation, Arrangement & Reconstruction proposed to be made between SRF Limited, SRF Chemicals Limited (hereinafter referred to as "the Petitioner company No.1" and "Petitioner Company No.2" respectively) and M/s Tyrecord Fabric Limited (hereinafter referred to as "the Non Petitioner company"), upon reading the said petition, the order dated 13.8.2001 whereby the meetings of shareholders and creditors of petitioner company No.2 were dispensed with since the shareholders and unsecured creditors of the petitioner company No.2 had given their written consent to the said Scheme and Petitioner Company No.2 had no secured creditors and Petitioner Company No.1 was ordered to convene a meeting of its shareholders and secured & unsecured creditors for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation, Arrangement & Reconstruction annexed to the affidavit of Shri Arun Bharat Ram, Authorised Signatory of the Petitioner Companies No.1 & 2 filed on 10.8.2001 and the newspapers namely (1) Indian Express (English) (2) Jansatta (Hindi) both dated 12.9.2001 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 13.8.2001, the affidavit of Shri Mukul Gupta, Advocate filed on 7.9.2001 showing the publication and despatch of the notices convening the said meetings, the report of Chairman of the said meeting filed on 17.10.2001 as to the result of the said meetings and upon hearing Shri Rajiv Nayar, Senior Advocate with S/Shri Sanjay Khaitan, Ashish Dholakia and Abhimanyu Mahajan, Advocates for the petitioner Companies and Shri Saud Ahmed, Asst.Registrar for the Regional Director and it appearing from the reports that the proposed Scheme of Amalgamation, Arrangement

& Reconstruction has been approved unanimously without any modification by the said shareholders and creditors of the Petitioner company No.1 present and voting either in person or by proxy and upon reading the affidavit dated 5.1.2002 of Shri L.M.Gupta, Regional Director, Northern Region, Department of Company Affairs, Kanpur on behalf of the Central Government stating, inter-alia, that the Central Government has no objection to the grant of proposed Scheme of Amalgamation, Arrangement & Reconstruction, subject to a submission made in para 9 of the Affidavit regarding change of name of the Petitioner Company No.2 and after considering the submission made by the Petitioner Companies that upon sanction of the Scheme and with effect from the effective date, the Memorandum of Association of SRF Chemicals Ltd., Petitioner Company No.2 shall stand altered and amended by substitution of the following new clause 1 in place and instead of the existing clause 1: "The name of the Company is SRF Polymers Limited" and that the Scheme postulates [para 5.3] that upon the sanction of the Scheme and with effect from the effective date, the name of the Company will become "SRF Polymers Limited" and this would meet the sole objection raised on behalf of the Regional Director, their being no investigation proceedings pending in relation to Petitioner companies under Sections 235 to 251 of the Companies Act, 1956 and the Affidavit of Mr.S.G.Y.Narayanan, Authorised Signatory of the Petitioner Companies, dated 15.01.2002 filed on 15.01.2002 having been filed on record stating that Scheme of Amalgamation, Arrangement & Reconstruction in respect of non-petitioner company has been sanctioned by the Madras High Court vide order dated 21.12.2001.

THIS COURT DOTH HEREBY SANCTION THE SCHEME OF AMALGAMATION, ARRANGEMENT. & RECONSTITUTION set forth in Schedule —I annexed hereto and DOTH HEREBY DECLARE the same to be binding on all the shareholders and creditors of the Petitioner Companies and Non-Petitioner Company and all concerned from the appointed date to be effective from 1.1.2001.

AND THIS COURT DOTH FURTHER ORDER:

1. That all the property, rights and powers of business undertakings namely EP Division, the FNT Division and the PF Division of SRF Ltd., Petitioner Company No.1 be transferred without further act or deed to the SRF Chemicals Ltd. Petitioner No.2, specified in the First, Second and Third Parts of the Schedule-II hereto and all property, rights and powers of the Tyrecord Fabric Limited (TFL), non-petitioner company be transferred to and vest without further act or deed in SRF Ltd. Petitioner Company No.1, specified in the First, Second and Third parts of the Schedule-II-A hereto; and
2. That all the liabilities and duties and employees of the EP, FNT & PF business undertakings and of TFL, Non-Petitioner Company be transferred without further act or deed to the SRF Chemicals Ltd. and SRF Ltd. respectively and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the SRF Chemicals Ltd. and SRF Ltd. respectively.
3. That all proceedings now pending by or against the EP, FNT and PF and by or against TFL (Non-Petitioner Company) be continued by or against the SRF Chemicals Ltd., Petitioner Company No.2 and by or against SRF Ltd., Petitioner Company No.1 respectively.
4. That the SRF Chemicals Ltd., Petitioner Company No.2 do without further application allot to such members of the SRF Ltd. Petitioner Company No.1 as is required by Clause 8 in the Scheme of Amalgamation, Arrangement & Reconstruction herein the shares in the SRF Chemicals Ltd. to which they are entitled under the said Scheme, and upon the Scheme finally coming into effect and in consideration of the transfer of the said assets and liabilities of TFL to SRF Ltd. in terms of Clause 9 and 15 of the Scheme, the equity shares held by SRF in TFL shall stand cancelled as TFL being a wholly owned subsidiary of SRF Ltd.

That on the Scheme becoming effective, TFL shall stand dissolved without winding up.

5. The Clause 1 of Memorandum & Articles of Association of SRF Chemicals Limited shall stand altered and amended by substitution of the following new clause "The name of the Company is SRF Polymers Limited".
6. That the Petitioner Company No.1 & 2 do within 30 days after the date of this order cause a certified copy of this order along with the certified copy of the order passed by the Madras High Court in respect of TFL to be delivered to the Registrar of Companies for registration.
7. That any person interested shall be at liberty to apply to the court in the above matter for any direction that may be necessary.

SCHEME OF AMALGAMATION, ARRANGEMENT AND RECONSTRUCTION
BETWEEN
SRF LIMITED
AND
SRF CHEMICALS LIMITED
AND
TYRECORD FABRIC LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

PREAMBLE

WHEREAS:

- 1) SRF Limited ("SRF") is a well reputed existing company carrying on business through the following several business undertakings:
 - i) Industrial Synthetics Division,
 - ii) Industrial Fabrics Division,
 - iii) Fluorochemicals Division,
 - iv) Engineering Plastics Division,
 - v) Fishnet Twine Division,
 - vi) Polyester Films Division, and
 - vii) Infotel Division.
- 2) The Industrial Synthetics, Industrial Fabrics and Fluorochemicals undertakings are large, capital intensive businesses, constituting the main business activities of SRF and requiring sharp management focus for maintaining global leadership. The Infotel Division is a nascent new economy business which will require corporate organisational infrastructure and other resources for its growth and development.
- 3) The Engineering Plastics, Fishnet Twine and Polyester Film undertakings are smaller businesses and are primarily 'developmental' and 'outsourcing intensive' businesses where segregation through restructuring is appropriate. These businesses can be conveniently combined and divested in a separate company to facilitate better management focus and nurturing of the distinct competencies required for their success.
- 4) Tyrecord Fabric Limited ("TFL"), a wholly owned subsidiary of SRF, is engaged in the Tyre cord fabric business.
- 5) SRF Chemicals Limited ('SRFC') has been incorporated to carry on the business of manufacture and dealing in polyester films, man made fibre, chemicals, chemical compounds and chemical products of any nature and kind whatsoever.
- 6) It has been decided by the Board of Directors of SRF to take appropriate steps to (i) demerge each of the smaller business undertakings as a going concern and to vest them in SRFC to (ii) continue to carry on the large businesses and the Infotel Division in SRF and, to (iii) subsequently merge TFL with SRF, as this would be in the larger interest of all the companies, their shareholders, creditors, employees and the general public.
- 7) The proposed restructuring by way of demerger of the small business undertakings of SRF to SRFC, and merger of TFL with SRF, would result in enhancement of shareholder value by creating focussed entities, consolidating like businesses, lead to operational efficiencies and synergies and enable exploitation of growth opportunities for all companies.
- 8) The Scheme has been arrived at by the respective Boards of Directors of SRF, SRFC and TFL and it has been decided to make the requisite applications before the Hon'ble High Court of Delhi at New Delhi and the Hon'ble High Court of Judicature at Madras for sanction of this Scheme.

PART - I

1. DEFINITIONS :

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings: -

- 1.1 "**Court**" means the Hon'ble High Court of Delhi at New Delhi and the Hon'ble High Court of Judicature at Madras or any of them as the context requires.
 - 1.1.1 "**EP**" means the "Engineering Plastics Division" of SRF and shall mean and include the business undertaking for manufacture, sale and dealing in engineering polymers and allied products carried out in the premises of SRF located at Manali Industrial Area, Manali, Chennai 600 068 on a going concern basis and comprising inter alia its assets, moveable or immovable, tangible or intangible, liabilities and debts, all rights, entitlements, privileges, licenses and intellectual property, including the benefit of all contracts and agreements, and all other interests in connection with, appertaining to and/ or allocated to EP as on the Effective Date as per the records of SRF and the employees of SRF engaged in or in relation to EP, more specifically set out in Part II of this Scheme.
- 1.2 "**FNT**" means the "Fish Net Twine Division" of SRF being the business undertaking comprising inter alia Monomer Recovery, Batch Poly and De-Poly plants for manufacture of Nylon Chips and includes sale and dealing in Polymer Chips, Fish Net Yarn/Twine and allied products carried out in the premises of SRF located at Manali Industrial Area, Manali, Chennai 600 068 on a going concern basis and comprising inter alia its assets, moveable or immovable, tangible or intangible, liabilities and debts, all rights, entitlements, privileges licenses and intellectual property, including the benefit of all contracts and agreements and all other interests in connection with, appertaining to and/ or allocated to FNT as on the Effective Date as per the records of SRF and the employees of SRF engaged in or in relation to FNT, more specifically set out in Part II of this Scheme.
- 1.3 "**PF**" means the "Polyester Films Division" of SRF and shall mean and include the business undertaking for manufacture, sale and dealing in Polyester film carried out in the premises of SRF located at Plot No. 12, Rampura, Ramnagar road, Kashipur, Distt. Nainital, Uttaranchal, on a going concern basis and comprising inter alia its assets, moveable or immovable, tangible or intangible, liabilities and debts, all rights, privileges entitlements, licences and intellectual property, including the benefit of all contracts and agreements, and all other interests in connection with, appertaining to and/ or allocated to PF as on the Effective Date as per the records of SRF and the employees of SRF engaged in or in relation to PF more specifically set out in Part II of this Scheme.
- 1.4 "**Record Date**" means the date to be fixed by the Board of Directors or a Committee thereof of SRF for the purpose of determining the members of SRF to whom shares of SRFC will be allotted pursuant to this Scheme.
- 1.5 "**SRF**" means SRF Limited, a company incorporated under the Companies Act, 1956, having its registered office at Express Building, 9-10 Bahadur Shah Zafar Marg, New Delhi — 110 002.
- 1.6 "**SRFC**" means SRF Chemicals Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Express Building, 9-10 Bahadur Shah Zafar Marg, New Delhi-110002.
- 1.7 "**TFL**" means Tyrecord Fabric Limited, a company incorporated under the Companies Act, 1956 and having its registered office and business undertaking at Plot K-1 SIPCOT Industrial Complex, Gumidipoondi, Tamil Nadu 601 201.
- 1.8 "**the Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
- 1.9 "**the Appointed Date**" means the 1st day of January, 2001.
- 1.10 "**the Effective Date**" means the date on which the transfer and vesting of EP, FNT and PF into SRFC, and of the entire undertaking of TFL into SRF shall be complete i.e. the date as specified in Clause 16 of the Scheme.
- 1.11 "**the Members of SRF**" means the persons who are registered as the holders of the fully paid up Equity Shares in the capital of SRF on the Effective Date or on the Record Date as the Board of Directors of SRF may determine.

1.12 "the Scheme" means this Scheme of Amalgamation, Arrangement and Reconstruction including its Annexure(s) under the provisions of Sections 391 to 394 of the Act, in its present form or with any modification(s) approved or imposed or directed by the shareholders of the respective companies and/or by the Court, whereunder EP, FNT and PF are to be transferred to SRFC, and then TFL is to be amalgamated with SRF.

2. SHARE CAPITAL:

- 2.1 SRF has an Authorised Share Capital of Rs. 336,00,00,000/- (Rupees Three hundred thirty six crores only) divided into 12,00,00,000 Equity Shares of Rs. 10/- each, 10,00,000 Preference Shares of Rs. 100/- each, 12,00,000 Cumulative Convertible Preference Shares of Rs. 50/- each and 2,00,00,000 Cumulative Preference Shares of Rs. 100/- each. SRF has an Issued Share Capital of Rs. 70,47,14,110/- (Rupees Seventy crores forty seven lacs fourteen thousand one hundred and ten) divided into 7,04,71,411 Equity Shares of Rs. 10/- each. SRF has a Subscribed Share Capital of Rs 65,54,32,808/- (Rupees Sixty five crores fifty four lacs thirty two thousand eight hundred and eighty only) of which the Paid Up Share Capital is Rs. 64,52,60,890/- (Rupees Sixty four crores fifty two lacs sixty thousand eight hundred and ninety only) divided into 6,45,26,089 Equity Shares of Rs. 10/- each against which a sum of Rs. 33,000/- (Rupees Thirty three thousand) represents calls in arrears and Rs. 54,080 is lying with SRF in Share Capital Suspense and Rs. 1,01,51,838 (Rupees One crore one lac fifty one thousand eight hundred and thirty eight) is against forfeited shares.
- 2.2 SRFC has an Authorised Share Capital of Rs. 5,00,000/- (Rupees Five Lacs) divided into 50,000 Equity Shares of Rs. 10/- each and an Issued, Subscribed and Paid up Share Capital of Rs. 70/- divided into 7 Equity Shares of Rs. 10/- each fully paid up.
- 2.3 TFL has an Authorised Share Capital of Rs. 286,00,00,000/- (Rupees Two hundred and eighty six crores) divided into 28,10,00,000 Equity Shares of Rs. 10/- each and 5,00,000 Preference Shares of Rs. 100/- each and an Issued, Subscribed and Paid up Share Capital of Rs. 280,62,18,250/- (Rupees Two hundred eighty crores sixty two lacs eighteen thousand two hundred and fifty) divided into 28,06,21,825 Equity Shares of Rs. 10/- each fully paid up.

