



we always find
a better way

annual
report

2010 - 11



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2010 - 11



we find BETTER ways to manufacture

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

we try to produce BETTER quality

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



we find BETTER ways to conserve

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

we always find

highpoints



we find ways to manage relationships BETTER

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

we find BETTER ways to protect our planet

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



we try to make the world a BETTER place

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

a better way

chairman's message



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

Dear shareholders,

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

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

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

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

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

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

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

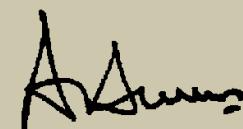
and the community at large joined us in our efforts to transform the lives of the children in these schools.

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

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

I look forward with confidence to achieve total excellence.

With kind regards,



ARUN BHARAT RAM
Chairman

company information

Board of Directors



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

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants

Company Secretary

Anoop K Joshi

Bankers

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

Registered Office

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

Corporate Office

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



Chemicals and Polymers Business: PLANTS

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

Technical Textiles Business: PLANTS

- Manali Industrial Area, Manali, Chennai - 600068, Tamil Nadu
- Industrial Area, Malanpur, Distt. Bhind - 477116, MP
- Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu
- Viralimalai, Distt. Pudukkottai - 621 316, Tamil Nadu
- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udhampur, Distt. Uttarakhand
- Villages Navaneethakrishnapuram, Melakalangal, Thiruvambalapuram, Distt. Tirunelveli, Tamil Nadu

Packaging Films Business: PLANTS

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

Notice

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

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr S P Agarwala, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr Vinayak Chatterjee, who retires by rotation and being eligible, offers himself for re-election.
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

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

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

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

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

Tenure

Five years with effect from 01.06.2011

Functions

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

Remuneration

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

Remuneration for a part of the Year

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

Minimum Remuneration

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

Termination

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

giving to the other three calendar months notice in writing.

In the event of termination of this appointment of Mr Kartikeya Bharat Ram by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Companies Act, 1956 or any statutory amendment or re-enactment thereof.

RESOLVED FURTHER that the Remuneration Committee/Board of Directors be and is hereby authorised to alter, vary and increase the remuneration in the event of any liberalization/revision in the levels of permissible managerial remuneration, notwithstanding the overall remuneration set out as above, as may then be prescribed/ permissible.

RESOLVED FURTHER that the Remuneration Committee be and is hereby authorised to decide from time to time the salary, perquisites and commission payable to Mr Kartikeya Bharat Ram during his tenure with effect from 01.06.2011 within the approved ceiling of remuneration.

RESOLVED FURTHER that powers and authorities delegated by the Board/Committees through

resolutions/General Power of Attorney to Mr Kartikeya Bharat Ram, from time to time including power to sub-delegate shall remain valid upon his re-appointment."

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

"RESOLVED that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such permissions as may be necessary, approval be and is hereby accorded to the payment of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, to all or any of the Directors of the Company other than the Managing/Whole-time Directors, if any, in such manner and in all respects as the Remuneration Committee/Board of Directors may determine and that such payment be made in respect of profits of the Company for the whole or proportionately for a part of each of its financial years during a period of 5 years commencing from 1st April, 2011."

Gurgaon, May 9, 2011
Regd. Office: C-8, Commercial Complex,
Safdarjung Development Area
New Delhi-110016

**By Order of the Board
for SRF LIMITED
(Anoop K Joshi)**

Vice President & Company Secretary

Notes

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY

COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 15th July, 2011 to Friday, the 22nd July, 2011 (both days inclusive) for the purposes of holding the Annual General Meeting.
4. Members holding shares in physical form are requested to notify change in address and bank mandate, bank

particulars, if any, under their signatures to Kary Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081, the Registrar & Share Transfer Agent, quoting folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participants.

In terms of SEBI Circular dated 20th May, 2009 and 7th January, 2010 pertaining to (i) transfer of physical shares (ii) deletion of name of the deceased shareholder(s) where the shares are held in the name of two or more shareholders (iii) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares; and (iv) transposition of shares- when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders, of the listed companies, the transferee(s) are requested to furnish copy of their Permanent Account Number (PAN) Card along with the other documents to the RTA for the above mentioned purpose, irrespective of the value of the transaction.

5. Members seeking any information regarding accounts should write to the Company at its Corporate Office at Block C, Sector – 45, Gurgaon- 122 003 (Haryana) at least seven days before the date of the meeting so as to

enable the management to keep the information ready.

6. All amounts of unclaimed dividend declared up to the financial year ended 31st March, 2003 have been transferred to the General Revenue Account of the Central Government/Investor Education and Protection Fund as required by the Companies Act, 1956.
7. Pursuant to Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund of the Central Government.

Section 205C of the Act states that no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for seven years as aforesaid and transferred to the Fund.

Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial years ended 31st March 2004 and thereafter may send their outdated dividend warrants to the Company at its Corporate Office or to the Registrar and Share Transfer Agent, M/s Kary Computershare Private Limited for issue of demand drafts in lieu thereof.

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956

Item Nos. 2 and 3

Mr S P Agarwala and Mr Vinayak Chatterjee shall retire by rotation and being eligible, offer themselves for re-appointment.

The information required by the Listing Agreement with the Stock Exchanges is given below:

Mr S P Agarwala

Mr S P Agarwala (70) is well-known in the business circles of Delhi. He is Director of the Company since 1997.

Mr S P Agarwala is a member of the Shareholders' Investors' Grievance Committee, Remuneration Committee, Audit Committee of the Board and the Committee of Directors – Financial Resources of the Board and has no shareholding in the Company.

Directorships in other public companies	Committee Membership
KAMA Holdings Limited.	- Shareholders'/Investors' Grievance Committee - Audit Committee - Remuneration Committee

Notice

No Director other than Mr S P Agarwala is concerned or interested in the Resolution.

Mr Vinayak Chatterjee

Mr Vinayak Chatterjee (51) is a graduate in Economics from St Stephen's College, Delhi and a Post-graduate in Management from the Indian Institute of Management, Ahmedabad.

He is strategic advisor to leading corporates and Government agencies in the areas of economic policy and infrastructure planning and implementation.

He is currently the Chairman of CII-National Committee on Urban Infrastructure (India's largest industry association) and was the Chairman of CII (Northern Region) for the year 2000-01. He is also a member of the Task Force on Reforms in Housing & Urban Development of the Government of India.

Mr Vinayak Chatterjee is a member of the Shareholders'/ Investors' Grievance Committee, Remuneration Committee and Audit Committee of the Board and has no shareholding in the Company.

Directorships in other public companies	Committee Membership
Avantha Power & Infrastructure Ltd	- Audit Committee* - Remuneration Committee*

* Chairman

No Director other than Mr Vinayak Chatterjee is concerned or interested in the Resolution.

Item No. 5

By a resolution dated 25.07.2006, the shareholders had appointed Mr Kartikeya Bharat Ram as President & Executive Director of the Company for a period of five years with effect from 01.06.2006. Mr Kartikeya Bharat Ram was re-designated as Deputy Managing Director w.e.f 20.01.2007.

The existing tenure of Mr Kartikeya Bharat Ram continues upto 31.05.2011.

At its meeting held on 26th February, 2011, the Board of Directors had re-appointed Mr Kartikeya Bharat Ram as Deputy Managing Director of the company for a further period of 5 years with effect from 01.06.2011. Members' approval is sought to the re-appointment.

The terms of his re-appointment and remuneration including minimum remuneration are set out in the resolution.

As per the requirements of Section 302 of the Companies Act, 1956, the abstract of the terms & conditions of re-appointment of Mr Kartikeya Bharat Ram, Deputy Managing Director has already been circulated to the members.

Mr Kartikeya Bharat Ram (40) holds a Masters' degree in Business Administration on Corporate Strategy from Cornell University, USA and has 17 years working experience in senior positions including in the Company's international subsidiaries.

Mr Kartikeya Bharat Ram is a member of the Shareholders'/ Investors' Grievance Committee and Committee of Directors – Financial Resources and has no shareholding in the Company.

Directorships in other public companies	Committee Membership
KAMA Holdings Limited	- Committee of Directors – Financial Resources
SRF Energy Limited	-
Shri Educare Limited	-

Mr Kartikeya Bharat Ram is interested in the resolution.

Mr Arun Bharat Ram and Mr Ashish Bharat Ram, who are relatives of Mr Kartikeya Bharat Ram, may be deemed to be interested in the resolution.

No other Director of the Company is concerned or interested in the resolution.

Item No. 6

By a Special resolution passed on 25th July, 2006, the

Notice

members had authorised the payment of a sum upto 1% of the net profits of the Company, calculated in accordance with Sections 198, 349 and 350 of the Companies Act, 1956 in respect of each of the five financial years commencing from 1st April, 2006, to some or any of the Directors other than the Managing or Whole-time Directors as the Board may determine.

Approval of the shareholders is being sought for a fresh authorisation in favour of the Board for payment of commission at the same rate for a period of 5 years commencing from 1st April, 2011.

The proposed resolution is in accordance with Section 309 of the Companies Act, 1956 and the Articles of Association of the Company. The payment of commission authorised thereby is in respect of the whole or proportionately a part of each of the financial years during a period of 5 years commencing from 1st April, 2011.

Directors other than the executive Directors are interested in the resolution.



Important communication to members

The Ministry of Corporate Affairs has taken a 'green initiative in the corporate governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the members' feedback form (sent herewith) and register the same. Postage for sending the feed back form will be borne by the Company. You may also log on to the Company's website www.srf.com to register your consent.



directors' report

Your Directors are pleased to present the 40th Annual Report for the year ended 31 March 2011.

Financial Results

	(Rs crore)	
	2010-11	2009-10
Net sales	2986.06	2181.08
Profit Before Interest, Depreciation & Tax (PBIDT)	912.21	649.40
Less: Interest & Finance charges (Net)	83.02	64.24
Gross profit	829.19	585.16
Less: Depreciation	151.71	131.25
Profit Before Tax (PBT)	677.48	453.91
Less: Provision for taxation including deferred tax charge	194.04	144.49
Profit After Taxation (PAT)	483.44	309.42
Add: Profit brought forward	627.14	482.07
Surplus available for appropriation	1110.58	791.49

Appropriation

	(Rs crore)	
	2010-11	2009-10
Interim dividend on equity shares	84.71	84.71
Corporate tax on dividend	14.06	14.39
Amount transferred to general reserve	50.00	35.00
Amount transferred to debenture redemption reserve	30.25	30.25
Profit carried to balance sheet	931.56	627.14
Total	1110.58	791.49

Equity Dividend

The Board of Directors of the Company has not recommended any final dividend. During the year, your Company has paid two interim dividends each of Rs. 7 per share aggregating to Rs. 14 per share.

Operations Review

Net sales of the Company grew by 36.91 per cent from Rs. 2181.08 crore in 2009-10 to Rs. 2986.06 crore in 2010-11. Profit before interest, depreciation and tax (PBIDT) including 'other income' increased from Rs. 649.40 crore in 2009-10 to Rs. 912.21 crore in 2010-11.

Profit before tax (PBT) increased by 49.25 per cent from Rs. 453.91 crore in 2009-10 to Rs. 677.48 crore in 2010-11. After accounting for the provision for taxation of Rs. 194.04 crore, which includes deferred tax charge and provision relating to earlier years, profit after tax (PAT) grew by



56.24 per cent from Rs. 309.42 crore in 2009-10 to Rs. 483.44 crore in 2010-11.

turnover of the company was THB 1710.55 million and net profit was THB 26.03 million.

Management Discussion and Analysis

A detailed section of the Management Discussion and Analysis forms part of the Annual Report. A review of the Businesses is also given in that section.

Subsidiary Companies

Restructuring of shareholding in international subsidiaries

During the year, the entire shareholding of the Company in SRF Overseas Ltd. was transferred to SRF Tech textile B.V. with effect from 1.5.2010.

SRF Global B.V.

SRF Global B.V. has reported a loss of US\$ 0.84 lakhs during the year 2010-11 on account of administrative expenses.

SRF Tech textile B.V.

SRF Tech textile B.V., a wholly owned subsidiary of SRF Global B.V. has reported a loss of US\$ 5.47 lakhs during the year 2010-11.

SRF Technical Textiles (Thailand) Ltd.

SRF Technical Textiles (Thailand) Ltd. (SRFTT), a wholly owned subsidiary of SRF Tech textile B.V. is a company incorporated in Thailand and engaged in the manufacture and distribution of nylon tyre cord. For the year 2010-11, the

SRF Industex Belting (Pty) Ltd.

SRF Industex Belting (Pty) Ltd. (SRFIB), a wholly owned subsidiary of SRF Tech textile B.V. is a company incorporated in South Africa and engaged in the manufacture of belting fabrics. For the year 2010-11, the turnover of the company was ZAR 143.62 million and net profit was ZAR 6.60 million.

SRF Overseas Ltd. (SRFO)

SRFO, a wholly owned subsidiary of SRF Tech textile B.V., is operating out of Dubai and is an arm of the Technical Textiles Business (TTB) targeted at the markets of Middle East, Europe and Africa. During the year 2010-11, turnover of the Company was AED 129.89 million and the company incurred a loss of AED 3.30 million.

Other Subsidiaries

SRF Transnational Holdings Ltd. incurred a loss of Rs. 73.58 lakhs during the year 2010-11.

SRF Properties Ltd. earned a net profit (PAT) of Rs. 10.62 lakhs during the year 2010-11.

SRF Holiday Home Limited has incurred a loss of Rs. 0.25 lakhs during the year 2010-11.

SRF Fluorochemicals Limited, SRF Energy Limited and SRF Fluor Private Limited had not started any operations.

Annual accounts of the subsidiary companies and the related detailed information can be obtained on request by the

Director's Report

shareholders of the Company and of the subsidiary companies. These are also available for inspection at the Corporate Office of the Company and at the respective registered offices of the subsidiaries between 11 A.M. to 1 P.M. on all working days.

Directors

S P Agarwala and Vinayak Chatterjee are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resumes of the Directors offering themselves for re-appointment are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
 - (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
 - (iv) that the Directors have prepared the annual accounts for the year ended 31st March 2011 on a 'going concern' basis.
- The Company is controlled by Arun Bharat Ram Group ("Promoter Group") being a group as defined under the Monopolies and Restrictive Trade Practices Act, 1969. The Promoter Group consists of various individuals and corporate bodies who are in a position to and who jointly exercise control over the Company. A list of these individuals and corporate entities is as follows:
- a) Arun Bharat Ram; b) Ashish Bharat Ram; c) Kartikeya Bharat Ram; d) Mrs Sheila Bharat Ram; e) Mrs Manju Bharat Ram; f) Mrs Vasvi Bharat Ram; g) Mrs Radhika Bharat Ram; h) KAMA Holdings Ltd.; i) KAMA Realty (Delhi) Ltd.; j) Srishti Westend Greens Farms Private Limited; k) Karm Farms Private Limited; l) Karmav Holdings Private Limited; m) Skylark Investments & Trading Pvt. Ltd.; n) Shri Educare Limited.; and o) Shri Educare Maldives Private Limited.

Buy-back of Shares

The Board of Directors at its meeting held on 26.2.2011 announced buy-back of fully paid up equity shares for an amount not exceeding Rs. 90 crore

at a maximum price of Rs. 380 per share from the open market through stock exchanges.

Till date, the Company has bought back 58,851 equity shares absorbing an amount of Rs. 1.97 crore.

Listing of Equity Shares

SRF's equity shares are listed at the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.

Corporate Governance

Certificate of the auditors of your Company regarding compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is attached to the report as annexure 1.

In compliance with the requirements of Clause 49(V), a certificate from Managing Director and the President & Chief Financial Officer was placed before the Board.

All Board members and Corporate Leadership Team (CLT) have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Managing Director is enclosed as a part of the Corporate Governance Report. A copy of the Code is also placed at the website of the Company (www.srf.com)

Consolidated Financial Statement

In accordance with the accounting standard (AS-21), your Directors are pleased to attach the consolidated

Director's Report



financial statements, which form part of the Annual Report and Accounts.

Accounts and Audit

The auditors, M/s Deloitte Haskins & Sells retire at the conclusion of the 40th Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the auditors are explained wherever necessary in appropriate notes to the accounts.

Cost Audit

Mr Harkesh Kumar Tara, Cost Accountant, has been appointed to conduct cost audit of the accounts maintained by the Company in respect of its 'nylon' products for the financial year 2011-12.

The Cost Audit report for audit of 'nylon' for the year 2009-10 conducted by Mr Prakash Kumar Varma, Cost Accountant (M. No. 3541), has been filed with the Ministry of Corporate Affairs on the due date.

Internal Control System

The Company's internal control system includes audit and verification of compliance with defined policies and procedures by Internal Audit Function. The internal auditors independently evaluate the adequacy of internal controls and audit the sample of the transactions in value terms. Independence of the audit is ensured by the direct reporting of internal audit function to the Audit Committee of the Board.

Fixed Deposits

Your Company discontinued accepting/renewing fixed deposits since 14 August 2004. Deposits accepted from Public which have matured and are unclaimed are being reflected under "Unclaimed fixed deposits (including interest)" in Current Liabilities & Provisions (Schedule 8 to the annual accounts).

Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure 2 to the Directors' Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The details as required under the Companies (Disclosure of Particulars

in Report of Board of Directors) Rules, 1988 are given as annexure 3 to the Directors' report.

Industrial Relations

The Company continued to generally maintain harmonious and cordial relations with its workers in all its businesses.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central Government and the Governments of Madhya Pradesh, Rajasthan, Tamil Nadu, Gujarat and Uttarakhand, financial institutions and banks. Your Directors thank the shareholders for their continued support. Your Directors also place on record their appreciation of the contribution made by employees at all levels.

For and on Behalf of the Board

Arun Bharat Ram
Chairman

Annexure 1: Auditors' Certificate on Corporate Governance

To the Members of SRF Limited

We have examined the compliance of conditions of Corporate Governance by SRF Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

GURGAON, May 9, 2011

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 015125N)

Manjula Banerji

Partner

(Membership No. 086423)

Annexure 2:

Annexure to Directors' Report (Statement Pursuant to Section 217(2A) of the Companies Act, 1956)

S.N.	Name	Age (in years)	Designation	Remuneration	Qualification	Exp	DOJ SRF Ltd	Last Employment
1	Arun Bharat Ram	70	Chairman	46,764,000	B.Sc (Indl Engg)	44	1-May-72	Manager, Textile Div, DCM Ltd
2	Ashish Bharat Ram	42	Managing Director	25,144,000	MBA	20	2-Sep-02	MD, SRF Overseas Ltd
3	Kartikeya Bharat Ram	40	Dy. Managing Director	23,342,000	MBA	17	5-Jul-93	First employment
4	Roop Salotra	60	President & CEO (CB & PFB)	13,764,396	B.E.	39	1-Jun-89	Fenner India Ltd
5	Sushil Kapoor	51	President & CEO (TTB)	13,668,037	B.Tech	28	1-Jul-82	First employment
6	Rajendra Prasad	53	President & CFO	10,428,284	CA, DISA, CISA (USA)	29	20-Mar-06	Country Controller, American Express Bank
7	Rajdeep Anand	59	President (Projects & R&D)	12,475,000	B.Tech	39	29-Mar-93	Chief Executive, Chem Aides
8	Suresh Dutt Tripathi	50	President (Corporate HR)	7,685,800	M.Sc, PGDSW	28	11-Feb-02	Principal, Mgt Consultancy MASCON Global Limited
9	Aseem Mehrotra	50	Vice President	6,162,856	B.E.	28	16-Apr-90	Branch Manager, Indographics

Annexure 3: _____

Annexure to Director's Report (Pursuant to Section 217(1)(e) of the Companies Act, 1956)

A. Conservation of Energy – Measures taken:

1. Technical Textile Business, Manali

- Saved 105000 Kwh/month during winters by shifting load from Mcquay chiller to the energy efficient VAM chiller.
- Saved 61200 Kwh/month by optimizing load on Centac air compressor with the arresting of air leakages & segregation of LP/HP lines.
- Saved 51840 Kwh/month by strengthening of insulation in spinning extruder zone & take-up fumes exhaust pipe.
- Saved 43200 Kwh/month by adding energy efficient booster pump for Mcquay chiller's chilled water.
- Saved 25200 Kwh/month by balancing of pumping load requirement of process cooling water pump & its motors, thereby reducing the need for running of more pumps.
- Saved 25200 Kwh/ month by replacing the Trane Condenser pump with an energy efficient pump.

2. Technical Textiles Business, Gwalior

- Saved 37500 Kwh/month with reduction in supply frequency from 50Hz to 49.75Hz.
- Saved 31330 Kwh/month with installation of energy efficient motors.
- Saved 45600 Kwh/month with optimization of compressed air usage.

3. Technical Textiles Business, Viralimalai

- Saved 2000 Kwh/month by installing load energy saving devices (18 KVA & 19 KVA) for factory lighting.
- Saved 1000 Kwh/month by reducing the blower speed of pre drier blowers, during stand by mode in HSD Machine.