PART - II

3. DEMERGER AND TRANSFER OF THE BUSINESS UNDERTAKINGS OF EP, FNT AND PF TO SRFC

- 3.1 Subject to the provisions of this Scheme in relation to the modalities of transfer and vesting, the entire undertaking as a whole, comprising the entire business and properties and assets (both immovable and movable) of and /or appertaining to and/or allocated to EP, FNT and PF, wheresoever situated including EP's, FNT's and PF's, inter alia, all other assets, capital work-in-progress, current assets, bank accounts, cash in hand, investments, powers, authorities, allotments, import entitlements and other quotas or benefits, income tax credits, deposits and exemptions, sales tax credits, deposits and exemptions, approvals and consents, licences, central excise registrations, excise credits, deposits and exemptions, contracts, engagements, arrangements, office equipment, telephone, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, earnest money and/or deposits including security deposits, motor vehicles, inventories, rights, titles, interests, benefits and advantages of whatsoever nature and belonging to or in the ownership, power or possession and in the control of or vested in or, granted in favour of or enjoyed by EP, FNT and PF, including but without being limited to all patents, trade names, trade marks, websites and domain name and other intellectual and industrial rights of any nature whatsoever and licenses in respect thereof, all necessary records, engineering and process information, computer programmes, software, liberties, easements, advantages, benefits, privileges, leases, industrial land leases, tenancy rights, entry and occupation rights, ownership flats, quota rights, subsidies, concessions, exemptions, approvals, authorisations, services of all types, benefit of all agreements and all other interests arising to EP , FNT and PF shall, without any further act or deed, with effect from the opening of business as on the Appointed Date, stand transferred to and be vested in or be deemed to be transferred to and vested in SRFC on a going concern basis pursuant to the provisions of Section 394 of the Act, for all the estate, right, title and interest of SRF therein so as to become the property of SRFC but, subject to all mortgages charges and encumbrances, if any, in favour of the banks or the financial institutions or other lenders then affecting EP, FNT and PF as may be modified, re-adjusted, apportioned or re-allocated by them, without such charges in any way extending to the existing undertaking or assets of SRFC.
- 3.2 Notwithstanding the provisions of clause 3.1 above, such of the assets as stated in clause 3.1 above as are moveable in nature or are otherwise capable of transfer by physical delivery or by endorsement and delivery, the same shall be so transferred by SRF to SRFC after the Scheme is sanctioned by the Court without requiring any further order of the Court or any deed or instrument of conveyance for the same and shall become the property of SRFC accordingly.

- 3.3 All debts, liabilities (including contingent liabilities) duties and obligations of every kind, nature and description of EP, FNT and PF including proportionate common liabilities in the ratio of book value of the assets of EP, FNT and PF and the total assets of SRF, whether recorded or unrecorded, disclosed or undisclosed, shall on and from the Appointed Date onwards devolve and shall stand transferred or be deemed to be transferred without any further act or deed, to SRFC pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of SRFC with effect from the Appointed Date.
- 3.4 All assets and liabilities resulting from the operations of the undertakings of EP, FNT and PF from the Appointed Date onwards shall stand transferred to and vested in SRFC on the Effective Date.
- 3.5 All the properties and liabilities of EP, FNT and PF shall be transferred at values appearing in the books of accounts of SRF immediately before the Appointed Date. For determining the value of the properties and liabilities referred to above, any change in the value of assets consequent to their revaluation shall be ignored.
- 3.6 The excess of book value of assets over book value of liabilities of EP, FNT and PF shall be recorded as general reserves in the books of SRFC to the extent the same exceed the Share Capital to be issued in SRFC pursuant to clause 8.1 herein. The amount corresponding to the excess of assets over liabilities shall be reduced from the total reserves and surplus of SRF.
- 3.7 Upon the Scheme becoming effective, as of the Appointed Date, the Balance sheet of SRFC as on the Appointed Date shall be as is provided in the Opening Reference Balance sheet of SRFC annexed hereto as Annexure I.
- 3.8 The details of the immovable properties of EP and FNT and of the immovable properties of PF respectively to be transferred to and vested in SRFC are stated in Annexures V and VI respectively to the Scheme.

4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to EP, FNT and PF to which SRF is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of SRFC and may be enforced as fully and as effectually as if, instead of SRF, SRFC had been a party thereto.
- 4.2 The transfer of the said assets and liabilities of EP, FNT and PF to SRFC and the continuance of all contracts or legal proceedings by or against SRFC shall not affect any contract or proceedings already concluded by SRF on or after the Appointed Date.
- 4.3 With effect from the Effective Date, SRF and SRFC shall co-operate with and assist each other and formalise arrangements for making available to and from each other, in a proper and timely manner, materials, utilities including power from own generation (without requiring any approval whatsoever), and services as may be required for the smooth and proper functioning of the respective undertakings of SRF and SRFC. These arrangements may also extend to lease/use of factory buildings and sheds, availment of storage space, contract jobs, canteen and other facilities, amenities and/or other services that may need to be shared.
- 4.4 Even after the Effective Date, SRFC shall be entitled to realize all money and complete and enforce all pending contracts and transactions in respect of the EP, FNT and PF in the name of SRF in so far as may be necessary until the transfer of rights and obligation of SRF to SRFC.
- 4.5 As a consequence of the transfer of EP, FNT and PF to SRFC in accordance with the provisions of clause 3 herein, the recording of change in name from SRF to SRFC, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

5. LEGAL PROCEEDINGS AND OTHER PROVISIONS

- 5.1 Any legal proceedings of whatever nature by or against EP, FNT and PF, or by or against SRF and relating to EP, FNT and PF, if pending, on the Effective Date the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of EP, FNT and PF or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against SRFC in the same manner and to the same extent as it would

or might have been continued, prosecuted and enforced by or against EP, FNT and PF as if this Scheme had not been made. If proceedings are initiated against SRF, SRF will defend the same as per the advice of SRFC at SRFC's cost and SRFC will reimburse and identify SRF against all liabilities and obligations incurred in respect thereof.

- 5.2 SRFC shall have all legal or other proceedings by or against SRF pending on the Effective Date and relating to EP, FNT and PF transferred in its name and have the same continued, prosecuted and enforced by or against SRFC after the Effective Date.
- 5.3 Upon sanction of this Scheme and with effect from the Effective Date, the Memorandum of Association of SRFC shall stand altered and amended by substitution of the following new clause I in place and stead of the existing Clause I: "The name of the Company is SRF Polymers Limited."
- 5.4 SRFC shall take such steps as may be required to give effect to the provisions of clause 5.3 above.
- 5.5 SRFC shall also take such steps as may be required to increase its Authorised Share Capital to enable the issue of Equity Shares to the Members of SRF in accordance with the provisions of clause 8 of the Scheme.

6. EMPLOYEES OF EP, FNT AND PF

- 6.1 All the employees of SRF engaged in or in relation to EP, FNT and PF in service on the date immediately preceding the Effective Date shall become the employees of SRFC on such date without any break or interruption in service and upon terms and conditions not less favourable than those subsisting with reference to SRF on the said date. SRFC agrees that the service of all such employees with SRF upto the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible in SRF and such past service shall be taken into account for payment of any retrenchment compensation.
- 6.2 In respect of the ProVident Fund, Gratuity Fund, Superannuation Fund or Welfare Trusts and any other special fund or trusts created or existing for the benefit of the employees of EP, FNT and PF, upon the Scheme becoming effective, the contributions and amounts pertaining to Provident Fund, Gratuity, Super-annuation and such other funds of the aforesaid employees would continue to be deposited by SRFC in the Provident, Gratuity, Superannuation Funds or Welfare Trusts and any other special fund or trusts maintained by SRF until SRFC constitutes its own Provident and other Fund and receives necessary approvals for the same, and such deposits by SRFC shall have the same effect as if they were made in funds registered and maintained by SRFC. Thereupon, the balances in the aforesaid funds in SRF (to the extent they relate to the employees of EP, FNT and PF) shall stand transferred to the funds created by SRFC. As from the Effective Date, all the rights, duties, powers and obligations of SRF in relation to the employees of EP, FNT and PF who are members of such funds, shall become those of SRFC. The services of the employees of EP, FNT and PF will be treated as having been continued for this purpose.

7. CONDUCT OF BUSINESS BY SRF

- 7.1 From the Appointed Date until the Effective Date, SRF:
 - i) shall stand possessed of the business undertaking comprising of the properties and the assets of the business undertakings of EP, FNT and PF referred to in Clause 3 above, in trust for SRFC;
 - ii) shall carry on its business activities including that of EP, FNT and PF with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said assets or any part thereof except in the ordinary course of business, without the prior written consent of SRFC, or pursuant to any pre-existing obligation undertaken by SRF prior to the Appointed Date.
- 7.2 As the Scheme will come into effect with effect from the Appointed Date, SRF shall be deemed to have carried on the business and activities of EP, FNT and PF as and from the Appointed Date for and on behalf of and for the benefit of, and on account of SRFC. Any income or profit accruing to EP, FNT and PF and all costs, charges and expenses or loss arising or incurred by EP, FNT and PF on and from the Appointed Date shall for all purposes and intents be treated as the income, profits, costs, charges and expenses or loss of SRFC, as the case may be. SRF may, if so required, utilise the profits relating to EP, FNT and PF for the period falling on or after the Appointed Date for the payment of dividend recommended or for declaration of payment of any further dividend, in such proportion as it may decide.

- 7.3 Upon the Scheme becoming effective, if SRFC is required to pay income tax on the profits of EP, FNT and PF accruing after the Appointed Date, SRFC shall arrange to pay the amount so due within 90 days from the Effective Date. If in the meantime, SRF has already deposited any Income tax on such profits, SRFC shall be entitled to get credit of the same against the amount of income tax required to be paid by SRFC as aforesaid.

8. ISSUE AND ALLOTMENT OF SHARES BY SRFC

- 8.1 Upon the Scheme becoming effective and transfer taking place as stipulated under clause 3 hereof, SRFC shall without any further application or deed, subject to the provisions of clause 8.5 herein, issue and allot to the Members of SRF 1 (One) Equity Share of the face value of Rs. 10/- (Ten) each of SRFC, credited as fully paid up for every 10 (Ten) Equity Shares of Rs. 10/- each held by the Members of SRF in SRF excepting that those Members of SRF whose entitlement in the above proportion will be 20 (Twenty) or less Equity Shares of Rs. 10/- each in SRFC, will not receive any share in SRFC, but such entitlements will be consolidated along with the fractional shares and dealt with in the manner as more fully stated in clause 8.3 herein.
- 8.2 The Equity Shares when issued and allotted by SRFC in terms of the Scheme, shall be subject to the Memorandum and Articles of Association of SRFC and shall from the Appointed Date, rank for dividend, voting rights and in all other respects *ad passu* with the existing Equity Shares of SRFC. The holders of the shares of SRF and SRFC shall save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the Appointed Date.
- 8.3 All Fractional Shares resulting from the exchange ratio and the entitlements as referred to in clause 8.1 above, shall be consolidated, allotted and held by a Trustee (who shall be a Member of SRF) to be nominated by the Board of Directors of SRFC, upon Trust to sell the same at the best available market price and to pay the net proceeds thereof after deducting the costs of sale and incidentals thereto and the assessed distribution costs, to those Members of SRF entitled to the same in the proportion in which they are so entitled. If any fraction is left even after such consolidation as above, the same shall be ignored. In respect of payments that may need to be made to non-resident Members of SRF, the same shall be made in foreign exchange in accordance with and subject to the provisions of the Foreign Exchange Management Act, 2000 and the Regulations made thereunder.
- 8.4 All the Members of SRF shall accept the Equity Shares of SRFC to which they are entitled or the net proceeds of sale of the said Shares against their entitlements as stated in clause 8.3 above in proportion to their shareholding in SRF in full and final satisfaction of all their claims.
- 8.5 The calls in arrears in respect of the Equity Shares issued by SRF, shall upon this Scheme becoming effective, continue to be outstanding obligations of the respective Members of SRF to the full extent of the entire amount in arrears together with any interest payable thereon in accordance with the provisions of the Articles of Association of SRFC as if they were the Articles of Association of SRF. SRFC shall be entitled to reserve the allotment in respect of the corresponding Equity Shares and/or keep in abeyance the issuance of the Equity Shares of SRFC to be allotted in lieu of the corresponding Equity Shares. During the period that such Equity Shares are so kept in abeyance, the holder of such Equity Shares in SRFC shall not be regarded as a Member of SRFC in any respect and consequently shall not be entitled to any dividends, rights, bonus or other benefits declared or paid during the period prior to such holder becoming a Member of SFIFC in respect of such Equity Shares. For the removal of doubts, it is clarified that SRFC shall cancel the entitlement to its Equity Shares held and reserved or abeyance as provided above on any forfeiture of corresponding SRF shares on which calls are in arrears.
- 8.6 Upon issue and allotment of the Equity Shares of SRFC as referred to above, such Equity Shares shall be listed on the Delhi and Mumbai Stock Exchanges.
- 8.7 There shall be no reduction in the capital of SRF.
- 8.8 The exchange ratio stated in clause 8.1 herein, has been determined by the Board of Directors of SRF and SRFC based on their independent judgement" and taking into consideration views of PricewaterhouseCoopers Securities Private Limited, Financial Advisors, whose assessment is primarily based upon the share capital servicing capability of SRFC considering factors like nature and size of business, earnings capacity and risk, expected future cashflows and volatility, proposed dividend policy, market comparable indices and other relevant factors.

PART — III

9. AMALGAMATION OF TFL WITH SRF

- 9.1 Subsequent to Part II and subject to the provisions of this Scheme in relation to the modalities of transfer and vesting, the entire undertaking as a whole comprising the entire business and properties and assets (both immovable and movable) of and/or appertaining to TFL wheresoever situated including inter alia all other assets, capital work-in-progress, current assets, bank accounts, cash in hand, investments, powers, authorities, allotments, import entitlements and other quotas or benefits, income tax credits, deposits and exemptions, sales tax credits, deposits and exemptions, central excise registrations, excise credits, deposits and exemptions, approvals and consents, licenses, registrations, contracts, engagements, arrangements, office equipments, communication facilities, equipment and installations and utilities, electricity, water and other service connections, earnest money and/or deposits including security deposits, motor vehicles, inventories, rights, titles, interests, benefits and advantages of whatsoever nature belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by TFL, including but without being limited to all patents, trade names, trade marks, websites and domain name and other intellectual and industrial rights of any nature whatsoever and licenses in respect thereof all necessary records, engineering and process information, computer programs, software, liberties, easements, advantages, benefits, privileges, leases, industrial land leases, tenancy rights, entry and occupation rights, ownership flats, quota rights, subsidies, concessions, approvals, authorisations, services of all types, benefit of all agreements and all other interests arising to TFL shall, without any further act or deed, with effect from the opening of business as on the Appointed Date, stand transferred to and be vested in or be deemed to be transferred to and vested in SRF on a going concern basis pursuant to the provisions of Section 394 of the Act, for all the estate, right, title and interest of TFL therein so as to become the property of SRF but, subject to all mortgages, charges and encumbrances, if any, then affecting the undertaking of TFL without such charges in any way extending to the undertaking or assets of SRF. Existing mortgages, charges and encumbrances on the existing undertaking and assets of SRF shall not extend to the undertaking or assets of TFL upon the Scheme becoming effective.
- 9.2 Notwithstanding what is provided in clause 9.1 above, such of the assets as stated in clause 9.1 above as are moveable in nature or are otherwise capable of transfer by physical delivery or by endorsement and delivery, the same shall be so transferred by TFL to SRF after the Scheme is sanctioned by the Court without requiring any further order of the Court or any deed or instrument of conveyance for the same and shall become the property of SRF.
- 9.3 All debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of TFL whether recorded or unrecorded, disclosed or undisclosed, shall on and from the Appointed Date devolve and shall stand transferred or be deemed to be transferred without any further act or deed, to SRF pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of SRF with effect from the Appointed Date.
- 9.4 All assets and liabilities resulting from the operations of TFL from the Appointed Date onwards shall stand transferred to and be vested in SRF on the Effective Date.
- 9.5 The details of the immovable properties of TFL to be transferred to and vested in SRF are stated in Annexure IV to the Scheme.

10. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 10.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which TFL is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of SRF and may be enforced as fully and as effectually as if, instead of TFL, SRF had been a party thereto.
- 10.2 The transfer of the said assets and liabilities of TFL to SRF and the continuance of all contracts or legal proceedings by or against SRF shall not affect any contract or proceedings already concluded by TFL on or after the Appointed Date.
- 10.3 As a consequence of the amalgamation of TFL with SRF in accordance with the provisions of clause 9 herein, the recording of change in name from TFL to SRF, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

11. LEGAL PROCEEDINGS

- 11.1 All legal proceedings of whatever nature by or against TFL, if pending, on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of TFL or of anything contained in the Scheme but the proceedings may be continued, prosecuted and enforced by or against SRF in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against TFL as if the Scheme had not been made
- 11.2 SRF shall arrange to have all legal or other proceedings by or against TFL pending on the Effective Date transferred in its name and have the same continued, prosecuted and enforced by or against SRF after the Effective Date.

12. DISSOLUTION OF TFL

On the Scheme becoming effective, TFL shall stand dissolved without winding up.

13. EMPLOYEES OF TEL

- 13.1 All the employees of TFL in service on the date immediately preceding the Effective Date shall become the employees of SRF on such date without any break or interruption in service and upon terms and conditions not less favourable than those subsisting with reference to TFL on the said date. SRF agrees that the service of all such employees with TFL upto the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible in TFL and such past service shall be taken into account for payment of any retrenchment compensation.
- 13.2 In respect of the Provident Fund, Gratuity Fund, Superannuation Fund or Welfare Trusts and any other special fund or trusts created or existing for the benefit of the employees of TFL, upon the Scheme becoming effective, the contributions and amounts pertaining to Provident Fund, Gratuity, Superannuation and such other funds of the aforesaid employees would be deposited by SRF in the Provident, Gratuity, Superannuation Funds or Welfare Trusts and any other special fund or trusts maintained by TFL until SRF transfers the balances in such funds to its existing funds and receives necessary approvals for the same, and such deposits by SRF shall have the same effect as if they were made in funds registered and maintained by SRF. Thereupon, the balances in the aforesaid funds to the extent they relate to the employees of TFL, shall stand transferred to the existing funds of SRF. As from the Effective Date, all the rights, duties, powers and obligations of TFL in relation to its employees who are members of such funds, shall become those of SRF. The services of the employees of TFL will be treated as having been continued for this purpose.

14. CONDUCT OF BUSINESS BY TFL.

14.1 From the Appointed Date until the Effective Date, TFL:

- i) shall stand possessed of the business undertaking comprising of the properties and the assets referred to in Clause 9 above in trust for SRF.
 - ii) shall carry on its business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or 'otherwise deal with the said assets or any part thereof except in the ordinary course of business, without the prior written consent of SRF or pursuant to any pre existing obligation undertaken by TFL prior to the Appointed Date.
 - iii) shall not make any change in its capital structure (Paid up Capital) either by any increase (by a fresh issue of Right Shares, Equity or Preference Shares, Bonus Shares, Convertible Debentures or otherwise) or by any decrease, reduction, reclassification, sub division or consolidation, reorganization or in any other manner, except by the written consent of the Board of Directors of SRF.
- 14.2 As the Amalgamation is to take place with effect from the Appointed Date, TFL shall be deemed to have carried on its business and activities as and from the Appointed Date for and on behalf of and or the benefit and on account of SRF. Any income or profit accruing to TFL and all costs, charges and expenses, or loss arising or incurred by TFL on and from the Appointed Date shall for all purposes and intents be treated as the income, profits, costs, charges and expenses or loss of SRF as the case may be.
- 14.3 Even after the Effective Date, SRF shall be entitled to realize all money and complete and enforce all pending contracts and transactions in respect of TFL in the name of TFL in so far as may be necessary until the transfer of rights and obligation of TEL to SRF under this scheme is formally accepted.

15. CANCELLATION OF SHARES HELD BY SRF

Upon the Scheme finally coming into effect and in consideration of the transfer of all the said assets and liabilities of TFL to SRF in terms of Clauses 9 and 16 of the Scheme, the Equity Shares held by SRF in TFL shall stand cancelled.

PART — IV

16. OPERATIVE DATE OF THE SCHEME

This Scheme, though operative from the Appointed Date, shall be effective from the last of the dates on which certified copies of the orders of Court under Sections 391 to 394 of the Act are filed with the appropriate Registrar of Companies by SRF, SRFC and TFL respectively.

17. REFERENCE BALANCE SHEETS

- 17.1 Upon the Scheme becoming operative as on the Appointed Date the Balance Sheet of SRF shall be as provided in the reference Balance Sheet of SRF annexed to the Scheme as Annexure II and all the assets and liabilities of TFL (incorporated in the reference Balance Sheet of SRF after taking into consideration the valuations as referred to in clause 17.2 below) are listed in the Balance Sheet of TFL as on 31st December, 2000 annexed to the Scheme as Annexure
- 17.2 The Accounts of SRF as per the above arrangement are on the basis of business values of various businesses comprised within SRF. For assessing the Business Values, PricewaterhouseCoopers Securities Private Limited, financial advisors, has carried out business valuations, on a prudent basis, of the significant operational businesses proposed to be comprised within SRF. These Business Valuations represent an assessment on the fair inherent value of the significant operational businesses on a going concern basis, focussing on the future earnings/cashflows. The Business Valuations have been carried out using

Discounted Cash Flow, Market Value/Multiples and Realisable Value Estimation approach. Revaluation of fixed assets comprised within these businesses have been carried out by Price Waterhouse, Chartered Accountants, using the Depreciated Replacement Cost basis, which valuation has received due consideration in the assessment of Business Values. The results from application of different approaches for business valuation have been given due consideration before concluding on a value range placing greater weightage on future earnings/cash flows in accordance with objectives and intents. The assets and liabilities of SRF and TFL have been incorporated in the books of accounts by the management of SRF based on valuations discussed above. The opening reference Balance Sheet of SRF as on the Appointed Date takes into account the fact that the Scheme is formulated on the basis of prudent valuation of separate businesses comprised therein, and in accordance with prudent and permissible accounting principles, and gains and losses arising on such valuation on the Appointed Date have been recognised in the opening reference Balance Sheet of SRF. Any modification / adjustment /variation / restatement of values made in the accounts for the purpose of preparation of the Revised Balance Sheet of SRF shall be without prejudiced to the right of recovery of the original amount under the applicable law.

18. CONDITIONALITY OF THE SCHEME

- 18.1 This Scheme is conditional upon and subject to :

- i) the Scheme being approved by the requisite majority of the members and creditors of SRF, SRFC and TFL as the case may be, as required under Sections 391 and 394 of the Act;
- ii) the sanction of the Scheme by the High Court of Delhi at New Delhi and the High Court of Judicature at Madras, under Sections 391 to 394 of the Act;
- iii) the certified copies of the orders of the concerned High Court referred to in this Scheme, being filed with the respective Registrars of Companies i.e. with the Registrar of Companies, N.C.T. of Delhi and Haryana and the Registrar of Companies, Tamil Nadu.

19. APPLICATION TO THE HIGH COURTS

SRF, SRFC and TFL shall make necessary applications/petitions under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act to the High Court of Delhi at New Delhi and the High Court of Judicature at Madras, as the case may be, for sanctioning of the Scheme and for the dissolution without winding up of TFL.

20. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 20.1 SRFC (by its Directors), TFL (by its Directors) and SRF (by its Directors) may make or assent from time to time on behalf of all persons concerned to any modifications or amendments of the Scheme, or to any conditions or limitations which the Court and/or any authorities or any shareholder or creditor may impose.
- 20.2 At any time prior to the Effective Date, SRF and/or SRFC and/or TFL shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any Authority is unacceptable to them.
- 20.3 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or any person entitled to or claiming any right to any shares in SRFC, TFL or SRF as to the construction hereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred to the SRFC or SRF as the case may be, or as to the accounting treatment thereof or as to anything else as contained in or relating to and/or arising out of the Scheme, the same shall be referred to the Board of Directors of SRF whose decision shall be final and binding.
- 20.4 In order to give effect to the Scheme or to any modifications or amendments thereof, the Board of Directors of SRF may give and are authorised to give all such directions as may be necessary including directions for settling any question, doubt or difficulty that may arise.
- 20.5 In the event of the Scheme failing to take effect finally before the 31st day of July, 2002 or within such further period or periods as may be agreed upon by SRFC, TFL and SRF (through their respective Board of Directors), the Scheme shall at the option of all Companies (through their respective Board of Directors) become null and void and in that event no rights and liabilities whatsoever shall accrue or be incurred inter se to or by the parties or any of them except to the extent that all income, profits, costs, charges and expenses or loss of TFL with effect from the Appointed Date till the date referred to in this Clause 20.4 shall be to the account of TFL , and that all income, profits, assets, charges, expenses or loss of EP, FNT and PF with effect from the Appointed Date till the date referred to in this Clause 20.4 shall be to the account of SRF.

21. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes, including duties, levies and fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne and paid by SRF.

SRF Chemicals Limited

Regd. Office : Express Building, 9-10, Bahadur Shah Zafar Marg,
New Delhi-110 002.

REFERENCE BALANCE SHEET ON THE APPOINTED DATE 1ST JANUARY 2001

Sources of Funds	Schedule	Rs. in Lakhs	
		As at January 1, 2001	As at December 31, 2000
Shareholders' Funds			
Share Capital	1	645.32	
Reserve & Surplus	2	4,446.98	(0.07)
		5,092.30	(0.07)
Loan Funds			
Secured Loans	3	1,221.80	-
Unsecured Loans	4	514.47	0.50
		1,736.27	0.50
TOTAL		6,828.57	0.43
Application of Funds			
Fixed Assets			
Gross Block	5	7,086.32	-
Less: Depreciation		2,825.88	-
Net Block		4,260.44	-
Less: Lease Adjustment Account			
Capital Work in Progress		4,260.44	-
Investments			
Current Assets, Loans & Advances			
Inventories	6	1,015.59	-
Sundry Debtors	7	1,967.18	-
Cash and bank balances	8	184.72	0.40
Loans and Advances	9	80.61	
		3,248.10	0.40
Less: Current Liabilities & provostions			
Current Liabilities	10	680.13	0.13
Provisions		2,567.97	0.27
Miscellaneous Expenditure (to the extent not written off)	11	0.16	0.16
Significant Accounting Policies & notes to accounts			
TOTAL		6,828.57	0.43

Significant Accounting policies and notes to Accounts form an integral part of the Balance Sheet

As per our review report of even date

For Price Waterhouse
Chartered Accountants

Usha Rajeev
Partner

New Delhi
Dated: 8.8.2001

SCHEDULES TO THE REFERENCE BALANCE SHEET AS AT JANUARY 1, 2001

SCHEDULE 1: SHARE CAPITAL

		Rs. in Lakhs	
		Balance as at 01-Jan-2001	Balance as at 31-Dec-2000
Authorised			
7500000	Equity shares of Rs 10 each (Previous year 50000 equity shares of Rs. 10/- each)	750.00	5.00
1000000	Preference shares of 10 each	100.00	-
		850.00	5.00
Issued, Subscribed and paid up			
7047141	Equity shares of Rs 10 each (previous year Rs. 70/-)	704.71	0.00
Subscribed			
6452615	Equity shares of Rs 10 each (previous year Rs. 70/-) fully paid up Add: Share Capital Suspense	645.26 0.06	-
Total		645.32	

SCHEDULE 2: RESERVES AND SURPLUS

General reserve	4447.05	
Profit and Loss Account	(0.07)	(0.07)
Total	4446.98	(0.07)

SCHEDULE 3: SECURED LOANS

From Banks :			
Cash Credit \ WCDL	145.90		-
Term Loans			
From Financial Institutions			
Term Loans	1075.90		-
Total	1221.80		-

SCHEDULE 4: UNSECURED LOANS

Fixed deposits	513.97		
From others	0.50	0.50	
Total	514.47	0.50	

SCHEDULE 5: FIXED ASSETS

	Additions to Gross Block as at 01-Jan-2001	Accumulated Depreciation	Net Block as at 01-Jan-01
Freehold Land	24.02	-	24.02
Buildings	418.60	94.03	324.57
Plant & Machinery	6,452.87	2,631.40	3,821.47
Furniture & Fixture			
Office Equipments etc.	190.83	100.45	90.38
Total	7,086.32	2,825.88	4,260.44

SCHEDULES TO THE REFERENCE BALANCE SHEET AS AT JANUARY 1, 2001**SCHEDULE 6: INVENTORIES**

	Balance as at 01-Jan-2001	Balance as at 31-Dec-2000
Raw Material	410.2	-
Stores & spares	35.38	-
Finished Goods	427.72	-
Stock-in-Process	142.29	-
Total	1015.59	-

SCHEDULE 7: SUNDY DEBTORS**(UNSECURED)**

Debts over six months		
Considered good		
Considered doubtful	172.02	-
Other debts		
Considered good	1967.18	-
Considered doubtful		
Less: Provision for doubtful debts	172.02	-
Total	1967.18	-

SCHEDULE 8: CASH AND BANK BALANCES

Cash and stamps on hand	3.05	-
Balances with Scheduled Banks		
Current Accounts	181.67	0.4
Total	184.72	0.4

SCHEDULE 9: LOANS AND ADVANCES

Advances recoverable in cash or in kind or for value to be received		
Considered good	56.79	-
Considered doubtful	4.18	-
	60.97	-
Less : Provision for doubtful advances	4.18	-
	56.79	-
Other Deposits	14.78	-
Claims Recoverable	9.04	-
Total	80.61	-

SCHEDULE 10: CURRENT LIABILITIES

Sundry creditors :		
Dues to SSI units		
Dues to others	668.88	-
Total Sundry creditors	668.88	-
Security Deposits	11.25	-
Total	680.13	-

SCHEDULE 11: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the historical cost convention basis (except for revaluation of certain fixed assets and providing for depreciation on revalued amounts). The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act 1956 and the Indian Accounting Standards.

2. FIXED ASSETS

Gross Block of Fixed Assets have been stated at their original cost.

3. EXPENDITURE DURING CONSTRUCTION

In respect of new projects, all expenses including interest incurred upto the date of commencement of commercial production are capitalized. In respect of substantial expansion of businesses at existing locations only direct costs are capitalized together with interest on the funds relatable to them upto the date of commercial production.

4. DEPRECIATION

4.1 Depreciation is provided on fixed assets with reference to their historical cost (exclusive of modvatable Customs/ Excise duty).

4.2 Depreciation is provided on:

a. All assets (*including plant and machinery) costing less than Rs. 5,000/- for the full value thereof.

*Provided such assets are less than 10% of the aggregate value of plant and machinery in each division.

b. Furniture & Fixtures, Office Equipment, Data Processing Equipment and Vehicles on Straight-line method at rates specified in Schedule XIV to the Companies Act, 1956.

c. Roads, Buildings and Plant & Machinery on straight line basis at rates based on rates specified in Schedule XIV.

5. AMORTISATION

No expenditure is treated as Deferred Revenue.

6. FOREIGN CURRENCY TRANSACTION: TRANSLATION AND CONVERSION

a. Transaction in foreign currencies are recorded at the rate prevalent on the date of transactions.

b. All Foreign Currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate and the difference taken to Profit & Loss account as Exchange Fluctuation loss or gain.

c. Foreign Currency fluctuations on liabilities relatable to fixed assets are considered as additions to or deletions from the gross block in the year in which such fluctuations occur; depreciation on such addition/ deletion is provided or adjusted over the remaining useful life of the asset.

7. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research & Development are included under the natural heads of expenditure. Capital expenditure on Research & Development are treated in the same manner as expenditure on other fixed assets.