4. Technical Textiles Business, Gummidipoondi

- Saved 110900 Kwh/month of power by introducing shift wise daily management of optimized operation of HT compressor in combination with low capacity Reciprocating air compressor.
- Saved 70000 Kwh/month of power through optimized operation of 250 TR Carrier chillers along with 600 TR York chillers during seasonal ambient temperature variations.
- Saved 15700 Kwh/month by trimming the impeller of process cooling water pump to match the process requirement.

5. Chemical Business, Bhiwadi

- Saved 653400 units/annum by Optimisation of Utility and One of the I-520 comp of 125 KW was stopped at full capacity of plant.
- Saved 483840 units/annum by optimisation of CMS cooling water circuit and stopping one pump of 90 KW.
- Saved 42900 units/annum by modification in plant air circuit and stopping one air comp of 110 KW.



- Saved 427680 units/annum by modifications in brine circuit and reducing the brine comp running hrs.

6. Packaging Films Business, Indore

- Saved 34,560 Kwh/annum by replacing the edge trim blower from 15 KW to 11 KW.
- Saved 1980 Kwh/annum by eliminating the 3 phase exhaust fan in extruder area.
- Saved 6,46,272 Kwh/annum by optimization use of alternate zone 1 & 2 blowers & pumps.
- Saved 30,413 Kwh/annum by optimization usage of co extruder cooling water pump.
- Saved 1,14,840 Kwh/annum by optimization of lighting inside the main process hall of both the film plants.
- Rs. 40.2 lakhs received as incentive (from Oct'10-Mar'11) from MPAKVN for Power factor improvement from 0.96 to 0.98.

- Saved 17,280 Kwh/annum in erema eddy current control drive replacement with AC drive.
- Saved 36,288 Kwh/annum by reducing RPM of TDO Zone 9 ventilator fan.
- Saved 21,600 Kwh/annum by replacing cast aluminium blades in cooling towers with FRP (Fiber rain forced plastic).
- Saved 13,824 Kwh/annum by stopping 3kw FO day tank heater in summer for 8 months.
- Saved 68,400 Kwh/annum by reducing the pressure setting in compressors from 7.0kg/cm² to 6.5kg/cm².
- Saved 1,26,000 Kwh/annum by replacing DC servomotors with high energy efficient AC servomotors in slitter machine.
- Saved 1,13,400 Kwh/annum by increasing the frequency window of on line UPS to reduce the losses.
- Saved 49,680 Kwh/annum by optimizing the consumption of cooling water fan based on basin temperature (150 days a year).

7. Packaging Films Business, Kashipur

- Saved 2,37,600 Kwh/annum by optimising Cooling water pump & provided 3rd pump of 37kw (for 300 days a year).

Power and fuel consumption	2010-11	2009-10
Electricity		
a) Purchased		
- Total Units (000 KWH)	212,214.85	174,469.38
- Total Amount (Rs lakhs)	10,340.37	7,650.28
- Rate/Unit (Rs)	4.87	4.38
b) Own Generation		
Through Diesel (000 KWH)	6,063.60	6,604.23
- Units per KL of Diesel Oil	3,631.94	4,252.27
- Cost/Unit (Rs)	10.85	9.00
- Through Furnace Oil (000 KWH)	35,861.36	42,725.08
- Units per KL of Furnace Oil	4,255.22	4,179.11
- Cost/Unit (Rs)	6.81	5.93
- Through Coal	38,294.71	39,035.89
- Unit per MT of Coal	837.19	829.43
- Cost/Unit (Rs)	3.90	4.17
- Through Windmill (000 KWH)	31,588.57	25,023.52
- Total Amount (Rs lakhs)	183.76	81.77
- Cost/Unit (Rs)	0.58	0.33
Others		
a) Fuel (for oil boiler)		
- Quantity (K. Litres)	10,308.42	9,060.40
- Total Cost (Rs lakhs)	3,022.89	2,246.27
- Rate/Unit of KL (Rs)	29,323.05	24,792.24
b) LPG		
- Quantity (K. Litres)	2,634.63	3,444.26
- Total Cost (Rs lakhs)	1,192.84	1,265.86
- Rate/MT (Rs)	45,275.45	36,752.77
Electricity (KWH/MT)		
- Yarn	1,810.09	2,071.94
- Fabric	3,820.19	3,607.24
- Fluoroochemicals	925.68	907.37
- Chloromethanes	330.22	385.67
- Polyester Films	1,147.87	1,223.60
LPG (Kgs/MT)		
- Fabric	90.20	92.56

Annexure to Directors' Report

Power and fuel consumption	2010-11	2009-10
Steam (MT)		
- Yarn		
- Yarn	3.04	2.93
- Fabric	3.04	2.93
- Fluorochemicals	1.56	1.59
- Chloromethanes	1.30	1.44

B. Technology Absorption

Research & Development

The R&D centre of the TTB is located at Manali, Tamil Nadu. It is equipped with state-of-the-art facilities including pilot plants and testing laboratories and is used for development of new products and new processes in the field of technical textiles. Products from these activities have been used by a leading European manufacturer as well as for inhouse consumption. Besides, several research projects are in progress with leading Indian and overseas academic and research institutes.

Expenditure on R&D	2010-11 (Rs lakhs)	2009-10 (Rs lakhs)
Capital	767.58	536.61
Revenue	1845.79	1374.86
Total	2613.37	1911.47
Total R&D expenditure as per cent of turnover	0.88%	0.88%

C. Foreign Exchange Earnings and Outgo

Particulars	2010-11 (Rs lakhs)	2009-10 (Rs lakhs)
Foreign Exchange Earnings	79285.59	56,224.44
Foreign Exchange Outgo	76047.89	6,0827.81
Net Foreign Exchange Earning	3237.70	(4,603.37)



management discussion and analysis

India's growth story continues. Building on the foundation of a consistent GDP growth rate over the years, the country despite facing high inflation remains one of the most attractive destinations for investors across the globe.

For SRF, 2010-11 was an eventful year with the company reaping benefits from newly commissioned units and from robust demand, especially for packaging films.

Highlights of SRF's financial performance:

- net sales from operations up by 36.91 per cent from Rs. 2181.08 Crore in 2009-10 to Rs. 2986.06 Crore in 2010-11
- profit after tax (PAT) up by 56.24 per cent from Rs. 309.42 Crore in 2009-10 to Rs. 483.44 Crore in 2010-11
- profit before tax (PBT) up by 49.25 per cent from Rs. 453.91 Crore in 2009-10 to Rs. 677.48 Crore in 2010-11
- earnings per share up by 56.23 per cent from Rs. 51.14 in 2009-10 to Rs. 79.90 per share in 2010-11

This **Management Discussion and Analysis** of your company's financial condition and results of operations

contains forward-looking statements regarding future events and future results that are based on the previous year's performance, current expectations, estimates, forecasts, and projections about the industries in which it operates and the beliefs and assumptions of its management.

Businesses

SRF has a portfolio of established businesses in industrial intermediates. It classifies its main businesses as: Technical Textiles Business (TTB), Chemicals & Polymers Business (CPB) and Packaging Films Business (PFB).

Technical Textiles Business

Technical Textiles Business (TTB) continues to be SRF's largest business segment, contributing over 47 per cent to the total sales of the Company. During 2010-11, sales of the business have grown from Rs. 1199.61 Crore in 2009-10 to Rs. 1445.29 Crore.

Tyre Cord Reinforcement

SRF manufactures a basket of reinforcement fabrics for

tyres. Its main product Nylon Tyrecord Fabric (NTCF) is used in bias tyres of all categories from tyres for Buses & Trucks to tyres for cycles. Having set up India's only polyester industrial yarn plant in 2009-10, SRF is poised to serve the growing segment of Polyester Tyrecord Fabric (PTCF) used in the reinforcement of radial tyres for Passenger Car and Light commercial Vehicles.

SRF is the market leader in NTCF and is now working closely with customers to develop new fabric styles, including unique deniers. These developments would result in better usage of the assets.

Having been a market leader in NTCF segment for decades in the country, SRF would now focus on scaling up its PTCF business. SRF is making progress in getting approvals from all the key tyre companies including Global tyre majors. This would provide the platform for SRF to grow into a significant global player in the 'radial tyre' segment of passenger cars and light commercial vehicles in the coming years through appropriate and timely capacity enhancement.

The Thailand subsidiary continues with its stable performance and is generating positive cash flows.

Belting Fabric

Belting fabric, which is used as reinforcement material for conveyor belts has been witnessing a stable demand. Over the past five years, volume in this segment too has increased at a compounded annual growth rate (CAGR) of about 11 per cent. While SRF has a dominant market share of 60 per cent in the domestic market, it also has a significant global presence making

it the world's second largest manufacturer of belting fabrics.

SRF's South African subsidiary has posted a robust performance and is now poised to enter Latin American markets and may consider capacity enhancement to increase its level of business.

Coated and Laminated Fabrics

Coated fabrics are used in a wide range of applications including protective covers, dynamic tarpaulins, static covers, auto-canopies and awnings.

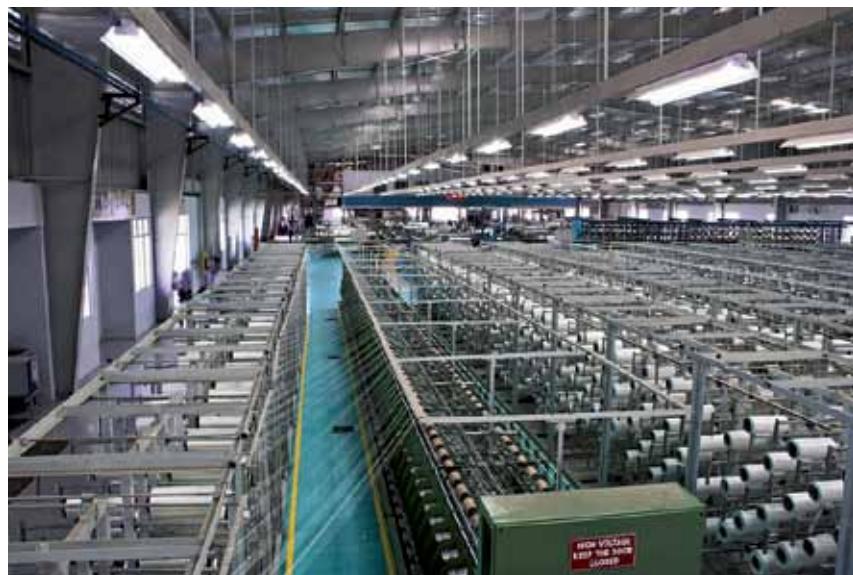
As reported in the 2009-10 annual report, SRF has made an entry into the Laminated fabrics segment by commencing commercial production in Q4 2009-10. This product has a high growth potential with applications in display solutions (signages) for the advertising industry and covering solutions for agriculture and industrial application. Front lit and Back lit fabrics have been well accepted in the market and efforts are on to widen the product range to include static cover applications as well. It is expected that the plant