8. VALUATION OF INVENTORY

a. Closing stock of finished goods is valued at the lower of cost or estimated realisable value. For this purpose, cost is being reckoned as full cost (exclusive of interest and administrative overheads) net of excise duty and includes excise duty on the finished goods.

b. Closing stock of work in-progress is valued at the lower of the cost or estimated realisable value; for this purpose cost does not include excise duty.

c. Inventory of raw material is valued at weighted average cost or net realisable value whichever is lower; cost being net of Excise duty.

Reprocessable waste, grouped under raw material, is valued at raw material cost less variable reprocessing cost.

- d. By products are valued at net selling price.
- e. Inventory of Stores and spares is valued at cost, exclusive of excise duty.

9. RETIREMENT BENEFITS

- a. The retirement benefit for encashment of leave salary is fully provided for on actuarial basis.
- b. The liability on account of retirement benefits such as provident fund, gratuity, superannuation are administered through separate funds.
- c. Gratuity is accrued on actuarial valuation basis: contribution to provident and superannuation funds are accounted at respective specified rates.

10. CONTINGENT LIABILITY

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims, not acknowledged as debt. are disclosed by way of note.

11. REVENUErecognition

- a. Sales are inclusive of excise duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b. Export incentives receivable in cash are recognised as income on exports being made.
- c. Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment /realization of income such as interest from customers (including the financial condition of the person from whom the same is to be realised), the same is not accounted for.

12. TAXATION

Tax provision has is made, taking into consideration the provisions of minimum alternate tax and the contentions of the Company and also the fact that certain expenditure becoming allowable on payment being made before filing the return of income/wealth.

B. NOTES TO ACCOUNTS

- a) The accounts have been prepared taking into account the effect of proposed scheme of amalgamation, arrangement and reconstruction between SRF Limited, SRF Chemical Limited and Tyrecord Fabrics Limited. The accounts will be effective only after necessary approvals have been received from Honourable High Court of Delhi and High Court of Judicature of Madras and after all formalities required to effect the scheme have been complied with.
- b) Pursuant to the scheme of amalgamation , arrangement and reconstruction, referred to above, the Company has acquired the business of Engineering plastics. Fish Net Twine and Polyester Films including the fixed assets, current assets, current liabilities, rights and power together with ail present & future liabilities including contingent liabilities and obligations therein from SRF Limited. Consequently the addition to assets and liabilities in these accounts on the basis of book values (ignoring revalued values) of SRF Limited are as follows:

	Rs. in Lakhs
	Acquired from SRF Limited
Fixed Assets (Net)	4,260.44
Current Assets	3,247.70
(A)	7,508.14
Current Liabilities	680.00
Secured Loan	1,221.80
Unsecured Loan	513.97
(B)	2,415.77
(A — B)	5,092.37
To be adjusted as	
Issue of Share Capital	645.32
Transfer to General Reserve	4,447.05

C) SHARE CAPITAL

Share capital suspense represents 541 Equity shares to be issued pursuant to the allotment to the erstwhile shareholder of Flowmore Polyesters Ltd. (FPL) in SRF Limited pending settlement of calls in arrears in respect of their shareholding in FPL.

D) DEBENTURES

224 numbers 13.5% Debentures of Rs. 100 each, which have matured for payment and are partly paid are included under the head 'Unclaimed debentures' in SRF Limited. 896 Equity Shares will be issued and allotted by SRF Limited to the holders of these Debentures effective June 1, 1987, upon receipt of arrears due alongwith interest thereon. Further pursuant to aforesaid scheme of amalgamation, arrangement and reconstruction 90 Equity Shares will be issued and allotted to the holders of the aforesaid debentures in the Company.

E) DETAILS OF SECURITY FOR LOANS

Loan	Outstanding	Security
I. Term loan from financial institutions led by ICICI.	Amount (Rs. in Lakhs) 1075.9	Term loans from financial institutions are secured by equitable mortgage and hypothecation of Company's immovable and moveable properties, both present and future (with certain exclusions) situated at Manali and Viralimalai both in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttar Pradesh and Malanpur in the State of Madhya Pradesh. Such equitable mortgage ranking paripassu inter se between debentures, term loans from financial institutions and subject to prior charges created/to be created on certain specified movable assets for working capital facilities mentioned in II & III below. Short Term Foreign Currency loan of equivalent to Rs. 600 million is not secured by Equitable Mortgage. In Addition 1) Term loans from Financial Institution amounting to Rs. 19,172 lakhs have been guaranteed by the Vice. Chairman & Sr. Managing Director 2) Term loans from ICICI amounting Rs 1800 lakhs have been secured by pledge of 32,49,990 equity shares of India Ophthalmic Lenses Manufacturing Co. Pvt. Ltd and 12,99,994 equity shares of Essilor SRF Optics Limited. 3) Term loans from IDBI amounting Rs. 1,135.30 lakhs have been secured by pledge of Fixed Deposit of Rs. 160.07 lakhs with them. 4) Foreign currency loans from ICICI and IFCI amounting to Rs. 11,879 lakhs have been secured by pledge of 1,15,97,951 equity shares of SRF Overseas Ltd.
II. Cash credit/ working capital demand loans / L/ Cs Guarantees issued by Consortium banks	122.28	Secured by hypothecation of stocks, stores and book debts and is further secured by way of second charge on Company's immovable and movable properties, both present and future, (with certain exclusions) situated at Manali and Viralimalai both in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh and Kashipur in the State of Uttar Pradesh.
III. Loans from others: Cash Credit /working L/Cs, Guarantees issued by ICICI Bank	23.62	Secured by hypothecation of stocks, stores and book debts both present &future situated at Manali & Viralimalai both in the state of Tamil Nadu, Jhiwana in the state of Rajasthan, Malanpur in the state of Madhya Pradesh and Kashipur in the state of Uttar Pradesh.

Out of the above loans, a sum of Rs. 171.91 lakhs would become due for payment within a year from the date of the balance sheet Pursuant to the proposed scheme of amalgamation, arrangement and reconstruction, the aforesaid charges will be altered/amended to give effect to the scheme once it becomes effective.

F) CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs 23.66 lakhs

G) CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts on account of:

	Rs. in Lakhs
	Current Year
Income Tax	5.03
Excise duty	16.96
Sales Tax*	464.84

* Amount deposited Rs 55.52 lakhs

The Company has been advised that its contentions in the matter of disputed demands are legally tenable and hence the possibility of these maturing of remote.

The company has been served with show cause notices regarding certain transactions as to why additional customs/excise duty amounting to Rs 22.62 lakhs 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 sustained.

a) Sundry Debtors

The Company has requested for confirmation of major balances of the creditors, debtors, loans and advances. However only few confirmations have been received.

b) Leased Assets

The Company has taken on lease certain fixed assets, the original cost and depreciated value and lease rental for balance duration, are as under:

		Rs. in Lakhs	
		As on January 1, 2001	As on January 1, 2001
	Cost	Net depreciated value	Lease Rent for balance period
Vehicles	23.72	20.64	21.92
TOTAL	23.72	20.64	21.92

SRF LIMITED
Regd. Office : Express Building. 9-10, Bahadur Shah Zafar Marg,
New Delhi-110 002.

REFERENCE BALANCE SHEET AS ON THE APPOINTED DATE 1ST JANUARY, 2001

Sources of Funds	Schedule	Rs. in Lakhs	
		As at January 1, 2001	As at December 31, 2000
Shareholders' Funds			
Share Capital	1	6,554.33	6,554.33
Reserve & Surplus	2	32,519.97	42,966.21
		39,074.30	49,520.54
Loan Funds			
Secured Loans	3	37,616.03	38,837.83
Unsecured Loans	4	2,872.80	3,386.77
		40,488.83	42,224.60
TOTAL		79,563.13	91,745.14

Application of Funds

Fixed Assets			
Gross Block	5	87,814.96	83,778.28
Less: Depreciation		30,603.51	34,069.23
Net Block		57,211.45	49,709.05
Less: Lease Adjustment Account		-	-
		57,211.45	49,709.05
Capital Work in Progress		1,503.04	1,272.39
		58,714.49	50,981.44
Investments	6	7,321.19	15,711.30
Current Assets, Loans & Advances			
Inventories	7	10,908.89	10,008.39
Sundry Debtors	8	11,189.86	12,487.31
Cash and bank balances	9	2,778.72	2,719.80
Loans and Advances	10	6,514.12	17,356.06
		31,391.59	42,571.56
Less: Current Liabilities & provosions			
Current Liabilites	11	17,610.14	17,265.16
Provisions	12	254.00	254.00
		13,527.45	25,052.40
Miscellanoeus Expenditure (to the extent not written off)			
Significant Accounting Policies & notes to accounts	13		
TOTAL		79,563.13	91,745.14

Significant Accounting policies and notes to Accounts form an integral part of the Balance Sheet

As per our review report of even date

For Price Waterhouse

Chartered Accountants

Usha Rajeev

Partner

New Delhi

Dated: 8.8.2001

SCHEDULES TO THE REFERENCE BALANCE SHEET AS AT JANUARY 1, 2001

SCHEDULE 1: SHARE CAPITAL

		Rs. in Lakhs	Balance as at 1-1-01	Balance as at 31- 12-2001
Authorised				
120000000	Equity shares of Rs 10 each		12,000.00	12,000.00
1000000	Preference shares of 100 each		1,000.00	1,000.00
1200000	Cumulative Convertible Preference Shares of 50 each		600.90	600.00
20000000	Cumulative Preference Shares of 100 each		20,000.00	20,000.00
			33,600 00	33,600 00
Issued, Subscribed and paid up			7,047.14	7,047.14
70471411	Equity shares of Rs 10 each		7,047.14	7,047.14
Subscribed			6,452.61	6,452.61
64526089	Equity shares of Rs 10 each fully paid up		0.33	0.33
	Less: Calls in arrears*		6452.28	6452.28
	Add: Amount paid on Forfeited Shares		101.51	101.51
	Add: Share Capital Suspense		0.54	0.54
Total			6,554.33	6,554.33

* Due from Directors NIL

SCHEDULE 2: RESERVES AND SURPLUS

		Rs. in Lakhs
Share premium account		9995.98
Amalgamation Reserve		-
Capital redemption reserve		-
Capital reserve		4040.24
Revaluation reserve		8670.82
Investment allowance reserve		362.75
General reserve		5397.55
		28467.34
Profit & Loss account		4052.63
Total		32519.97
		42,966.21

SCHEDULE 3: SECURED LOANS

		Rs. in Lakhs
From Banks :		
Cash Credit \ WCDL		1347.36
From Financial Institutions		1,493.25
Term Loans		36264.03
From Others:		4.64
Total		37616.03
		38,837.83

SCHEDULE 4: UNSECURED LOANS

	Rs. in Lakhs
Fixed deposits	2872.80
Total	2872.80
	3,386.77

Schedule 5: Fixed Assets

	Rs. in Lakhs								
	Adjusmtent on Restructuring 31.12.2000	Additions	Deletions	Gross Block as at 1.1.2001	Cumm. Dep. as at 31.12.2000	Total Adjustment on restructuring	Cumm. Dep. as at 1.1.2001	Net Block as at 1-1-2001	as at 31-12-2000
Freehold Land	747.77	122.74	0.00	846.17	0	0.00	0.00	846.17	747.77
Leasehold Land	1483.88	434.35	0.00	918.24	0.24	0.00	0.24	918	483.64
Road	282.29	33.97	0.00	316.25	45.9	0.00	45.90	270.35	236.30
Buildings	9351.1	4363.08	483.72	13,230.46	1,761.04	102.51	1,658.53	11,571.93	7,590.06
Plant & Machinery	70.928.48	8,076.70	8,447.07	70,558.10	31,319.35	3,258.94	28,060.41	42,497.70	39,609.13
Furniture & Fixture									
Office Equipments etc.	1818.03000	150.33	196.41	1,771.95	942.70	104.27	838.43	933.52	875.33
Vehicles	166.73	7.06	0.01	173.78	0.00	0.00	0.00	173.78	166.73
Total	83,778.28	13,188.23	9,151.55	87,814.96	34,069.23	3,465.72	30,603.51	57,211.45	49,709.05

SCHEDULES TO THE REFERENCE BALANCE SHEET AS AT JANUARY 1, 2001

SCHEDULE 6 : INVESTMENTS

	Rs. in Lakhs	
	Balance at 1-1-2001	Balance at 31-12-2000
Non-trade investments(at cost)		
-quoted	66.01	119.33
-unquoted	7255.18	15,591.97
Total	7321.19	15,711.30

SCHEDULE 7: INVENTORIES

	Rs. in Lakhs
Raw Material /	4190.13
Stores & spares Finished Goods	1335.08
	3704.04
Stock-in-Process	1679.64
Total	10908.89
	10,008.39

SCHEDULE 8: SUNDY DEBTORS

	Rs. in Lakhs
Debts over six months	
Considered good	182.95
Considered doubtful Other debts	720.82
Considered good	11006.91
Considered doubtful	435.36
Less: Provision for doubtful debts	1156.18
Total	11189.86
	12,487.31

SCHEDULE 9: CASH AND BANK BALANCES

	Rs. in Lakhs	
	Balance at 1-1-2001	Balance at 31-12-2000
Cash and stamps on hand	31.36	34.02
Balances with Scheduled Banks		
Current Accounts	2436.82	2,375.24
Unclaimed Dividend	25.55	25.55
Fixed Deposits *	284.73	284.73
Remittances in transit	0.26	0.26
Total	2778.72	2,719.80
* Includes margin money	274.79	274.79

SCHEDULE 10: LOANS AND ADVANCES

Unsecured, considered good
(Unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received		Rs. in Lakhs
Considered good	4572.84	15,319.00
Considered doubtful	361.07	204.65
	4933.91	15,523.65
Less : Provision for doubtful advances	361.07	204.65
	4572.84	15,319.00
Deposit with Excise and Customs	162.90	168.30
Other Deposits	1433.62	1,667.41
Claims Recoverable	178.71	187.74
Modvat recoverable	166.05	13.62
Total	6514.12	17,356.06

SCHEDULE 11: CURRENT LIABILITIES

		Rs. in Lakhs
Amount received -in trust	1305.18	1,305.18
Acceptances	652.07	652.07
Sundry creditors :		
Dues to 331 units	6.35	6.35
Dues to others	14654.97	14,298.74
Total Sundry creditors	14661.32	14,305.09
Security Deposits	336.43	347.67
Unclaimed Debentures	33.60	33.60
Unclaimed Dividends	25.55	25.55
Interest and commitment charges accrued but not due	595.99	595.99
Total	17610.14	17,265.16

SCHEDULE 12: PROVISIONS

		Rs. in Lakhs
Provision for Taxation (net)	254.00	254.00
Total	254.00	254.00

SCHEDULE 13: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

The financial statements have been prepared on the historical cost convention basis (except for revaluation of certain fixed assets and providing for depreciation on revalued amounts). The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act 1956 and the Indian Accounting Standards.

2. FIXED ASSETS

Gross block of fixed assets (other than those which have been revalued and are stated at revalued values, the base for revaluation being the current cost of depreciated assets at the time of revaluation) are stated at their Original cost. If the revaluation shows an increase in the value of a category of assets, the same is added to the historical value net of any decline in value in any asset of that category. The decline in value of any individual asset in a category is charged to revenue over the remaining useful life of that asset by making adjustment from the withdrawal of the revaluation reserve.

3. EXPENDITURE DURING CONSTRUCTION

In respect of new projects, all expenses including interest incurred upto the date of commencement of commercial production are capitalised. In respect of substantial expansion of businesses at existing locations only direct costs are capitalised together with interest on the funds relatable to them upto the date of commercial production.

4. DEPRECIATION

- 4.1 Depreciation is provided on fixed assets with reference to their historical cost (exclusive of modvatable Customs/ Excise duty) or the revalued value as the case may be.
- 4.2 Depreciation is provided on:
- All assets (*including plant and machinery) costing less than Rs. 5,000/- for the full value thereof.
*Provided such assets are less than 10% of the aggregate value of plant and machinery in each division.
 - Furniture & Fixtures, Office Equipments, Data Processing Equipment, cylinders and Vehicles on Straight-line method at rates specified in Schedule XIV to the Companies Act, 1956.
 - Roads, Buildings and Plant & Machinery on straight line basis at rates based on useful life prescribed by valuers periodically on revalued value or at rates specified for similar method in Schedule XIV on the historical cost, whichever amount of depreciation is higher.
 - In respect of additions between two valuation dates, on the basis of useful life as determined by the Management based upon similar assets; The depreciation rates based on useful life varies between 3.17% and 31.66%.
 - Assets given on lease, on straight line basis at rates specified in Schedule XIV on the historical cost.
- 4.3 Where assets have been revalued and depreciation provided on them based on their useful life as determined by the valuers/Management, then a transfer is made from the Revaluation Reserve to the Profit and Loss Account for the sum of the differences as below:-
- In respect of revalued Assets, the difference between the amount of depreciation on revalued value at rates based on useful life prescribed by valuers and on the historical cost at rates prescribed in Schedule XIV if the former is higher.
 - Where assets are discarded or disposed off, the difference between the written down value as 'per revalued value and historical cost.

5. AMORTISATION

No expenditure is treated as Deferred Revenue.

6. FOREIGN CURRENCY TRANSACTION: TRANSLATION AND CONVERSION

- Transaction in foreign currencies are recorded at the rate prevalent on the date of transactions.
- All Foreign Currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate and the difference taken to Profit & Loss account as Exchange Fluctuation loss or gain.
- Foreign Currency fluctuations on liabilities relatable to fixed assets are considered as additions to or deletions from the gross block in the year in which such fluctuations occur; depreciation on such addition/deletion is provided or adjusted over the remaining useful life of the asset.

7. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research & Development are included under the natural heads of expenditure. Capital expenditure on Research & Development are treated in the same manner as expenditure on other fixed assets.

8. VALUATION OF INVENTORY

- Closing stock of finished goods is valued at the lower of cost or estimated realisable value. For this purpose, cost is being reckoned as full cost (exclusive of interest and administrative overheads) net of Excise Duty and includes excise duty on the finished goods.
- Closing stock of work in-progress is valued at the lower of the cost or estimated realisable value: for this purpose cost does not include excise duty.

- c. Inventory of raw material is valued at weighted average cost or net realisable value whichever is lower; cost being net of excise duty. Reprocessable waste, grouped under raw material, is valued at raw material cost less variable reprocessing cost.
- d. By products are valued at net selling price.
- e. Inventory of Stores and spares is valued at cost, exclusive of Excise duty.
- f. MODVAT is accounted for on utilisation of materials, even if no set off is taken in payment of duty.
Quoted Shares, held as stock-in-trade, are valued at the lower of cost or market value.

9. RETIREMENT BENEFITS

- a. The retirement benefit for encashment of leave salary is fully provided for on actuarial basis except for unit located at Gummidi poondi where provision for leave encashment is made based on the maximum amount payable at the year end.
- b. The liability on account of retirement benefits such as provident fund, gratuity, super-annuation are administered through separate funds.
- c. Gratuity is accrued on actuarial valuation basis; contribution to provident and superannuation funds are accounted at respective specified rates except in case of unit located at Gummidi poondi where liabilities in respect of gratuity and superannuation are determined in accordance with the Schemes formulated by the Company and contributions as per the rules of the said Schemes are made to the respective Funds administered by Life Insurance Corporation of India. All contributions are charged to Profit and Loss Account as they become due.

10. CONTINGENT LIABILITY

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims, not acknowledged as debt, are disclosed by way of note.

11. REVENUErecognition

- a. Sales are inclusive of excise duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b. Export incentives receivable in cash are recognised as income on exports being made.
- c. Other items of revenue are recognised in accordance with the Accounting Standard (AS-9) Accordingly, wherever there are uncertainties in the ascertainment/realisation of income such as interest from customers (including the financial condition of the person from whom the same is to be realised), the same is not accounted for.
- d. Profit/ loss on sale of revalued fixed assets are stated with reference to the written down value determined on the basis of their historical cost.

12. RESERVES

- a. Revaluation reserve represents the difference between the revalued amount of the assets and the written down value of the assets on the date of revaluation net of withdrawals therefrom as stated in para 4.3 above and as adjusted as per the scheme of amalgamation, arrangement and reconstruction
- b. Debenture redemption reserve is created to the extent prescribed by SEBI guidelines in prorated equated installments from the date of issue of debentures and also withdrawn on discharge of the liabilities.
- c. Capital receipts are credited to Capital Reserve.

13. TAXATION

Tax provision is made, taking into consideration the provisions of the Minimum Alternate Tax and the contention of the Company and also the fact that certain expenditure becoming allowable on payment being made before filing the return of income/wealth.

B) NOTES TO ACCOUNTS

1. The accounts have been prepared taking into account the effect of proposed scheme of amalgamation, arrangement and reconstruction between SRF Limited, SRF Chemicals Limited and Tyrecord Fabric Limited (TFL) and the accounts will be effective only after necessary approvals have been received from the Honorable High Court of Delhi and High Court of Judicature of Madras and after all formalities required to effect the scheme have been complied with.

2. Pursuant to the scheme of amalgamation, arrangement and reconstruction, referred to above, the Engineering plastics, Fish Net Twine and Polyester Film businesses of the Company including the fixed assets, current assets, current liabilities, rights and powers together with all present & future liabilities including contingent liabilities and obligations therein have been transferred to SRF Chemicals Limited. Further, TFL, a subsidiary of the company, has been amalgamated with the company alongwith its fixed assets, current assets, current liabilities, rights and powers together with all present and future liabilities including contingent liabilities and obligations. For the purpose of the scheme, the Tyre Cord Fabric, Industrial Fabric, -Fluorochemicals businesses (including the business of TFL), investments and loans & advances have been valued by independent valuers to arrive at the current values as on January 1, 2001 and the consequential difference from book values as on January 1, 2001 have been accounted for in these accounts, the effect of these accounts is as follows:

	Rs. in Lakhs
On Demerger of Engineering plastics, Fishnet twine and Polyester Film business:	
Decrease in Fixed Assets (Net)	(4260.44)
Decrease in Current Assets	(3247.69)
Decrease in Current Liability	680.00
Transfer of Loans	1735.77
(A)	(5092.36)
On Amalgamation of Tyrecord Fabrics Limited (TFL)	
Increase in Fixed Assets	10085.25
Increase in Current Assets	2794.73
Increase in Current Liability	(1024.98)
Cancellation of Investment in TFL	(3325.89)
(B)	8529.11
Decrease in value of Investments	(5064.22)
Decrease in value of Loans & Advances	(10727.01)
Increase in Fixed Assets on Revaluation	1908.24
(C)	(13882.99)
A + B + C	(10446.24)
Adjusted against:	
Amalgamation Reserve	1921.92
Revaluation reserve	3027.00
Share premium	3557.32
General Reserve	1700.00
Capital Redemption Reserve	240.00

3. Share Capital

- a) Subscribed equity shares include 2034848 shares allotted as fully paid up by way of bonus shares by capitalization of reserves.

- b) Share capital suspense represents 5408 Equity shares which are awaiting allotment to the erstwhile shareholders of Flowmore Polyesters Ltd. (FPL) pending settlement of dues in arrears in respect of their shareholding in FPL.

4. Debentures

224 numbers 13.5% Debentures of Rs. 100 each which have matured for payment and are partly paid (and included under the head 'Unclaimed debentures'). 896 Equity Shares will be issued and allotted to the holders of these Debentures effective June 1, 1987, upon receipt of arrears due alongwith interest thereon.

5. Details of Security for Loans

Loan	Outstanding Amount (Rs. in Lakhs)	Security
I. Term loan from financial institutions led by ICICI.	36,268.13	<p>Term loans from financial institutions are secured by equitable mortgage and hypothecation of Company's immovable and moveable properties, both present and future (with certain exclusions) situated at Manali and Viralimalai both in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttar Pradesh and Malanpur in the State of Madhya Pradesh. Such equitable mortgage ranking paripassu inter se between debentures, term loans from financial institutions and subject to prior charges created/to be created on certain specified movable assets for working capital facilities mentioned in II & III below.</p> <p>Short Term Foreign Currency loan of equivalent to Fis.600 million is not secured by Equitable Mortgage.</p> <p>In Addition</p> <ol style="list-style-type: none"> 1) Term loans from Financial Institution amounting to Rs. 19,172 lakhs have been guaranteed by the Vice. Chairman & Sr. Managing Director. 2) Term loans from ICICI amounting Rs. 1,800 lakhs have been secured b by pledge of 32,49,990 equity shares of India Ophthalmic Lenses Manufacturing Co. Pvt. Ltd and 12,99,994 equity shares of Essilor SRF Optics Limited. 3) Term loans from IbBI amounting Rs. 1,135.30 lakhs have been secured by pledge of Fixed Deposit of Rs. 160.07 lakhs with them. 4) Foreign currency loans from ICICI and IFCI amounting to Rs. 11,879 lakhs have been secured by pledge of 1,15,97,951 equity shares of SRF Overseas Ltd.
II. Cash credit/ working capital demand loans / UCs Guarantees issued by Consortium banks	1129.21	Secured by hypothecation of stocks, stores add book debts and is further secured by way of second charge on Company's immovable and movable properties, both present and future, (with certain exclusions) situated at Manali and Viralimalai both in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh and Kashipur in the State of Uttar Pradesh.
III. Loans from others: Cash Credit/ working Capital Demand Loan, UCs, Guarantees issued by ICICI Bank	218.14	218.14 Secured by hypothecation of stocks, stores and book debts both present & future situated at Manali & Viralimalai both in the state of Tamil Nadu, Jhiwana in the state of Rajasthan, Malanpur in the state of Madhya Pradesh and Kashipur in the state of Uttar Pradesh.
IV (i) HDFC	4.64	Deposit of title deeds of certain immovable property of the Company situated in Bhiwadi in the State of Rajasthan.

Out of the above loans, a sum of. Rs. 4,138.28 lakhs would become due for payment within a year from the date of the balance sheet

Pursuant to the proposed scheme of amalgamation, arrangement and reconstruction, the aforesaid charges will be altered/amended to give effect to the scheme once it becomes effective.

6. Capital Commitments

The estimated amount of contracts including investment in shares remaining to be executed on capital account and not provided for amounts to Rs. 3,921.06 lakhs.

7. Contingent Liabilities

- a. Liability on account of Bills discounted Rs. 576.93 lakhs.

- b. (i) Claims against the Company not-acknowledged as debts on account of:

Current Year	Rs. in Lakhs
Excise duty *	1610.53
Sales Tax **	397.19

* Amount deposited Rs. 20 lakhs

** Amount deposited Rs. 31.44 lakhs

The Company has been advised that its contentions in the matter of disputed demands are legally tenable and hence the possibility of these maturing is remote.

- (ii) The company has been served with show cause notices regarding certain transactions as to why additional customs/excise duty amounting to Rs. 2,690.99 lakhs 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 sustained.
- c. The Collector Stamps and District Collector, Bhind has passed an order raising a demand for Rs. 2,372.50 lakhs towards stamps duties for conveyancing of the Immovable properties at Malanpur, District Bhind. The company has obtained interim stay of the demand and has filed a reference against the order before CCRA, Gwalior, The liability if crystallized, will be added to the cost of the assets.
- d. The Company has been served with show cause notices regarding import of N66 yarn as to why additional custom duty amounting to Rs. 533.34 lakhs should not be levied. In an appeal made by the Company the Commissioner (Appeals) has remanded the order hence no provision has been made.
- e. Export obligation undertaken by the Company to be completed over five years on account of import of capital goods at concessional import duty amount to Rs. 7,420 lakhs.
- f. Guarantees Provided on behalf of other companies for repayment of loans and interest thereon

	Rs. in Lakhs
	31-12-00
SRF Overseas Ltd (A wholly owned subsidiary company)	3644.16
Shriram Needle Bearings Ltd (An erstwhile subsidiary company)	825.45
Total	4469.61

- g. The Company has received communication from SIPCOT demanding the following in respect of the unit at Gummidi poondi :
 - (i) To remit the differential land cost at the rate of Rs. 7.5 lakhs per acre towards the land allotted.
 - (ii) To return the unutilized part of the land
 - (iii) To reimburse to SIPCOT the cost of the dedicated water supply pipe line of Rs. 342.40 lakhs provided through TWAD board
 - (iv) To surrender the private land of 31.73 acres acquired from private sources, as it has not been used for the purpose it has been acquired

As the Company has taken up the matter with SIPCOT for the waiver of the above demands/conditions, no provision has been made in the books in this matter.

8. Fixed Assets

- a. The deed of assignment in respect of freehold land at Manali, Chennai has been executed in respect of 136.49 acres in the possession of the Company. The provisional payment made for land is in respect of 150.38 acres amounting to Rs. 18.44 lakhs.
- b. Conveyancing of Buildings and other superstructures located at Company's plant at Malanpur including immovable machinery is in progress.
- c. The title deeds in respect of the freehold land at Goomudipoondi are yet to be transferred in the name of the Company.