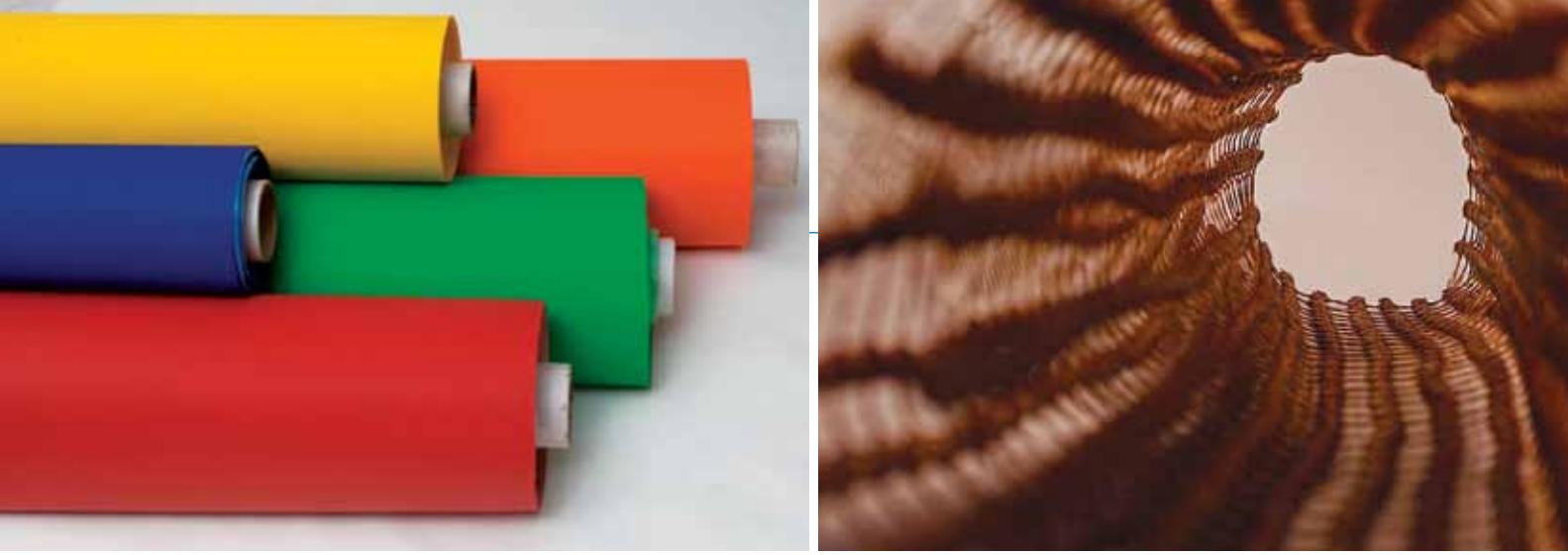
would reach its peak capacity during the course of the forthcoming year and this segment would post better results.

The state-of-the-art project to produce 170 lakh square metre per annum of coated fabric through a new coating line at SRF's existing plant location in Gummidipoondi, with a total investment of approximately Rs. 143 crore, is progressing as per schedule and commercial production is expected to start in the second quarter of 2011-12. The new facility will offer a wide range of products, including lacquered tarpaulins, fabrics for tensile structures, awnings, auto-canopies, hangar covers etc. In addition, Poly Urethane (PU) Coated Fabrics for several applications will also be introduced.

Industrial Yarn Business (IYB)

With the commissioning of the polyester industrial yarn project, SRF is able to offer a basket of Industrial yarns (nylon and polyester) for conveyor belts, transmission belts, hoses, ropes, geo-textile applications, fishing nets, stitching threads etc. SRF continues to enjoy a significant market share in the critical segments of the industry.





Outlook

The NTCF segment of Technical Textiles Business, the largest business of SRF, mainly caters to the bus and truck tyre segment, which accounts for nearly 60 per cent of SRF's NTCF sales. The current radialisation in this segment is 15 per cent. The investments in radial capacities which were announced by tyre companies some time back, are fructifying. Post this development, it is estimated that radialisation would touch a level of around 30 per cent by 2013-14 and 50 per cent by 2017-18. It is projected to stabilise thereafter, as has been observed in other developing economies of the world.

India is the second largest two-wheeler producer in the world after China. This segment is growing at around 15 per cent Compounded Annual Rate of Growth (CARG). The share of this segment in NTCF consumption is currently 12 per cent and is projected to reach 30 per cent by 2019-20.

With infrastructure & mining sectors expected to grow substantially in the coming years, 'Off the Road' (OTR) tyres, which are already witnessing a high growth are expected to grow in double digits on a sustainable basis for many years. These consume large amount of NTCF thus ensuring a reasonable growth rate.

It is, therefore, expected that in absolute quantity terms, the demand for Nylon Tyre Cord Fabric would grow or remain flat over the next five years, though the application portfolio would show a shift from Buses & Trucks to two-wheelers and 'Off the Road' (OTR) Tyres.

The passenger car (PC) tyre radialisation in India has reached a mature level now (over 90 per cent), which predominantly uses Polyester Tyre Cord Fabric as carcass for reinforcement. The car industry is expected to grow substantially in coming years and, therefore, offers an opportunity to SRF to provide PTCF fabrics for radial tyres.

Currently, SRF is the only company in India to produce Polyester Tyre cord fabric and is well positioned to benefit from the opportunity. Leveraging its relationship with the global majors on account of its Nylon business, it expects to complete approval of its polyester fabrics for worldwide usage in the coming years, giving it a growth platform for radial tyre re-inforcements globally.

In Belting fabrics, given the expectation of high growth in the domestic mining industry and infrastructure, the outlook is positive in India. This augurs well for SRF, which has over 60 per cent share of

this business in the domestic market. In addition, with the demand for commodities continuing to grow at a high rate globally, mining is expected to be a key driver of economies and this would offer opportunities for global growth in this sector.

Coated fabrics, which was a small business segment so far for TTB, through the investments made and being planned, is expected to grow substantially over the years to become the second largest segment in SRF's Technical Textiles Business.

With changing lifestyles, urbanisation, and massive investments in infrastructure, it is expected that products such as signages, awnings and hangar covers would continue to see a double digit growth. Similar growth is expected in the high-end products with the increasing usage of fabric tensile structures for stadiums, homes and exhibition centres.

SRF is one of the first large sector companies to foray into the high tensile structure with fabric segments in a significant way and is soon expected to establish a leadership position. With its state-of-the-art facility, it would also have the option of considering exports, in addition to servicing the domestic markets.

Management Discussion and Analysis

Chemicals and Polymers Business

The manufacturing operations of SRF's Chemicals Business are located at Bhiwadi, in Rajasthan, about 70 kilometres from New Delhi. The business derives its revenue from sale of fluorine-based refrigerants, chloromethanes, fast-growing specialty fluorochemicals and the engineering plastics business. It also includes receipts from the sale of CERs generated by destruction of the greenhouse gas Hydrofluorocarbon-23 (HFC-23) under the Kyoto Protocol.

Riding on constrained commodity availability globally, the Chemicals Business posted record performance (excluding CERs income), with sales growing by 67 per cent and EBIDT by 131 per cent during 2010-11. The challenges in sourcing of raw materials were matched by rising finished goods prices.

Your fluorospecialities business continued to grow at a brisk pace, with sales growth of 48 per cent and EBIDT growth of 99 per cent in this period. This encouraged your Company to continue to invest in this R&D intensive technologically-driven business segment.

Refrigerants

Refrigerants are primarily used as a cooling medium in the air-conditioning and refrigeration industry. SRF continues to be one of the larger and more credible players in the industry globally. It is the market leader with

about 40 per cent share in the domestic market. Exports of the business are spread across 45 countries worldwide, and account for over 60 percent of the volumes produced.

SRF's portfolio of refrigerants includes hydrochlorofluorocarbon-22 (HCFC-22), the new-generation refrigerant hydrofluorocarbon-134a (HFC-134a), and the refrigerant blend R-404a.

Your Company is proactively addressing the expected phaseout of HCFCs from 2013 onwards under the Montreal Protocol by investing in an HFC-134a/125 plant in Dahej, Gujarat.

The market for refrigerants is estimated to grow at about 20-25 per cent per annum. The outlook for refrigerant market augurs well for SRF which continues to be the market leader in a fast-growing and globally competitive landscape.

Chloromethanes

SRF's main products in the chloromethanes business are

methylene chloride and chloroform. While chloroform is internally consumed for manufacturing HCFC-22, methylene chloride is sold primarily in the domestic market.

In 2010-11, the chloromethanes segment made a significant contribution to the Business' profitability. The performance was also aided by inadequate availability of methylene chloride internationally.

In the meantime, substantial fresh production capacity for chloromethanes has come up in India during the year, which might put some pressure on margins during 2011-12 until a new equilibrium is reached. Strong relationships with customers, high product quality, efficient production, and short delivery lead times are expected to be key differentiators vis-à-vis imports.

Fluorospecialties

Building on its presence in the fluorine



chemistry industry for almost two decades, your Company had entered the space of specialty fluorine chemistry in 2003-04. The focus has been to leverage the Company's expertise to produce intermediates and advanced intermediates, which are used to manufacture Active Pharmaceutical Ingredients (APIs) and agrochemicals by its customers. Fluorine-based specialty chemicals are finding increasing usage in the fields of agrochemicals, pharmaceuticals and performance products.

To take on the process development for new molecules at the scale necessary to support the Business' growth plans, the strength of R&D and process engineering have been significantly augmented, in terms of people, infrastructure and management. Today, a number of projects are in various stages of construction, with production expected to commence from the fourth quarter of 2011-12 at the new site at Dahej in Gujarat. The Business is closely engaged with buyers for most of these products.

Engineering Plastics

Engineering Plastics, a group of polymers comprising polyamides (N6 & N66), Poly Butylene Terephthalate (PBT) and Poly Carbonate (PC), achieved the highest ever sales volumes thereby increasing its market share. The performance was mainly driven by the Automotive and the Electrical industries, the user segments of engineering plastics. The margins, however, remained under pressure due to a competitive market situation.

SRF started a dedicated product development center during the year which helped it reduce



the 'time to market' and take up some key product development projects. The Business continued to enhance its skills in R&D and new product development, thereby reducing the cost of processing and developing high end grades. The Company not only developed poly carbonate-based engineering plastics but also commercialised the polymer successfully.

Outlook

The Chemicals Business has been re-inventing itself over the previous few years. From being a commodity player in the refrigerant gas space, this business is rapidly expanding into specialty fine chemicals, deriving value from leading-

edge R&D and intellectual property, rather than low-cost production alone.