9. Statement of Investments (Non-Trade unless otherwise stated)

S. No.	Name of the security / Name of the Company	Numbers as on 01 01 01	Nominal value per unit	Current/ Book ValueCost 1-1-01	Book Values as on 31-12-2000
I	Long Term Investments				
(A)	Quoted Equity Shares:				
(i)	DCM Shriram Consolidated Ltd	40000	Rs. 10 fully paid	20.40	68.00
(ii)	Industrial Finance Corporation of India Ltd	500000	Rs. 10 fully paid	31.50	50.00
	Total @			51.90	118.00
(B)	Unquoted Equity/Preference Shares :-				
(i)	SRF Overseas Ltd. Dubai *(Wholly Owned Subsidiary Company.)	19077951	\$1 fully paid.	6765.58	6765.58
(ii)	SRF Americas Inc. -(Wholly Owned Subsidiary Company)	1600000	\$1 fully paid.	00.00	561.81
(iii)	SRF International (BVI). Ltd. -(Wholly Owned Subsidiary Company.) -	50000	\$10 fully paid.	00.00	157.33
(iv)	SRF Transnational Holdings Ltd.(and reduced) - (Wholly Owned Subsidiary Company) - Equity 1124184	1124184	Rs100 fully paid.	00.00	1472.57
(v)	Shriram Bearings Ltd - Preference Shares.	22250000	Rs. 10 fully paid	00.00	2225.00
(vi)	Essilor SRF Optics Limited - Equity**	1299994	Rs. 10 fully paid	49.35	130.00
(vii)	Indian Ophthalmic Lenses Manufacturing Co. Pvt. Ltd. -Equity**	3249990	Rs. 10 fully paid	57.59	325.00
(viii)	Sanghi Spinners Ltd - Equity	670000	Rs. 10 fully paid	11.69	243.00
	Total (B)			6884.21	11880.29
(C)	Short Term Investments				
(II)	Quoted Equity Shares:				
(i)	ICICI Ltd	6430	Rs 10 fully paid.	6.04	0.94
(ii)	Housing Development Finance Corporation of India Ltd.	1490	Rs 10 fully paid.	8.06	0.39
	Total (C) @			14.10	1.33
(D)	Unquoted Investment other Investment				
(i)	State Bank of India Bonds*	2500	Rs 1000	31.40	25.12
(ii)	Canara Bank Mutual Fund	100	Hs. 1000	1.00	1.00
(iii)	Unit Trust of India (US 64) (Repurchase price of Rs. 13.80 as on 31.12.2000 against the average cost of acquisition of Rs. 15.21). ****	2453524	Rs. 10.00	338.58	359.66
	Total (D)			370.98	385.78

* 11597951 Shares are pledged with ICICI as security for loans obtained

** These are joint venture companies and if shares are sold sale proceeds are to be repaid to ICICI.

**** Represents liquid investments earmarked for Fixed Deposits.

@ Aggregate market value of quoted Investment

	Rs. in Lakhs
a) Long Term	51.90
b) Short Term	14.10
Total	76.00

10. Leased Assets

The Company has taken on lease certain fixed assets, the cost and net depreciated value and lease rental for balance duration, are as under:-

	Rs. in Lakhs	01.01.01	01.01.01
	Cost	Net depreciated value	Lease Rent for balance period
Furniture and Fixture, Office Equipment, etc.	143.4	48.16	91.39
Plant and Machinery	2720.61	1346.63	247.08
Vehicles	447.83	381.85	307.03
TOTAL	3311.84	1776.64	645.5

11. Sundry Debtors

Sundry debtors include Rs. 399.48 lakhs due from SRF Americas Inc. a wholly owned subsidiary.

12. Loans and Advances

- a. Rs. 800 lakhs to SRF Employees Welfare Company Limited (SRFEWC) with a view to enabling the said SRFEWC to subscribe to the convertible debentures/shares of the Company to be held by it for the benefit of employees of the Company.
- b. Loans to Officers of the company:
 - (i) Interest free housing loan to a former Managing Director (currently working as CEO & Group Head) Rs. 111.70 lakhs. Maximum balance Rs. 111.70 lakhs.
 - (ii) Interest bearing loan to an officer Rs. 0.33 lakhs, Maximum balance Rs. 0.36 lakhs.
- c. Advances recoverable in cash or in kind or for value to be received included under the head Loans and Advances include:
 - (i) Rs. 55 lakhs being interest free loans repayable on demand to a wholly owned subsidiary. The Company has a lien on the investments made by the subsidiary out of these loans and its share capital and a right to charge interest thereon retrospectively.
 - (ii) Rs. 799.51 lakhs as security deposit for accommodation taken on lease.

13. Amount received in Trust

Amount received in trust shown under Current liabilities represent moneys received in foreign exchange by the Company on behalf of M/s. E.I. Dupont Denemours Co., USA for effecting settlement for the liabilities of M/s. Dupont Fibers Ltd, India (now known as Tyre Cord Fabric Ltd) which is being amalgamated with the Company.

14. Over dues to SSI Unit over Rs. 1 lakhs

Party Name	Rs. in Lakhs
(1) Jhansi Plastics P. Ltd	1.77
(2) Polifil Corporation	1.99

15. The Company has requested for confirmation of major balances of creditors, debtors, loans and advances.

However only few confirmations have been received.

16. Provision for Taxation

Provision has been made for the tax liability u/s 115 JA of the Income Tax Act 1961.

AUDITORS' REPORT

To the Shareholders of

TYRECORD FABRIC LIMITED

We have audited the attached Balance Sheet of Tyrecord Fabric Limited, as at 31st December, 2000 and the Profit & Loss Account for the period ended on that date annexed thereto and report that:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were.. necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and the Profit & Loss Account, dealt with by this report, are in agreement with the books of account and returns.
4. In our opinion the Balance Sheet and the Profit & Loss Account comply with the mandatory Accounting Standards referred in Sub Section (3c) of Section 211 of the Companies Act. 1956.
5. Attention is drawn to the note no. 2(b), regarding the company having received communication from SIPCOT making demand, for return of unutilised land, surrender of land acquired from private sources, remittance of differential cost of land and reimbursement for water supply pipelines, and the company having taken up the matter with SIPCOT for waiver of the abovementioned demands/conditions.
6. In our opinion and to the best of our information and according to explanations given to us. the said accounts read together with the accounting policies and notes thereon give the information required by the Companies Act. 1956 in the manner so required and give a true and fair view:
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st December, 2000; and
 - (ii) in the case of Profit & Loss Account, of the loss incurred by the Company for the period ended on that date.

For THAKUR, VAIDYANATH AIYAR & CO:
Chartered Accountants.

V. Rajaraman
Partner

Chennai
July 12, 2001

TYRECORD FABRIC LIMITED

(formerly Dupont Fibers Limited)

Regd. Office : Plot K-1, SIPCOT Industrial Complex, Gumidipoondi-601 201, Tamil Nadu

BALANCE SHEET AS AT DECEMBER 31, 2000

SOURCES OF FUNDS	Schedule	As at Dec 31, 2000	As at March 31, 2000	Rs. in Lakhs
Shareholders' Funds				
Share Capital	1	2,806,218,250	2,806,218,250	
Reserves and Surplus	2	241,111,290	241,111,290	3,047,329,540
- Share Premium Account				
Loan Funds				
Unsecured Loan	3		14,500,000	
(from holding company)				
Total		3,061,829,540	3,047,329,540	
APPLICATION OF FUNDS				
Fixed Assets	4			
Gross Block		2,232,972,370	2,231,551,920	
Less : Depreciation		479,333,863	356,058,741	
Net Block		1,753,638,507	1,875,493,179	
Capital Work in Progress		26,526,795	1,780,165,302	1,875,493,179
Current Assets, Loans and Advances				
Inventories	5	191,609,405	96,050,735	
Sundry Debtors	6	66,972,745	97,249,639	
Cash and Bank Balances	7	24,323,678	61,077,672	
Other Current Assets - Interest accrued on bank deposits			74,314	
Loans and Advances	8	34,079,823	33,028,610	
		316,985,652	287,480,970	
Less :				
Current Liabilities and Provisions	9			
Liabilities		123,992,357	81,588,753	
Provisions		1,518,460	1,292,335	
		125,510,817	82,881,088	
Net Current Assets		191,474,835	204,599,882	
Profit and Loss Account		1,090,189,403	967,236,479	
Total		3,061,829,540	3,047,329,540	
Notes on Accounts	16			

The Schedules referred to above form an integral part of the Accounts.

For THAKUR VAIDYANATH AIYAR & CO.,
Chartered Accountants

V. Rajaraman

Partner

Chief Manager (Finance)

Director

Director

Chennai

Dated: 12.7.2001

PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED DECEMBER 31, 2000

	Schedule	Period ended Dec 31, 2000	Year ended March 31, 2000	Rs. in Lakhs
Income				
Sales (including Excise Duty)		222,452,366	729,107,484	
Conversion Income		16,082,597		
Other Income	10	4,706,654	20,789,251	10,267,507
			243,241,616	739,374,991
Expenditure				
Raw Materials Consumed	11	185,761,743	419,551,814	
(Incl ease) \ Decrease in closing stock	12	(66,942,092)	79,095,459	
Excise Duty		51,285,318	117,924,616	
Cost of Nylon 6,6 Yarn - Traded				
Employee Costs	13	19,117,090	33,633,446	
Other Expenses	14	52,465,344	126,939,346	
Depreciation		123,275,123	166,390,311	
Interest and Finance Charges	15	1,232,015	5,013,033	
Preliminary and Deferred				
Expenses amortised / written off		-	103,159,234	
			366,194,540	1,051,707,259
Loss for the period		122,952,924	312,332,268	
Extra-ordinary item				
Technical know-how fee written off			73,052,100	
Loss for the period		122,952,924	385,384,368	
Balance brought forward from prior period		967,236,479	581,852,111	
Loss carried to the Balance Sheet			1,090,189,403	967,236,479
Notes on Accounts	16			

The Schedules referred to above form
an integral part of the Accounts

For THAKUR VAIDYANATH AIYAR & CO.,
Chartered Accountants

Chief Manager (Finance)

Director

Director

V.Rajaraman
Partner
Chennai

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 1: SHARE CAPITAL

	Rs. in Lakhs	
Authorised	As at December 31, 2000	As at March 31, 2000
281,000,000 Equity shares of Rs. 10 each	2,810,000,000	2,810,000,000
500,000 Preference shares of Rs. 100 each	50,000,000	50,000,000
	2,860,000,000	2,860,000,000
Issued and Subscribed		
280,621,825 (held by SRF Limited, the holding company and its nominees)	2,806,218,250	2,806,218,250
Equity Shares of Rs. 10 each fully paid up		
	2,806,218,250	2,806,218,250

SCHEDULE 2: RESERVES AND SURPLUS

Capital Reserve (Refer Note 3 a)	117,180,000	117,180,000
Securities Premium Account (Refer Note 3 b)	123,931,290	123,931,290
	241,111,290	241,111,290

SCHEDULE 3: UNSECURED LOAN

Loan from Holding company - Interest Free	14,500:000	-
	14,500,000	

SCHEDULE 4: FIXED ASSETS

Ceszipnon	Cost as at March 31, 2000	Additions	Gross Block Adjustments	Cost as at Dec 21 2000	Depreciation For the period	On sales	Upto Dec 31, 2000	Net Block As at Dec 31 2000	As at March 31, 2000
Leasehold Land	65,776,530		65,776,630					65,776,530	65,776,530
Freehold Land	13,732,483	1,173,000	14,905,483					14,905,483	13,732,483
Buildings	858,357,682		858,357,682	82,820,722	21,496,775		84,387,497	773,970,185	795,466,960
Plant and Machinery	125,814,390,909		1,258,1439	258255.568	97,011.855		365,267.423	892,876.486	989,888,341
Furniture and Fixtures and Office Equipments	33,935,763	247,453	34,184,213	23949984	4.553112		28,502,096	5,682,117	996,719
Vehicles	1,604,553		1,604,553	563457	213.360		1,176,847	427,706	641,086
Total	2,231,551,920	1,420,450	2,232,972,370	358,058,741	123,275,122		479,333,863	1,753,638,507	1,875,433,179
Previous period	2,267,135,814	476,7912	13,523,013	20,056,3057	166,390,311	10,998,627	358,058,741		

Note:

The additions on Freehold land represents establishment charges paid to SIPCOT

SCHEDULE 5: INVENTORIES

	Rs. in Lakhs	
	As at December 31, 2000	As at March 31, 2000
Raw materials	111,524,958	82,601,353
Stores and spares	1,310,991	1,618,018
Stock-in-Process	19,650.383	6,207,786
Finished Goods	59,123.073	5,623,578
	191,609 405	96,050,735

SCHEDULE 6: SUNDY DEBTORS

Rs. in Lakhs

	As at December 31, 2000	As a March 31, 2000
Unsecured - Considered good		
Debts outstanding for a period exceeding six months		
Considered good		
Considered doubtful	1,491,857	
Other debts		
Considered good	66,972,745	97,249,639
Considered doubtful	68,464,602	98,422,483
Less : Provision for doubtful debts	<u>1,491,857</u>	<u>1,172,844</u>
	<u>66,972,745</u>	<u>97,249,639</u>

SCHEDULE 7: CASH AND BANK BALANCES

Rs. in Lakhs

Cash on hand	37,955	1,043
Balances with scheduled banks		
Current account	24,285,723	26,076,625
Deposit account	<u>35,000,000</u>	<u>24,323,678</u>
	<u>61,077,672</u>	

SCHEDULE 8: LOANS AND ADVANCES

Rs. in Lakhs

Unsecured		
Advances recoverable in cash or in kind or for value to be received		
Considered good	11,378,096	7,498,688
Considered doubtful	5,788,360	4,542,937
Balances with excise and customs		
Considered good	338,764	408,212
Considered doubtful	10,271,944	9,870,545
Cenvat Recoverable	15,243,493	18194915
Other Deposits	7,119,470	6,926,795
Less : Provision for doubtful advances	<u>50,140,127</u>	<u>47442092</u>
	<u>16,060,304</u>	<u>14,413,482</u>
	<u>34,079,823</u>	<u>33,028,610</u>

SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS

Rs. in Lakhs

LIABILITIES		
Sundry Creditors	113,769,455	81,476,564
Other liabilities	(62,863)	112,189
Due to Holding Company	10285764	
	<u>123,992,357</u>	<u>81,588,752</u>
PROVISIONS		
Leave encashment	<u>1,518,460</u>	<u>1,292,335</u>
	<u>1,518,460</u>	<u>1,292,335</u>

SCHEDULE 10: OTHER INCOME

	Period ended December 31, 2000	Year ended March 31, 2000	Rs. in Lakhs
Sale of scrap etc.	1,103,748	1,408,868	
Agency Commission		1,054,734	
Interest on deposits etc (Gross)	1,658,152	702.225	
tax deducted at source Rs.66,019			
[previous period - Rs. Nil])			
(tax deducted at source Rs.Nil [previous year -,83.566])			
Provisions no longer required written back	1,903,043.00	5,406,884	
Miscellaneous Income	41,711	1,694,796	
	<hr/>	<hr/>	
	4,706,654	10,267,507	

SCHEDULE 11: RAW MATERIALS CONSUMED

	Period ended December 31, 2000	Year ended March 31, 2000	Rs. in Lakhs
Opening Stock	82,601,353	95,580,798	
Add: Purchases	214,685,348	406,572,369	
Sub Total	297,286,701	502,153,167	
Less: Closing Stock	111,524,958	82,601,353	
Raw Materials Consumed	<hr/>	<hr/>	419,551,814

SCHEDULE 12: (INCREASE) \ DECREASE IN STOCK

	Rs. in Lakhs
Opening Stocks	
Work-in-progress	6,207,786
Finished goods	5,623,578
Closing Stocks	
Work-in-progress	19,650,383
Finished goods	59,123,073
(INCREASE) / DECREASE	<hr/>
	(66,942,092)
	79,095,459

SCHEDULE 13: EMPLOYEE COSTS

	Rs. in Lakhs
Salaries and Wages	13,787,373
Contribution to Provident and	25,447,135
Other Funds	1,706,557
Welfare Expenses	3,623,160
	<hr/>
	19,117,090
	33,633,446

SCHEDULE 14: OTHER EXPENSES

	Rs. in Lakhs
Stores and spares consumed	2,594,790
Dipping Charges	7,012,738
Power and Fuel	2,619,272
Rent	32,692,445
Repairs and maintenance	55,640,502
Buildings	927,368
Plant and Machinery	17,523
Others	275,049
Insurance	3,918,657
Rates and Taxes	331,423
	<hr/>
	2,145,2.74
	1,099,336
	5,293,042
	471,526
	2,338,435
	1,283,527

		Rs. in Lakhs
Communication	1,253,792	3,933,344
Advertisement		365,572
Travelling and cut iveryance	933,876	4,001,250
Professional and legal expenses	999,139	2,141,935
Auditors' Remuneration		
Audit Fee	300,000	400,000
Other Services	-	1,667,000
Out of pocket expenses	300,000	26,085
Exchange loss	17,184	2,558,100
Software Expenses	427,447	1,327,229
Selling Expenses	4,227	772,208
Loss on fixed assets sold / discarded	-	11,450,289
Provision for doubtful debts / advances	720,412	15,586,326
Miscellaneous Expenses	6,252,781	7,595,118
	52,465,344	126,939,346

SCHEDULE 15: INTEREST AND FINANCE CHARGES

		Rs. in Lakhs
	Period ended Dec 31, 2000	Year ended March 31, 2000
Interest on term loans	61,540	3,406,894
Bank Charges	1,170,475	1,606,139
	1,232,015	5,013,033

SCHEDULE 16: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A Accounting Policies

1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act 1956 and the Indian Accounting standards.

2 Fixed Assets

Fixed assets are stated at historical cost. Cost includes taxes, duties, freight and other incidental expenses related to acquisition, construction and installation including finance cost on borrowings incurred during the construction period and is net of duty credits under Modvat Scheme where applicable.

3 Depreciation

- (1) Building, Plant & Machinery are depreciated on straight line method as per rates prescribed in Schedule XIV of the Companies Act 1956.
- (2) OtherAssets, economic useful life being shorter than the life envisaged as per rates prescribed under Schedule XIV of the Companies Act 1956 are depreciated over such economic useful life under straight line method at the following rates:

Asset category	Rates used (Per annum)
Electrical Equipment	7.07%
Furniture, Fixtures and Office Equipment	9.50%
Furniture and Fixtures	23.75%
Office Equipment	31.66%
Computers	18.00%
Vehicles	

Depreciation on additions /deletions is restricted to the period of use. Assets costing individually upto Rs.5,000 are fully depreciated in the year of addition.

4 Inventories

- * Closing stock of finished goods is valued at lower of cost or estimated realisable value. For this purpose, cost is being reckoned as full cost (exclusive of interest, selling and distribution and administrative overheads) net of excise duty on yarn and includes excise duty on the finished goods.
- * Closing stock of work in-progress is valued at the lower of the cost or estimated realisable value; for this purpose cost does not include Excise duty.
- * Inventory of raw material is valued at lower of weighted average cost and net realisable value of the final product after deducting the fully variable costs of manufacture.
- * Inventory of Stores and spares is valued at weighted average cost.

5 Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates ruling on the date of the transactions. The year end foreign currency assets and liabilities are restated at the closing exchange rates. Exchange differences arising on actual payments /,realisations and from year end restatement are adjusted to the cost of fixed assets if the related foreign currency payment is made / liability is contracted for acquisition of fixed assets and reckoned in the revenue, in all other cases.

6 Retirement Benefits

Liabilities in respect of gratuity and Superannuation are determined in accordance with the Schemes formulated by the Company and contributions as per the rules of the said Schemes are made to the respective Funds administered by Life Insurance Corporation of India. All contributions are charged to Profit and Loss Account as they become due. Provision for leave encashment is made based on the maximum amount payable at the year end

B Notes to Accounts

1 Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs.277.11 lakhs(Previous year Rs.Nil)

2 Contingent Liabilities

- a The company has been served with show cause notices regarding import of N66 yarn as to why additional levy of customs duty amounting to Rs.533.34 lakhs (previous year Rs.Nil) should not be levied. In an appeal made by the company the Commissioner (Appeals) has remanded the order hence no provision has been made.
- b Company has received communication from SIPCOT demanding the following:
 - i. To remit the differential land cost at the rate of Rs.7.5 lakhs per acre towards the land allotted.
 - ii. To return the unutilised part of the land.
 - iii. To reimburse to SIPCOT the cost of the dedicated water supply pipeline of Rs.342.40 lakhs provided through TWAD Board.
 - iv. To surrender the private land of 31.73 Acres acquired from private sources as it has not been used for the purposes for which it has been acquired.

As the company has taken up the matter with SIPCOT for waiver of above demands / conditions, no provision has been made in the books in this matter.

3 Reserves and surplus

- a Capital reserve represents the amount waived by DuPont Chemical and Energy Operations Inc USA out of the loan taken from them.
- b Securities premium represents premium at the time of conversion of series B zero % Optionally Convertible Debentures in the year 1999

4 Fixed Assets The title deeds in respect of freehold land are yet to be transferred in the name of the Company.

- 5 After the agreement for transfer of entire share capital of the company to M/s. SRF Limited was concluded, a petition was filed against the company from transferring, selling and alienating any of its properties including land and factory at

Pathappalayam Village, Gummidi poondi or shares thereunder. Against the said order, the company filed a revision petition with Honourable High Court of Madras who by their order dated 27.04.2000 have set aside the order to extent it relates to injunction restraining the transfer of shares. The company has thereafter effected the transfer of shares in favour of SRF Limited and its nominees.

Subsequently, a contempt of court petition was filed against the company for effecting the transfer of shares in favour of M/s. SRF Limited. Steps are being taken to vacate the said petition.

6 Consumption of Raw Materials

Description	December 31, 2000			March 31, 2000			Rs. in Lakhs
	% to total consumption	Quantity Kgs	Value Rs	% to total consumption	Quantity Kgs	Value Rs	
Nylon Yarn (imported)	98	1,348,134	182,448,684	99	2,943,979	413,790,652	
Cotton (indigenous)	2	16,726	3,313,059	1	33,881	5,761,162	
	100	185,761,743		100		419,551,814	

7 Registered and Installed Capacity and Actual Production

Nylon Tyrecord Fabric	Quantity		Rs. in Lakhs
	Kgs	Kgs	
Registered Capacity	- Kgs per annum		13,000,000
Installed Capacity	- Kgs per annum		6,500,000
Actual Production	- Own account - Kgs		1,280,642
	- Conversion Contract - Kgs		529,460

8 Particulars of Sales and Stocks

	Quantity Kgs	December 31, 2000	Quantity Kgs	March 31, 2000	Rs. in Lakhs
		Value		Value	
Nylon Tyrecord Fabric					Rs
Opening Stock	24,425	73,139,391	406,332		5,623,578
Sales	1,021,824	715,129,252	3,326,431		221,972,665
Samples	-	-	114		-
Closing Stock	283,243	5,623,578	24,425		59,123,073

9 Value of imports calculated on CIF basis

	December 31, 2000	March 31, 2000	Rs. in Lakhs
Raw Materials	141,590,994	276,308,559	
Capital Goods	Nil	1,763,581	

10 Expenditure in Foreign Currency

	Rs. in Lakhs	
Travel	Nil	101,263
Interest on term loan	Nil	3,406,894
Others	562,422	276,160

11 Earnings in Foreign Exchange

	Rs. in Lakhs	
F.O.B. Value of Exports	212,887	1,145,027
Commission	Nil	1,054,734

12 The Company is in the process of recruiting and appointing a company secretary.

Balance Sheet abstract and Company's general business profile as per part IV of Schedule VI to the Companies Act, 1956

I	Registration details	
	Registration no	38801
	Balance Sheet date	31/12/2000
	State Code	18
II	Capital raised during the year	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III	Position of mobilisation and deployment of funds	Rs. 000
	Total Liabilities	3,061,830
	Total assets	3,061,830
	Sources of funds	
	Paid up Capital	2,806,218
	Reserves and surplus	241,111
	Secured loans	
	Unsecured loans	14,500
	Application of funds	
	Net fixed assets	1,780,165
	Net current assets	191,475
	Profit and Loss Account	1,090,189
IV	Performance of company	Rs.000
	Turnover	243,242
	Total expenditure	366,195
	Profit/(Loss) before tax	(122,953)
	Profit/(Loss) after tax	(122,953)
	Earnings per share	Nil
	Dividend rate	Nil

Generic names of three principal products/services of company as per monetary terms)

Item Code no. (ITC code)	Product description
54071000	Nylon 6.6 lyrecord Fabric
59.02	Nylon 6 Tyrecord Fabric

Previous year figures have been regrouped/recast wherever necessary to conform to current year's classification.

ANNEXURE - IV

DETAILS OF THE IMMOVABLE PROPERTIES OF TFL TO BE TRANSFERRED TO AND VESTED IN SRF

1. 32.91.275 acres of freehold land bearing Survey Nos. 135/6, 141/3, 141/3, 142/5A, 135/2A1, 134/8B, 134/9B, 141/5, 134/6, 141/5, 141/4, 134/7, 134/4, 13815A, 142/9, 142/7, 134/1, 142/1, 135/3D, 13514, 135/2A3, 135/2A4, 142/5C, 138/8, 141/2, 142/6B, 138/8, 143/6, 135/1, 135/2A2, 142/5B, 142/38, 138/78, 134/9A, 143/5B, 14216A, 141/1B, 142/8B, 142/8D, 134/8A, 135/3A, 134/9C, 135/3B, 141/1C, 142/8C, 142/8A, 142/4, 142/2, 143/4A, 138/ 5B, 135/9, 138/7A, 135/88, 143/4A, 142/3A, 142/10, 135/2B, 135/8A, 141/1, 142/8, 135/5, 143/4C, 143/5A, 134/3,134/5, 135/30, 134/2, 135/7, 141/1A, 142/8A, 143/4B and 143/4D situated within the village limits of Pappankuppam Taluk of Gummidiipundi Sub-Registration District of Chengai MGR Revenue District in the State of Tamil Nadu, along with the buildings standing thereon and 137.70 acres of leasehold land bearing Survey Nos. 139 part, 140, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 258, 259, 260 and 261 part situated at Plot Nos. K1 in the SIPCOTs Industrial Complex at Gummidiipoondi within the village limits of Pappankuppam Taluk of Gummidiipundi Sub-Registration District of Chengai MGR Revenue District in the State of Tamil Nadu, along with the buildings standing thereon, the details of which are available in the books of accounts of TFL, and will be more fully stated in the Schedule of Assets to be filed subsequent to the sanction of the said Scheme.

ANNEXURE - V

DETAILS OF THE IMMOVABLE PROPERTIES OF EP AND FNT DIVISIONS OF SRF TO BE TRANSFERRED TO AND VESTED IN SRFC

1. Proportionate share in 13.63.992 acres of freehold land bearing Survey No. 234 situated at Manali Industrial Area, Village Manali, Ambattar Taluk, Thiruvallavar District (formerly Taluk Saidapet, District Chingleput) in the State of Tamil Nadu, along with the buildings standing thereon, the details of which are available in the books of account in respect of EP and FNT, and will be more fully stated in the Schedule of Assets to be filed subsequent to the sanction of the said Scheme.

ANNEXURE - VI

DETAILS OF THE IMMOVABLE PROPERTIES OF THE PF DIVISION OF SRF TO BE TRANSFERRED TO AND VESTED IN SRFC

1. 12 acres of freehold land bearing Khasra No.12 situated at Plot No.12, Industrial Area in Tehsil Kashipur, Village Rampura, District Nainital in the State of Uttarakhand, along with the buildings standing thereon, the details of which are available in the books of account of PF and will be more fully stated in the Schedule of Assets to be filed subsequent to the sanction of the said Scheme.

SCHEDULE II

Schedule of Assets of SRF Limited to be transferred to SRF Chemicals Ltd.

Part I (Insert a short description of the freehold property of the transferor company)

Details of the immovable properties of EP and FNT Divisions of SRF Limited

Proportionate undivided share of land admeasuring 13.63992 acres out of a total of 139.49 acres of freehold land bearing Survey No. 234/2 (part) and Survey No. 234/3 (part) situated at Manali Industrial Area, Village Manali, Ambattur Taluk, Thiruvallavar District (formerly Taluk Saidapet, District Chingleput) in the State of Tamil Nadu, along with the buildings as stated hereinbelow standing thereon.

- | | | |
|-------------------------|---|--|
| Bounded on the North by | : | SRF Limited Plant Building — main corridor |
| Bounded on the South by | : | Internal Road of SRF Limited, |
| Bounded on the East by | : | Internal Road of SRF Limited, |
| Bounded on the West by | : | Polymer Plant building and lawn of SRF Limited |

Details of Buildings

Details of Buildings	Area (EP Division)	Area TNT Division)
Ground Floor 0.0 Meter	868 Sq. Meters	255 Sq. Meters
First floor 5.5 Meters	172 Sq. Meters	250 Sq. Meters
Second Floor 10.0 Meters	Nil	750 Sq. Meters
Third Floor 15.0 Meters	Nil	650 Sq. Meters
Fourth Floor 19.0 Meters	Nil	650 Sq. Meters
Fifth Floor 23.0 Meters	Nil	300 Sq. Meters
Sixth Floor 25.4 Meters	Nil	50 Sq. Meters
Total Area	1040 Sq. Meters	2905 Sq. Meters

Details of immovable properties of the PF Division of SRF Limited

12 acres of freehold land bearing Khasra No.12 situated at Plot No. 12, Industrial. Area in Tehsil Kashipur, Village Rampura, District Nainital in the State of Uttaranchal, along with the buildings standing thereon and

- Bounded on the North by : Khasra No. 10 and 11
Bounded on the South by : Khasra No. 14 and 15
Bounded on the East by : Nahar (Canal) and state highway
Bounded on the West by : Khasra No. 13 and Railway Track

Part II

**(Insert a short description of the leasehold property
of the transferor company)**

NIL

Part III

**(Insert a short description of all stocks, sharessiehentures and other
charges in action of the transferor company)**

NIL

SCHEDULE II A

**Schedule of Assets of Tyrecord Fabric Limited
to be transferred to SRF Limited**

Part I

(Freehold immoveable property of the transferor company)

32.91.275 acres of freehold land bearing Survey Nos.135/6, 141/3, 142/5A, 135/2A1, 134/8B, 134/9B, 134/6, 141/5, 141/4, 134/7, 134/4, 138/5A, 142/9, 142/7, 134/1, 142/1, 135/3D, 135/4, 13512A3, 13512A4, 142/5C, 138/8, 141/2, 142/68, 143/6, 135/1, 135/2A2, 142/5B, 142/3B, 138/7B, 134/9A, 143/5B, 142/6A, 141/113, 142/8B, 142/8D, 134/8A, 135/3A, 134/9C, 135/3B, 141/1C, 142/8C, 142/8A, 142/4, 142/2, 143/4A, 138/58, 135/9, 138/7A, 135/8B, 142/3A, 142/10, 135/2B, 135/8A, 141/1, 142/8, 135/5, 143/4C, 143/5A, 134/3, 134/5, 135/3C, 134/2, 135/7, 141/1A, 143/4B and 143/4D situated within the village limits of Pappankuppam Taluk of Gummidiipundi Sub-Registration District of Chengai MGR Revenue District in the State of Tamil Nadu, along with the buildings standing thereon.

Part II

(Leasehold immoveable property of the transferor company)

137.70 acres of leasehold land bearing Survey Nos.139 part, 140, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 258, 259, 260 and 261 (part) situated at Plot Nos.K1 in the SIPCOTs Industrial Complex at Gummidiipoondi within the village limits of Pappankuppam Taluk of Gummidiipundi Sub-Registration District of Chengai MGR Revenue District in the State of Tamil Nadu, along with the buildings standing thereon.

Part III

(Stocks.shares.debentures and other charges in action of the transferor company)

NIL

Dated this the 17th & 22nd day of January, 2002

(By order of the Court)

(Registrar Admn. Judi.)

Orders

22-1-2002

Present: Mr. Abhimanyu Mahajan for the petitioner.

CP.No.339/01

Upon being mentioned by the learned counsel for the petitioner, the matter is taken up today.