The commodity product portfolio is also evolving and focusing on producing and delivering new-generation HFCs and HFC blends to the market, instead of CFCs and HCFCs. The business believes this evolution to be both necessary and welcome, and will position the Company optimally for the next stage of growth, in both commodities and specialty fine chemicals.

During 2012-13, the business will increase HFC-134a production capacity, and set up new production facilities for multi-purpose chemicals at Dahej, in Gujarat, which will be the site of choice for most new investments.

Management Discussion and Analysis

In fluorospecialties too, the business will set up new projects every year at Dahej in Gujarat, thereby building the product portfolio, reputation and credibility with the global agrochemical and pharmaceutical majors who are the key customers.

The Engineering Plastics business will continue to be driven by the automobile and the electrical sectors. Although the prevailing competitive situation may adversely impact margins, the increased per capita consumption is expected to grow in the years to come. The Company is confident of enhancing its dominant position in the market by leveraging its customer-centric approach and using its product development capability. The company also plans to enter some international markets in the coming year.

Packaging Films Business

2010-11 witnessed a major tightening of the demand-supply balance both in domestic and international markets. This led to a significant increase in margins catapulting the business profitability manifold. However, with the announcement of a ban on plastic laminates in Gutka packaging by the Supreme Court of India, the domestic market size shrunk by approximately 30 per cent towards the year end leading to a fall in margins/ profitability. Overall, the business EBIT grew from Rs. 40.99 Crore in 2009-10 to Rs. 347.93 Crore in 2010-11.

While the resin plant was commissioned successfully, a fire broke out in a part of the plant which caused a three month



shut-down. Operationally, both the plants at Indore ran to full capacity and the Kashipur plant ran mostly on thick film.

On the growth front, the Business went ahead with the announcement of two major investments, one line each of a BOPET film in Bangladesh and BOPP film in South Africa.

Outlook

With the ban on usage of plastics in *gutka* laminates and large number of expansions coming up in India and globally, FY 2011-12 is expected to be a year where supply will exceed demand and there will be a pressure on margins.

SRF's strategy for the year will be to focus on increasing exports especially to the developed world where the margins are relatively less volatile, launch value added products and to prepare the business for global expansions. Although we witnessed cyclicalities in this business, the long term prospects are encouraging.

Research & Development

SRF's Chemicals R&D is actively engaged in development of many new molecules at its Bhiwadi and Chennai R&D centers. The Pilot plant at Bhiwadi is being used to generate data to scale up laboratory process to commercial level. The Pilot plant is also producing adequate quantities for trial batches at our customers' end. Based on processes developed in-house, three commercial plants are coming up at our new site in Dahej, Gujarat.

The R&D centre of the TTB is located at Manali, Tamil Nadu. It is equipped with state-of-the-art facilities including pilot plants and testing laboratories and is used for development of new products and new processes in the field of technical textiles. Products from these activities have been used by a leading European manufacturer as well as for in-house consumption. Besides, several research projects are in progress with leading Indian and overseas academic and research institutes.

EP has also enhanced its R&D capabilities by building a dedicated product development center in Chennai and enhanced its application development capabilities to fuel growth and help increase plastic consumption in various applications.

Human Resources

During the year, the Human Resources function continued to provide strategic assistance to the organisation in line with the Strategic Roadmap of the HR function for the larger company. Some of the important initiatives that we embarked upon in this year included introduction of a Management Training Scheme, Succession Planning for some key positions in the organisation and revamping of the entire People Development System. These projects are currently under implementation.

The overseas units acquired by SRF in the recent past were further integrated with the mainstream company through introduction of policies and extension of the Performance Management System to the South Africa and Thailand operations of SRF.

Work continued on other initiatives of strategic importance, including roll-out of the Organisational Values, and strengthening co-operation between businesses and corporate functions. An important landmark was the recommendations presented by the function on how to optimally manage multiple businesses operating at a single location, which is a problem faced by numerous organisations, but has not been successfully tackled by many.

At the operational level, the Human Resources Information System (HRIS) was further strengthened and calibrated, and work is underway to extend this functionality to the non-management staff of SRF as well.

SRF conducted an Employee Satisfaction Survey internally, which showed an overall employee satisfaction level of close to 80 per cent, and showed a marked improvement on some factors of importance over the last survey conducted in 2008-09. The attrition figures

Management Discussion and Analysis

for Officers for the last year stood at 14 per cent, which was in line with the industry average.

Two of our Corporate Leadership Team members were recognised for their contribution to the function by external agencies. Our President-HR, Mr Suresh Tripathi was conferred the '*HR Leadership Award*' by Asia Pacific HRM Congress while our President & Chief Financial Officer, Mr Rajendra Prasad was honoured with the prestigious *CFO Roll of Honour* by CFO India, a well-known magazine for Finance professionals.

Over the years, SRF's Problem Solving Programme has strengthened, with nearly one-third of the organisation enrolled in a capability building Basic level certification program, and one-half of these being certified. A select group is also certified at the advanced "Silver" level of problem solving, that is equivalent to a Six Sigma Black Belt certification in the external world. Together with non-manufacturing improvements which integrate Lean methodologies for efficiency and speed, your company benefited through significant cost savings and better realisations across the businesses. The processes thus improved also enabled a much higher quality of day-to-day management of the business.

Last year also saw the creation of a first-time online knowledge repository for TQM in SRF. Deep knowledge gained through two decades of application of TQM methodologies is now accessible to every employee in the organisation, thereby enabling faster proliferation of best practices.

People participation in the improvement journey has been core to TQM's success. SRF's participation through papers in the International Quality Congress – ANQ 2010 (Asian Network for Quality) received significant acclaim in the external world. In addition, SRF teams from across the businesses won nearly 100 accolades in national and international QC circle conventions, with a large number of excellence and par-excellence commendations.

With SRF now expanding its global footprint with greenfield projects, the TQM way will be instrumental in creating both the foundation at new sites and enable smooth and quick start up of projects. The management firmly believes that everyone using TQM everyday in one's own work is a great enabler for raising the organisation's capability.

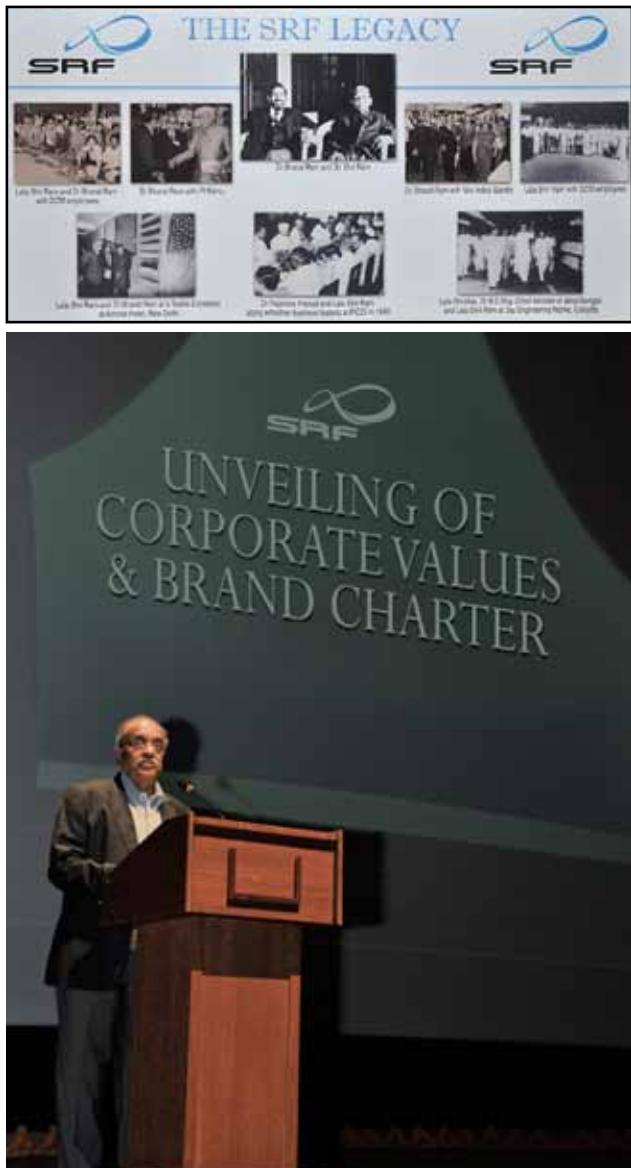


Total Quality Management

The year 2010-11 saw significant progress on all three pillars of SRF's management way – the customer angle, process improvements and people participation and capability. New products and variants were introduced in many businesses, through the establishment of product & process development processes. The company will continue to focus on improving upstream management methodology and project management, the initiative that started in the previous year.

Information Technology

2010-11 was a year of consolidation for IT in SRF. The company conducted an IT Application portfolio analysis to determine which IT applications required to be expanded and which ones to be retired. SRF horizontally deployed many beneficial applications to other businesses to derive more value from its IT investments. The usage levels were explored



and where required necessary steps were taken to improve adoption through system modification and training solutions.

SRF expanded to Dahej this year and the IT team ensured that the necessary IT infrastructure and SRF core applications were extended to the new site in a timely manner. In a short time span of 4 months this new site was networked and brought up to the SRF level of IT systems and applications.

The company continued on its journey on knowledge management and retention by setting up more collaboration and documentation websites. This leverages the latest developments in IT and communications technologies, essential for bringing about a change in the way the company works with information and collaborate across geographies. It also reduces time to seek and extract information. Alongside, a statutory compliance management solution was developed to keep track of all critical compliances.

The company also redesigned and deployed the SRF website which is a window to SRF for many stakeholders. The new website has a much improved look with pertinent content and the navigation is much easier. This also provides a wealth of information about SRF to our shareholders.

Brand Building Initiatives

SRF unveiled a number of programmes during the year as part of its corporate brand building efforts. To begin with, the company created and communicated its brand charter that defines what SRF does, what it stands for and what makes it unique. The company also created a new tagline, '*We always find a better way*' in order to make it more relevant and meaningful for its entire global workforce. The new tagline replaced the existing one, '*Making our nation proud*'. Among other initiatives SRF developed a new signature tune, a new corporate brochure, an audio-visual on revised organisational values, and a revamped website. These initiatives have clearly generated a wave of excitement all around which has reinforced employees' pride of association with the company.

Management Discussion and Analysis

Community Partnerships

Building on its century-old legacy of socially responsible business and philanthropy SRF continues to contribute towards improving the quality of life for its people in the surrounding communities. The company carried on with its commitment of making a meaningful difference in the areas of health, education, natural resource management and affirmative actions on a sustainable basis. Through its social arm, SRF Foundation, the company continued to provide access to high quality education to students from both the privileged and less privileged backgrounds. The company through a unique public-private-community partnership (PPCP) model partnered with other corporates, government agencies, NGOs, employee volunteers, and the community at large for many of its community development projects.