The learned counsel for the petitioner prays for modification of the Order dated 17th of January, 2002. Accordingly, the Order dated 17.1.2002 is modified and will now be read as under:

17.1.2002

Present: Mr. Rajiv Nayar, Senior Advocate with S/Sh. Sanjay Khaitan, Ashish Dholakia & Abhimanyu Mahajan for the petitioners. Mr. Saud Ahmed, A.R. for Regional Director, Department of Company Affairs, Kanpur.

CP No.339/01

This petition is filed under sections 391(2) and 394 of the Companies Act praying for grant of sanction to a Scheme of Amalgamation between M/s SRF Ltd.; M/s SRF Chemicals; M/s Tyrecord Fabric Ltd., (Transferor Companies) and their respective shareholders (Transferees). The petitioners herein are SRF Ltd., and SRF Chemicals Ltd.

The registered offices of the petitioner companies are situated at Express Building, 9-10, Bahadur Shah Zafar Marg, New Delhi 110 002, within the territorial jurisdiction of this Court.

A copy of the Scheme of Amalgamation/Arrangement and Reconstruction (Annexure 'A' at pages 27-100 to the petition) has been placed on record. The salient features of the Scheme and the circumstances which necessitated the amalgamation of the companies have been explained in the petition.

The Boards of Directors of the petitioner companies have passed the separate Resolutions, approving the Scheme of Amalgamation, the true copies of which have been placed on record. The petitioner companies had filed CA.Nos.1236-37/2001, praying for directions regarding dispensing with the requirement of convening and holding the meeting of the shareholders/creditors of SRF Chemicals Ltd. and also prays for convening and holding of the meetings of the shareholders/creditors of SRF Ltd., for the purpose of considering and approving the Scheme of Amalgamation. By Order dated 13th August, 2001, passed in the said applications, directions were issued by this Court to dispense with the requirement of convening and holding the meeting of the shareholders/creditors of SRF Chemicals Ltd. for the purpose of considering and approving the scheme and further directed the convening and, holding the meeting of the shareholders/unsecured creditors of SRF Ltd. for the purpose of considering and approving the Scheme. Chairperson & Alternate Chairperson were appointed by the Court to conduct the said meeting. The Chairperson appointed by the Court has filed Report, stating that the meetings of the shareholders/creditors have unanimously approved the Scheme of Amalgamation. It is stated in the petition that no proceedings under Sections 235 to 251 of the Companies Act are pending against the petitioner company.

Notice of this petition was issued to the Regional Director, Northern Region, Department of Company Affairs, Kanpur. The Regional Director has filed its Report dated 7th of January, 2002, stating that it has no objection to the grant of sanction to the proposed Scheme of Amalgamation, Arrangement and Reconstruction except a submission made in Para 9 which read as follows:

"That the Deponent craves leave to refer that as per sub para 5.3 of the Scheme wherein it is stated that upon sanction of this scheme and with effect from the Effective Date, the Memorandum of Association of SRFC shall stand altered and amended by substitution of the following new clause I in place and stead of the existing Clause I:

"The name of the Company is SRF Polymers Limited" The Deponent, therefore, submits that the petitioner company namely SRF Chemicals Ltd. be directed to get its name changed under section 21 of the Companies Act, 1956."

Mr. Nayar, the learned Senior Counsel, appearing for the petitioners has drawn attention of this Court to Para 5.3 of the Scheme which reads as under:

"Upon sanction of this Scheme and with effect from the Effective date, the Memorandum of Association of SRFC shall stand altered and amended by substitution of the following new clause I in place and stead of the existing Clause I:

"The name of the Company is SRF Polymers Limited."

The said Scheme postulates that upon the sanction of the Scheme and with effect from the effective date, the name of the Company will become "SRF Polymers Limited" and this would meet the sole objection, raised on behalf of the Regional Director, Department of Company Affairs of the change of the name of the Company to SRF Polymers Limited.

Notice of the petition was also advertised in 'Indian Express' (English) and 'Jansatta' (Hindi). However, nobody has filed any objection to the grant of sanction to the said Scheme.

Having regard to the averments in the petition and the materials placed on record, I am satisfied that the petitioner companies have disclosed to this Court all material facts relating to the companies as required under Section 391 of the Companies Act. Since the shareholders and the creditors of the companies have approved the said Scheme and since the Central Government has no objection to the grant of sanction to the said Scheme and since nobody has filed any objection to the Scheme, I do not find any legal impediment to the grant of sanction to the Scheme of Amalgamation, Arrangement and Reconstruction. In my view, the prayer made in the petition deserves to be allowed in the interest of justice.

In the above circumstances, sanction under Section 391(2) of the Companies Act is granted to the proposed Scheme of Amalgamation, Arrangement and Reconstruction.

In view of the above, the Order dated 17th of January, 2002 stands modified.

A copy of this Order be given Dasti to the learned counsel for the petitioner.

22nd January, 2002

Sd/-
Mukul Mudgal J.

Orders

17.1.2002

Present: Mr.Rajiv Nayar, Senior Advocate with S/Sh.Sanjay Khaitan, Ashish Dholakia & Abhimanyu Mahajan for the petitioners.

Mr. Saud Ahmed, Asst.Registrar for Regional Director, Department of Company Affairs, Kanpur.

CP No.339/01

This petition is filed under Sections 391(2) and 394 of the Companies Act praying for grant of sanction to a Scheme of Amalgamation between M/s SRF Ltd.; M/s SRF Chemicals Ltd.; M/s Tyrecord Fabric Limited (Transferor Companies) and their respective shareholders (Transferees). The petitioners herein are SRF Ltd., and SRF Chemicals Ltd.

The registered offices of the petitioner companies are situated at Express Building, 9-10 Bahadur Shah Zafar Marg, New Delhi 110 002, within the territorial jurisdiction of this Court.

A copy of the Scheme of Amalgamation,Arrangement and Reconstruction (Annexure A at pages 27-100 to the petition) has been placed on record. The salient features of the Scheme and the circumstances which necessitated the amalgamation of the companies have been explained in the petition.

The Boards of Directors of the petitioner companies have passed the separate Resolutions, approving the Scheme of Amalgamation, the true copies of which have been placed on record. The petitioner companies had filed C.A.Nos.1236-37/2001, praying for directions regarding dispensing with the requirement of convening and holding the meeting of the shareholders/creditors of SRF Chemicals Ltd. and also prays for convening and holding of the meetings of the shareholders/creditors of SRF Ltd., for the purpose of considering and approving the Scheme of Amalgamation. By Order dated 13th August, 2001, passed in the said applications, directions were issued by this Court to dispense with the requirement of convening and holding the meeting of the shareholders/creditors of SRF Chemicals Ltd. for the purpose of considering and approving the scheme and further directed the convening and holding the meeting of the shareholders/unsecured creditors of SRF Ltd. for the purpose of considering and approving the scheme. Chairperson & Alternate Chairperson were appointed by the Court to conduct the said meeting. The Chairperson appointed by the Court has filed Report, stating that the meetings of the shareholders/creditors have unanimously approved the Scheme of Amalgamation. It is stated in the petition that no proceedings under Sections 235 to 251 of the Companies Act are, pending against the petitioner company.

Notice of this petition was issued to the Regional Director, Northern Region, Department of Company Affairs, Kanpur. The Regional Director has filed its Report dated 7th of January, 2002, stating that it has no objection to the grant of sanction to the proposed Scheme of Amalgamation, Arrangement and. Reconstruction except a submission made in Para 9 which read as follows:

"That the Deponent craves leave to refer that as per sub-para 5.3 of the Scheme wherein it is stated that upon sanction of this Scheme and with effect from the Effective Date, the Memorandum of Association of SRFC shall stand altered and amended by substitution of the following new clause I in place and stead of the existing clause I:

"The name of the Company is SRF Polymers Limited". The Deponent, therefore, submits that the petitioner company namely SRF Chemicals Ltd. be directed to get its name changed under section 21 of the Companies act, 1956."

Mr. Nayar, the learned Senior Counsel, appearing for the petitioners has drawn attention of this Court to Para 5.3 of the Scheme which reads as under:

"Upon sanction of this Scheme and with effect from the Effective Date, the Memorandum of Association of SRFC shall stand altered and amended by substitution of the following new clause I in place and stead of the existing Clause I:

"The name of the Company is SRF Polymers Limited".

The said Scheme postulates that upon the sanction of the Scheme and with effect from the effective date, the name of the Company will become "SRF Polymers Limited" and this would meet the sole objection, raised on behalf of the Regional Director, Department of Company Affairs of the change of the name of the Company to SRF Polymers Limited.

Notice of the petition was also advertised in 'Indian Express' (English) and 'Jansatta' (Hindi). However, nobody has filed any objection to the grant of sanction to the said Scheme.

Having regard to the averments in the petition and the materials placed on record, I am satisfied that the petitioner companies have disclosed to this Court all material facts relating to the companies as required sunder section 391 of the Companies Act. Since the shareholders and the creditors of the companies have approved the said Scheme and since the Central Government has no objection to the grant of sanction to the said Scheme and since nobody has filed any objection to the scheme, I do not find any legal impediment to the grant of sanction to the Scheme of Amalgamation, Arrangement and

Reconstruction. In my view, the prayer made in the petition deserves to be allowed in the interest of justice.

In the above circumstances, sanction under Section 391(2) of the Companies Act is granted to the proposed Scheme of Amalgamation, Arrangement and Reconstruction. Consequent on the Amalgamation, Arrangement and Reconstruction the transferor companies shall stand dissolved without the process of winding up.

The petition stands disposed of in the above terms.

Dasti to the parties.

17th January, 2002

Sd/-

Mukul Mudgal J.

**IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORIGINAL JURISDICTION)**

**FRIDAY, THE 21ST DAY OF DECEMBER, 2001
THE HON'BLE MR.JUSTICE E. PADMANABHAN**

**COMPANY PETITION NO.256 OF 2001
(Connected Company Application No.1006 of 2001)**

C.P.No.256 of 2001:

**IN THE MATTER OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF THE SCHEME OF DEMERGER OF THREE UNITS
NAMELY EP, FNT AND PF OF SRF LTD., TO SRFC LIMITED AND MERGER
OF TYRECORD FABRIC LIMITED WITH SRF LIMITED
AND
IN THE MATTER OF AMALGAMATION OF TYRECORD FABRIC LIMITED, TAMIL NADU
WITH
SRF LIMITED, NEW DELHI**

TYRECORD FABRIC LIMITED, a Company incorporated under the provisions of the Companies Act, 1956, having its Registered office at Plot K-1,SIPCOT Industrial Complex, Gummidipoondi,Tamil Nadu 601 201, within the aforesaid Jurisdiction Represented by it Director, Mr. Petitioner/
N. Suryanarayan Transferor Company

This Company Petition praying this Court to pass an order (a) that the Scheme of Amalgamation, Arrangement and Reconstruction and Marked as "Annexure—G" as approved by the Equity Shareholders of the Petitioner Company TYRECORD FABRIC LIMITED at their meeting held on 12.10.2001 be sanctioned by this Court so as to bind all the members and creditors of the Petitioner Company/TYRECORD FABRIC LIMITED and the Petitioner Company/TYRECORD FABRIC LIMITED; and (b) That the Petitioner Company/ TYRECORD FABRIC LIMITED be dissolved without following the procedure for winding up.

This Company Petition coming on 13.12.01 before this Court for hearing in the presence of Mr.R. Murari, Advocate for the petitioner in the Company Petition No.256/2001 and Mr.S.R. Sundaram, Senior Central Government Standing Counsel appearing for the Regional Director, Department of Company Affairs and upon reading the order dated 10.9.01 and made in Company Application No.1006 of 2001 whereby the said Company viz., Tyrecord Fabric Limited, the Petitioner Company/transferor Company in C.P.No.256 of 2001 herein was directed to convene a meeting of the shareholders of the above named company for the purpose of considering and if thought fit approving with or without modification of the proposed Scheme of Amalgamation of the applicant Company with SRF Limited having registered office at Express Building, 9-10 Bahadur Shah Zafar Marg, New Delhi 110 002 and the proposed Scheme of Arrangement and Reconstruction by which 3 units of SRF Ltd., i.e. 'Engineering Plastics Division', 'Fish Net Twine Division' and 'Polyester Films Division' transferred to SRF Chemicals Ltd. and the advertisement having been made in one issue of 'News Today' and 'Daily Thanthi' dated 17.9.01 each containing the advertisement of the said meeting and the report of the Chairman of the said meeting as to the result of the meeting and it is appearing from the said report that the Scheme of Amalgamation has been approved unanimously and upon reading the Company Petition No.256 of 2001 filed herein and publication of the advertisement of petition in one issue of 'English Daily' The Hindu' and Tamil daily 'Daily Thanthi' dated 14.11.2001, as per the order of this Court dated 7.11.2001 and made in C.P.No.256/2001 and having stood over for consideration till this day (21.12.2001), and that the Central Government also having no objection for the approval of the Scheme of Amalgamation except that the Scheme has to be approved by the Delhi High Court, its respect of the other two companies, namely SRF Ltd., and SRF Chemicals Ltd. and filed their affidavit before this Court on 6.12.2001 and the court having observed that steps had already been taken by the petitioner Company for approval of Scheme by Delhi High Court and that the matter is pending

consideration for sanction of scheme before the High Court of Judicature at Madras New Delhi and holding that the Scheme as proposed by the Directors and as approved by the Equity Shareholders of the petitioner Company needs to be sanctioned as it is not violative of any of the provisions of law nor it is contrary to public policy and doth hereby sanction the scheme of amalgamation between Tyrecord Fabric Ltd., and SRF Ltd., and the reconstruction, Scheme and Arrangement of three units of SRF Ltd., 'Engineering Plastics Division', 'Fishnet Twine Division' and 'Polyester Films Division' to SRF Chemicals Ltd. as set out in the Schedule hereunder with effect from 1.1.2001 and as approved by the equity shareholders of the petitioner Company, Tyrecord Fabric Ltd., at their meeting held on 12.10.2001 and doth hereby declare the same to be binding on the shareholders of the said company and on the said companies, and doth further order as follows:

1. That the petitioner Company herein do file with the Registrar of Companies, Chennai, a certified copy of the Order within 30 days from this date;
2. That the parties to the scheme of amalgamation or other person interested shall be at liberty to apply to this court for any directions that may be necessary in regard to carrying out of this Scheme hereunder; and
3. That the Official Liquidator, High Court, Madras, be and is hereby directed to file his report, for the dissolution of the transferor company namely Tyrecord Fabric Limited at the earlier pursuant to second proviso to Section 394(1) of the Companies Act, 1956 on scrutiny of the books and accounts of the transferor company and in compliance with the Rule 86 of the Company Court Rules;
4. That the Scheme approved and accorded sanction here will be subject to approval of the pending petitions before the High Court of Delhi as applied for by SRF Ltd. and SRF Chemicals Ltd. ; and
5. That the petitioner Company herein, be and is hereby directed to pay a sum of Rs. 5,000/- (Rupees five thousand only) to Mr. S.R. Sundaram, Senior Central Government Standing Counsel for his appearance.

(Annexure)
Scheme of Amalgamation

WITNESS, the Hon'ble Thiru BOLLAMPALLY SUBHASHAN REDDY, Chief Justice at Madras aforesaid, this the 21st day of December, 2001

Sd/-
K. BALASUBRAMANIAN
DEPUTY REGISTRAR (O.S)

N .S/04/01.02

Certified to be a true copy ;
Dated this the 28th day of January, 2002

Sd/-
COURT OFFICER