Apart from organising many health camps, HIV/AIDS awareness programmes and vocational training programmes, SRF undertook several other community development initiatives under the following programmes during 2010-11:

Natural Resources Management (NRM) Project: The project, which benefits more than 3500 families covering 34 villages, aims at enhancing livelihood options by harnessing underutilised land and water resources for the rural poor.

Mewat Rural Education Programme (MREP): Started in December 2009 in collaboration with the Government of Haryana, MREP aims to provide holistic improvement in 25 primary and 15 Middle schools in 19 villages of Nuh block in Mewat District.

Project Shiksha: The project aims to strengthen the primary education through mainstreaming of out-of-school children living in the vicinity of Bhiwadi where the company's chemical plant is located. The focus is on girl child education.

School Infrastructure Development: During the financial year, a primary school in the village of Bibi Pur, near SRF's Bhiwadi factory was renovated in partnership with Charity Aid Foundation (CAF) and its NGO partner SARD under the "Support My School Campaign" of NDTV India.

Community Health programme: More than 350 patients were benefited from the cataract identification and operation camp that the company had organised in association with the All India Institute of Medical Sciences (AIIMS), New Delhi.

Vocational College: The Company set up a vocational college in Chennai during the year, which is now ready to train and develop skilled manpower for the Industry. The venture is also meant to improve the employability of the youth.

Sri-Sambandh: As part of this outreach programme, SRF provides customised academic services to the partners who run educational programmes for deprived children.





MoUs for New Schools: The SRF Foundation on behalf of The Shri Ram School entered into an MOU with the Haryana Government and the Police Department of Haryana to set up and run Dr. Sarvepalli Radhakrishnan School in Bhiwani and co-run a new school in Bhondsi. The foundation also entered into an MoU during the year to provide academic services to Sanskar Valley School in Bhopal, Madhya Pradesh.

Awards and Recognitions

- SRF's Chemicals Business was conferred the prestigious 'CII-ITC Sustainability Award-2010' consecutively for the third year for its endeavor towards sustainable economic, environmental and social development.
- SRF CB was felicitated by the District Education Department, for its contribution in strengthening primary education in rural areas of Dist Alwar, Rajasthan.
- A consortium of Netherlands based CSOs, have selected our NRM project, only in Asia, as a unique example of NGO-Business Partnership and the case was show-cased at a learning event at Erasmus University, Rotterdam.
- NRM project model was also presented at the ANQ Congress held in Noida near Delhi in October, 2010.
- In November 2010, a delegation of international youth from different countries visited our factory to get an exposure to our Workplace Intervention Program on HIV/AIDS.

Internal Control Systems and Adequacy

The Company believes that Internal Control is a necessary concomitant of the principle of Governance. It remains

committed to ensuring an effective Internal Control environment that provides assurance to the Board of Directors and the management that there is a structured system for:

- business planning and achievement of goals
- evaluating & managing risks
- ensuring reliability of financial and operational reporting
- ensuring legal and regulatory compliance
- protecting company's assets
- prevention and detection of fraud and error
- validation of IT security

Interrelated control systems, covering all financial and operating functions, assure fulfillment of these objectives. Significant features of these control systems include:

- the planning system* that ensures drawing up of challenging goals and formulation of detailed strategies and action plans for achieving these goals
- the risk assessment system* that accounts for all likely threats to the achievement of the plans, and draws up contingency plans to mitigate them.
- the review systems* track the progress of the plan and ensure that timely remedial measures are taken, to minimise deviations from the plan.

The Company uses Enterprise Resource Planning (ERP) supported by in-built controls that ensures reliable and timely financial reporting. Well-established & robust internal audit processes, both at the Corporate and the Business Levels, continuously monitor the adequacy and effectiveness of the Internal Controls and status of compliance with operating systems, internal policies and regulatory requirements. All Internal Audit findings and financial and audit control systems are periodically reviewed by the Audit Committee of the Board of Directors which provides strategic guidance on Internal Controls.

Management Discussion and Analysis

The Company also has a robust & comprehensive framework of Control Self Assessment (CSA) which continuously verifies compliance with laid down policies & procedures and help plug control gaps.

Risk Management

The objective of SRF's risk management framework is to identify emerging challenges that may adversely affect the Company, and manage risks in order to provide reasonable assurance for achieving the company's objectives. The Board of Directors is apprised of the developments in risk management in the Company on a periodic basis.

Strategic Risks

Strategic plans for the Company's businesses take into account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. Annual plans that are drawn up consider the risks that are likely to impact the Company's objectives in that year, and the counter-measures put in place. All major new project proposals include a view on risks and counter-measures, at the time of evaluation. Appropriate structures have been put in place to proactively monitor and manage risks.

Operational Risks

SRF has a combination of well documented Centrally issued policies & divisionally evolved procedures to manage operational risks. The Company has a well-defined delegation of power and relies on a TQM system of control points, comprehensive budgetary controls and review systems to monitor its operations. In addition, internal audits verify compliance to defined policies and procedures.

Financial Risks

With a diverse business portfolio, SRF is exposed to numerous financial risks. These primarily emanate from foreign currency exchange risk from exports of its products, imports of raw material and capital goods and

servicing of foreign currency debt. The management of opportunities and risks at SRF is an integral part of the corporate governance system, not the task of one particular organisational unit. Key elements of the risk management system are the planning, budgeting, review and reporting and control processes.

SRF follows a conservative foreign exchange risk management policy to minimise or eliminate the risks associated with operating activities. The products used are mainly over-the-counter instruments at market quoted pricing, particularly forward exchange contracts, foreign currency options and interest-rate swaps, which are concluded with banks of repute.

The Company has laid down detailed policy guidelines to deal with all aspects of financial risks viz. liquidity risks, credit risks and market risks.

Information Technology Risks

The company has setup adequate redundancy at the hardware and software levels in the mission critical information systems like the ERP to keep business going in the event of any disruption. As an additional precaution, regular backup of data is taken to prevent any data loss in these critical applications.

Cautionary Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. SRF cannot be held responsible in any way for such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



corporate governance report

Philosophy of the Company on Corporate Governance

For SRF Limited (SRF), good corporate governance means adoption of best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The adoption of such corporate practices — based on transparency and proper disclosures — ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

Table 1: Composition of the Board of Directors of SRF

Sl. No.	Name of Director	Category of Director	No. of other Directorships*	No. of Board-Level Committees where Chairperson or Member	
				Chairperson	Member
1	Mr Arun Bharat Ram	Executive Chairman, Promoter	8	-	3
2	Mr Ashish Bharat Ram	Executive, Promoter	4	1	1
3	Mr Kartikeya Bharat Ram	Executive, Promoter	3	-	1
4	Mr K Ravichandra	Executive	-	-	1
5	Mr S P Agarwala	Independent	1	1	3
6	Mr M V Subbiah	Independent	2	1	-
7	Mr Satish K Kaura	Independent	6	-	4
8	Mr Vinayak Chatterjee	Independent	1	1	2
9	Mr Subodh Bhargava	Independent	10	3	5
10	Mr Piyush G Mankad	Independent	12	2	8

Mr Arun Bharat Ram is the father of Mr Ashish Bharat Ram and Mr Kartikeya Bharat Ram.

* Directorship in Foreign companies, Indian private limited companies and companies under Section 25 of the Companies Act, 1956 are not included.

Independent Directors on the Board are Non-Executive Directors who:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company or its subsidiaries and associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the Company in the immediately preceding three financial years
- Are not partner or executive or were not partner or an executive during the preceding three years of any of the following:
 - Statutory audit firm or the internal audit firm that is associated with the Company

- Legal firm(s) and consulting firm(s) that have a material association with the Company
- Are not material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the Director
- Are not a substantial shareholder of the Company i.e. do not own two percent or more of the block of voting shares
- Are not less than 21 years of age

As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

Number of Board Meetings

During 2010-11, the Board of Directors met six times on 7 May 2010, 23 July 2010, 20 September 2010, 26 October 2010, 20 January 2011 and 26 February 2011. The gap between any two Board Meetings did not exceed four months. Table 2 gives the details.

Table 2: Board Meeting Attendance Record of the Directors in 2010-11

Name of the Director	Number of Board Meetings Held	Number of Meetings Attended	Attended Last AGM?
Mr Arun Bharat Ram	6	6	Yes
Mr Ashish Bharat Ram	6	6	Yes
Mr Kartikeya Bharat Ram	6	5	Yes
Mr S P Agarwala	6	6	Yes
Mr K Ravichandra	6	4	Yes
Mr Vinayak Chatterjee	6	5	Yes
Mr Satish K Kaura	6	5	Yes
Mr M V Subbiah	6	4	Yes
Mr Subodh Bhargava	6	5	Yes
Mr Piyush G Mankad	6	6	Yes

Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors of SRF Limited and Table 4 gives details of Service Contracts

Table 3: Remuneration Paid or Payable

(Rs/lakhs)

Name of Director	Salary	Sitting Fees ⁺	Perquisites	Provident Fund & Superannuation [@]	Commission (Provided)	Total
Mr Arun Bharat Ram	132.00	-	75.00	35.64	225.00	467.64
Mr Ashish Bharat Ram	72.00	-	35.00	19.44	125.00	251.44
Mr Kartikeya Bharat Ram	66.00	-	24.60	17.82	125.00	233.42
Mr S P Agarwala	-	2.45	-	-	5.00	7.45
Mr K Ravichandra	4.08	-	2.92	-	-	7.00
Mr Vinayak Chatterjee	-	1.60	-	-	5.00	6.60
Mr Satish K Kaura	-	0.70	-	-	5.00	5.70
Mr M V Subbiah	-	0.80	-	-	5.00	5.80
Mr Subodh Bhargava	-	1.00	-	-	5.00	6.00
Mr Piyush G Mankad	-	1.20	-	-	5.00	6.20
Total	274.08	7.75	137.52	72.90	505.00	997.25

+ Includes sitting fee for attending the meetings of the Board of Directors and Committee Meetings including non statutory Committees of Directors

@ Having regard to the fact that there is global valuation for Company as a whole for compensated absences and for contribution to gratuity fund, the amount applicable to an individual is not ascertainable and hence not included above

Table 4: Details of Service Contracts

Name of Director	Tenure	Notice Period	Severance Fee
Mr Arun Bharat Ram	5 years w.e.f. 15.06.2008	6 months by either party	Nil
Mr Ashish Bharat Ram	5 years w.e.f. 23.05.2010	3 months by either party	Nil
Mr Kartikeya Bharat Ram	5 years w.e.f 01.06.2011 subject to shareholders' approval	3 months by either party	Nil
Mr K Ravichandra	3 years w.e.f. 01.10.2009	3 months by either party	Nil

Shareholding of Non-Executive Directors

Table 5 gives details of the shares held by the non-executive Directors as on 31 March 2011.

Table 5: Equity Shares Held by Non-Executive Directors as on 31 March 2011

Name of Director	Category	Number of Equity Shares Held
Mr S P Agarwala	Independent	-
Mr M V Subbiah	Independent	3,000
Mr Satish K Kaura	Independent	-
Mr Vinayak Chatterjee	Independent	-
Mr Subodh Bhargava	Independent	-
Mr Piyush G Mankad	Independent	-

The Company has not issued any convertible securities to any Director

Corporate Governance Report

Information Supplied to the Board

The Board has complete access to all information with the Company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the audit committee and other committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business

- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of your Company's unlisted subsidiary companies except the foreign subsidiaries and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct is available on the website of the Company, www.srf.com. All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimisation procedures. These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

Committees of the Board

a) Audit Committee

As on 31 March 2011, the Audit Committee of SRF comprises five Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement.

During 2010-11, the Audit Committee of SRF met five times on 7 May 2010, 23 July 2010, 20 September 2010, 26 October 2010 and 20 January 2011. Table 6 gives the attendance record of Directors who are members of the Audit Committee.

Table 6: Attendance Record of Audit Committee Meetings during 2010-11

Name of Director	Category	Number of Meetings Held	Number of Meetings Attended
Mr M V Subbiah	Independent	5	3
Mr Vinayak Chatterjee	Independent	5	5
Mr S P Agarwala	Independent	5	5
Mr Subodh Bhargava	Independent	5	4
Mr Piyush G Mankad	Independent	5	5

All the members of the Audit Committee are financially literate while Mr M V Subbiah, Chairman of the Audit committee, a known industrialist, is an accounting and financial management expert. Mr Anoop K Joshi, Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of annual internal audit plan, review of financial reporting systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal and cost auditors, recommendation

for appointment and remuneration of statutory auditors and cost auditors.

In addition, the Committee also reviews:

- a. Management's discussion and analysis of Company's operations
- b. Periodical internal audit reports
- c. Letters of statutory auditors to management on internal control weakness, if any
- d. Statement of significant related party transactions
- e. Financial statements, in particular, investments made by the subsidiary companies
- f. Risk framework

b) Remuneration Committee

As on 31 March 2011, SRF's

Remuneration Committee comprised three Directors all of whom are independent.

During 2010-11, the Remuneration Committee met on 25 February 2011. Table 7 gives the attendance record of Directors who are members of the Remuneration Committee.



Table 7: Attendance Record of Remuneration Committee Meetings during 2010-11

Name of Director	Category	Number of Meetings Held	Number of Meetings Attended
Mr Satish K Kaura (Chairman)	Independent	1	1
Mr S P Agarwala	Independent	1	1
Mr Vinayak Chatterjee	Independent	1	1

Corporate Governance Report

The terms of reference of Remuneration Committee are to approve/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

c) Shareholders'/Investors' Grievance Committee

As on 31 March 2011, SRF's Shareholders'/Investors' Grievance Committee comprised five Directors—three executive Directors and two non-executive Directors. The Chairman of the Committee is Mr S P Agarwala, an independent Director.

Mr Anoop K Joshi, Company Secretary, is the Compliance Officer. To expedite the process of transfer, Mr Anoop K Joshi, Company Secretary has been

authorised by the Board to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one case.

As on 31 March 2011, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 8 gives data on the shareholder/investor complaints received, and redressed, during the year 2010-11.

Table 8: Shareholder and Investor Complaints Received and Redressed During 2010-11

Total Complaints Received	Total Complaints Redressed	Pending as on 31 March 2011
465	465	Nil

Management

Management Discussion and Analysis

This is given as a separate chapter in this Annual Report.

Disclosure Requirements

- Disclosures on materially significant related party transactions are given at note no. 7 in the Notes to Accounts
- The Company has followed the Accounting Standards notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements
- The Company has complied with the regulations issued by SEBI and terms and conditions of Listing Agreement with the Stock Exchanges
- In compliance with the SEBI regulations on prevention of insider trading, the Company has laid down a comprehensive Code of Conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations

CEO/CFO certification

The Certificate in compliance with Clause 49(V) of the Listing Agreement was placed before the Board of Directors.

Shareholders

Reappointment/Appointment of Directors

S P Agarwala and Vinayak Chatterjee, Directors are retiring by rotation and being eligible, offer themselves for re-appointment.

The present tenure of service contract of Kartikeya Bharat Ram, Deputy Managing Director is upto 31 May 2011. Kartikeya Bharat Ram has been re-appointed as Deputy Managing Director for a period of 5 years w.e.f. 1st June 2011 subject to approval by shareholders at ensuing Annual General Meeting.

Brief resume of these Directors are given in the Notice of the 40th Annual General Meeting.

Means of Communication with Shareholders

Quarterly and annual results of SRF are published in two major national dailies, generally Business Standard (in

English) and Jansatta (in Hindi). In addition, these results are posted on the website of the Company, www.srf.com. The website also contains other information regarding SRF available in the public domain.

SRF communicates with its institutional shareholders through analysts briefing and individual discussions between the fund managers and the management team. The presentation, if any, made to analysts and funds managers is posted on the Company's website.

Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 9.

Table 9 : Last three AGMs of the Company

Year	Location	Date	Time	No. of Special Resolutions Passed
2007-08	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	25th July, 2008	3.30 P.M.	1
2008-09	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	28th July, 2009	2.30 P.M.	1
2009-10	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	23rd July, 2010	3.30 P.M.	Nil

Postal Ballot

During the year, no resolution was passed through Postal Ballot.

Compliance

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

Adoption of Non-Mandatory Requirements

A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement. The Committee decides/recommends to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

Additional Shareholder Information

40th Annual General Meeting

Date: 28th July, 2011

Time: 3.30 P.M.

Venue: Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016

Tentative Financial Calendar for Results, 2011-12

First Quarter	Fourth week of July 2011
Second Quarter	Third week of October 2011
Third Quarter	Third week of January 2012
Fourth Quarter and Annual	Second week of May 2012

Book Closure Date

The Share Transfer Register of SRF will remain closed from Friday, 15th July, 2011 to Friday, 22nd July, 2011 (both days inclusive).

Corporate Governance Report

Interim Dividend Payment Date

Two interim dividends each of Rs. 7 per share (70 per cent) on the paid up capital of the Company absorbing Rs. 98.77 crores (approximately) were paid on 15 November 2010 and 14 March 2011 respectively.

Listing on Stock Exchanges in India

SRF's shares are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. The Company has paid the listing fee to both BSE and NSE for the year 2011-12. The Stock Codes are:

Bombay Stock Exchange	503806
National Stock Exchange	SRF

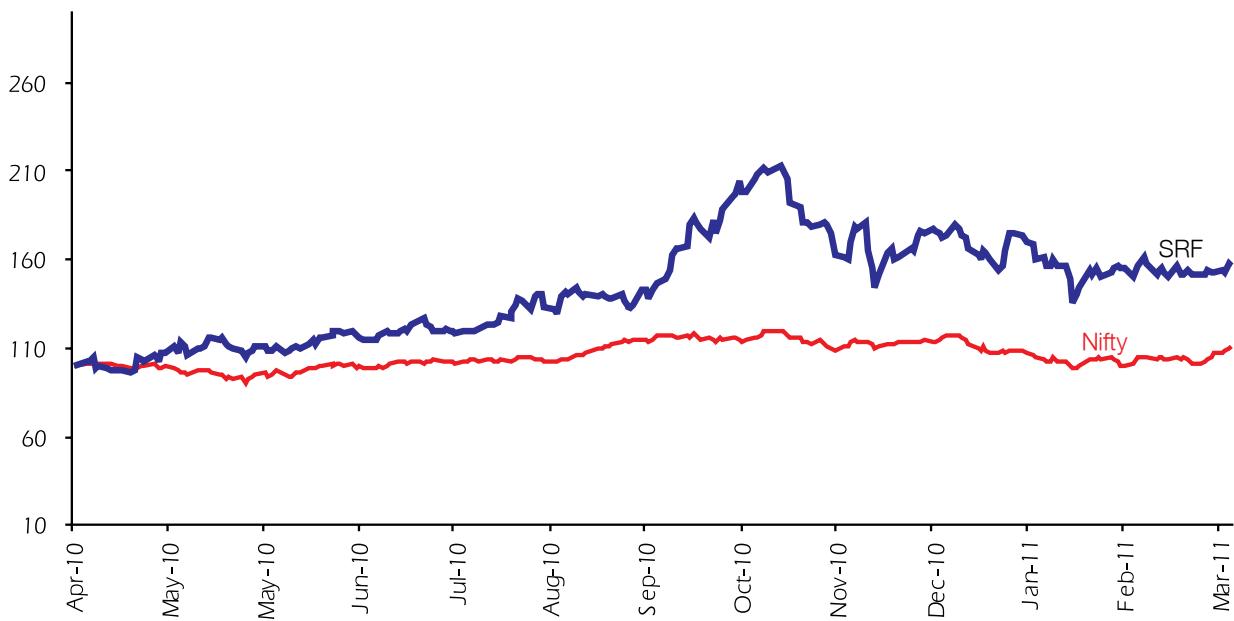
Stock Market Data

Table 10 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2010-11.

Table 10: Monthly Highs and Lows and Volumes Traded at the BSE and NSE during 2010-11

Year 2010-11	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos)	High (Rs)	Low (Rs)	Volume (Nos)
April	221.90	193.05	35,05,593	222.40	193.70	63,84,723
May	242.85	209.00	61,45,828	243.20	210.50	1,15,68,204
June	252.00	217.00	21,88,974	251.30	200.25	40,80,029
July	262.00	227.30	20,84,662	261.95	228.20	45,61,019
August	299.65	239.50	18,89,161	299.00	240.00	44,91,370
September	295.55	266.00	18,16,159	295.70	265.60	44,40,461
October	417.00	289.10	45,45,422	417.50	290.20	1,04,95,255
November	444.30	320.15	14,40,166	444.00	320.05	44,65,804
December	378.20	281.55	22,59,599	377.70	281.50	53,27,732
January	373.90	309.00	22,17,481	384.00	306.00	46,29,463
February	333.95	272.00	8,40,753	333.70	272.20	22,67,264
March	333.40	302.00	7,27,689	333.15	295.00	20,57,065

Chart 1: Share prices of SRF Limited versus Nifty for the year ended 31 March 2011



Note: Both Nifty and SRF share prices are indexed to 100 as on 1 April 2010

Registrar and Share Transfer Agents

M/s Kary Computershare Private Limited, Hyderabad are the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares.

Share Transfer System in Physical Mode

Share certificates sent for transfer are received at the Registered Office/ Corporate Office of the Company or the office of Kary Computershare Private Limited. All valid transfer requests are processed. To expedite the process of share transfer, Mr Anoop K Joshi, Company Secretary has been authorised to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one

case. For the cases for shares above 1,000, the Shareholders'/ Investors' Grievance Committee meets to approve valid transfer requests. After transfer, the physical shares are sent to the shareholders.

The total number of shares transferred in physical form during the period from 1 April 2010 to 31 March 2011 was 35,642.

Depository System

Shareholders can trade in the Company's shares only in electronic form. The process for getting the shares de-materialised is as follows:

- Shareholder submits the shares certificate along with De-materialisation Request Form (DRF) to Depository Participant (DP)

- DP processes the DRF and generates a unique Dematerialisation Request No
- DP forwards the DRF and share certificates to the Registrar and Share Transfer Agent (RTA)
- RTA after processing the DRF confirms or rejects the request to Depositories
- If confirmed by the RTA, depositories give the credit to shareholder in his /her account maintained with DP

This process takes approximately 10-15 days from the date of receipt of DRF.

As the trading in the shares of the Company can be done only in the electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialised.

Corporate Governance Report

Dematerialisation of Shares as on 31 March 2011

There were 40,741 shareholders holding 5,83,45,518 shares in electronic form. This constitutes 96.44 per cent of the total paid-up share capital of the Company.

Distribution of Shareholding as on 31 March 2011[@]

Table 11 gives the distribution of shares according to shareholding class, while Table 12 gives the distribution of shareholding by ownership.

Table 11: Pattern of Shareholding by Share Class as on 31 March 2011

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	58865	92.95	6041223	9.98
501 – 1000	2505	3.96	1905592	3.15
1001-2000	996	1.57	1498194	2.48
2001-3000	285	0.45	731744	1.21
3001-4000	156	0.25	557215	0.92
4001-5000	119	0.19	560499	0.93
5001-10000	192	0.30	1374909	2.27
10001 and above	209	0.33	47834204	79.06
Total	63327	100.00	60503580	100.00

Table 12: Pattern of Shareholding by Ownership as on 31 March 2011

Category	Shareholding	
	Number of Shares Held	Shareholding %
Promoters	28702113	47.44
Mutual Funds & UTI	5051177	8.35
Banks, Financial Institutions, Insurance Companies	2344103	3.87
Central Government/State Government	0	0
Foreign Institutional Investors	8001882	13.23
Private Corporate Bodies	3034465	5.02
Indian Public	12927630	21.37
NRIs / OCBs	390471	0.65
Others (including shares in transit)	51739	0.09
Total	60503580	100.00

@ Including holdings by NSDL and CDSL

Outstanding GDRs/ ADRs/ Warrants or Any Convertible Instruments, Their Conversion Dates and Likely Impact on Equity

As on 31 March, 2011, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments

Corporate Governance Report

Plant Locations

Technical Textiles Business	Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu Industrial Area, Malanpur, Distt. Bhind - 477116, MP Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Distt. Thiruvallur - 601 201, Tamil Nadu Viralimalai, Distt. Pudukkottai - 621 316, Tamil Nadu Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udhampur Singh Nagar, Uttarakhand Villages Navaneethakrishnapuram, Melakalangal, Thiruvambalapuram, Distt. Tirunelveli, Tamil Nadu
Chemicals and Polymers Business	Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu Plot No. 14 C, Sector 9, IIE Panthagar, Distt. Udhampur Singh Nagar, Uttarakhand DII / I GIDC. PCPIR, GIDC Phase II, Tal Vagra, Vill. Dahej, Dist Bharuch, Gujarat
Packaging Films Business	Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udhampur Singh Nagar, Uttarakhand Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pitam Pur, Distt. Dhar, Indore, Madhya Pradesh

Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent
C-8, Commercial Complex Safdarjung Development Area New Delhi 110 016 Tel. No: (+91-11) 26857141 Fax No: (+91-11) 26510428	Block C, Sector 45 Gurgaon 122 003 Tel No: (+91-124) 4354400 Fax No: (+91-124) 4354500 E-mail: ajoshi@srf.com	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad 500081 Tele No: (+91-40) 4465 5000 Fax: (+91-40) 2342 0814 E-mail: einward.ris@karvy.com

Declaration Regarding Code of Conduct

I, Ashish Bharat Ram, Managing Director of SRF Limited declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended 31 March 2011.

Ashish Bharat Ram
Managing Director

Date: 9 May 2011
Place: Gurgaon

financials



Auditors' Report

To The Members of SRF Limited

1. We have audited the attached Balance Sheet of SRF LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. 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 those books;
 - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 015125N)

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 9, 2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business / activities / result, paragraphs 4 (x) and (xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii. In respect of its inventory:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - a. The Company has not granted any loans during the year. At the year end, the outstanding balance of loan is Rs. Nil and the maximum amount involved during the year is Rs. 606.02 lakhs in respect of unsecured loan granted to a wholly owned subsidiary in the previous year.
 - b. The rate of interest and other terms and conditions of such loan are, in our opinion, prima-facie, not prejudicial to the interests of the Company.
 - c. The receipts of principal amounts and interest have been regular/ as per stipulations.
 - d. There are no overdue amount in respect of loan granted as referred to in paragraph (iii)(a) above and interest thereon.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- v. According to the information and explanations given to us and having regard to the view taken by the Company that the transactions, which are subjected to the provisions of sub-section (6) of section 299 of the Companies Act, 1956 ("the Act"), are not required to be entered in the register maintained in pursuance of section 301 of the Act, there were no transactions during the year that were required to be entered in this register. Notwithstanding the Company's view regarding the provisions of sub-section (6) of section 299 of the Act in respect of certain transactions, exceeding the value of Rs. 5 lakhs entered into during the year with parties listed under the provisions of sub-section (3) of section 301 of the Act, these have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public which have matured and are being reflected under "Unclaimed fixed deposits (including interest)". According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- vii. In our opinion, the internal audit functions carried out during the year by the Company and firms of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of "nylon" and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- ix. According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues that are outstanding at the year-end for a period of more than six months from the date they became payable.
 - The details of dues of Income-tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. lakhs)
Central Excise Laws	Excise Duty	High Court	1996-1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1983-2008	6046.97
		Upto Commissioner (Appeals)	1992-2008	278.46
Service Tax Laws	Service Tax	High Court	2006	2.50
		Upto Commissioner (Appeals)	2005-2010	241.49
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004-2006	45.43
		Upto Commissioner (Appeals)	1998-2005	29.23
Sales Tax Laws	Sales Tax	High Court	2007-2008	673.30
		Sales Tax Appellate Tribunal	1987-2008	102.28
		Upto Commissioner (Appeals)	1988-2010	37.74
Income Tax Laws	Income-tax	Commissioner (Appeals)	2006-2007	26.53
Others	Electricity Cess	High Court	2007-2008	6.00

* amount as per demand orders including interest and penalty wherever quantified in the Order.

The following matters, which have been excluded from the above table, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Annexure to the Auditors' Report

Name of the statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs. lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994-2001	162.55
		High Court	1994-1999	131.35
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989-1995	223.61
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005	7.05
Sales Tax Laws	Sales Tax	High Court	1995-1996	158.84
		Rajasthan Tax Board	2001-2002	22.43

- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- xi. As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order, is not applicable.
- xii. As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order, is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by wholly owned subsidiaries from banks are not, *prima-facie*, prejudicial to the interests of the Company.
- xiv. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xv. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long - term investment.
- xvi. As the Company has not made any preferential allotment of shares during the year, paragraph 4 (xviii) of the Order is not applicable.
- xvii. According to the information and explanations given to us, no security has been created for debentures issued during the year since they are unsecured.
- xviii. Since, the Company has not raised any money by way of public issue during the year, paragraph 4 (xx) of the Order, is not applicable.
- xix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 015125N)

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 9, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	6152.41	6152.41
Reserves and surplus	2	157848.12	120648.33
		164000.53	126800.74
Loan funds			
Secured Loans	3	70718.11	75019.36
Unsecured Loans		10498.58	18914.38
		81216.69	93933.74
Deferred tax liabilities (net)			
	4	20942.24	20591.14
		266159.46	241325.62
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	288698.46	270722.37
Less : Depreciation		108061.37	93548.44
Net block		180637.09	17173.93
Capital work in progress		14298.31	12707.43
		194935.40	189881.36
Investments			
	6	20189.87	16461.67
Current assets, loans and advances			
Inventories	7	43872.99	24903.10
Sundry debtors		44260.39	34022.93
Cash and bank balances		6385.53	6534.97
Loans and advances		15019.47	16729.76
		109538.38	82190.76
Less: Current liabilities and provisions			
Current liabilities	8	56100.66	44739.31
Provisions		2403.53	2468.86
		58504.19	47208.17
Net current assets			
		51034.19	34982.59
		266159.46	241325.62
Notes to the accounts			
In terms of our report attached	14		
For Deloitte Haskins & Sells			
Chartered Accountants			

Manjula Banerji
Partner

Place: Gurgaon
Date: May 9, 2011

Arun Bharat Ram
Chairman

Subodh Bhargava
Director

Ashish Bharat Ram
Managing Director

Rajendra Prasad
President & Chief
Financial Officer

Kartikeya Bharat Ram
Deputy Managing Director

Anoop K Joshi
Vice President & Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
INCOME			
Gross sales (including conversion income) *	9	326735.91	234432.24
Less : Excise duty		28129.64	16324.48
Net sales (including conversion income)		298606.27	218107.76
Other income	9	11956.16	6815.92
		310562.43	224923.68
* Includes tax deducted at source on conversion income - Rs. 0.03 lakhs (Previous Year - Nil)			
EXPENDITURE			
Raw materials consumed	10	163590.43	112710.65
(Increase) \ Decrease in stock	11	(4480.40)	(2617.32)
Purchases of goods for resale		1463.91	3641.66
Manufacturing and other expenses	12	58677.52	45867.26
Interest and finance charges	13	8392.30	6804.79
Depreciation	5	15210.10	13213.20
Transfer from revaluation reserve		(39.29)	(87.49)
		242814.57	179532.75
Profit before tax		67747.86	45390.93
Provision for taxation			
Current tax		18400.00	11850.00
Deferred tax charge		999.50	2483.87
Relating to earlier years		4.15	115.04
		48344.21	30942.02
Profit after tax		62713.76	48206.80
Balance brought forward from the previous year			
Profit available for appropriation		111057.97	79148.82
Appropriations			
Interim dividend		8470.50	8470.50
Corporate dividend tax		1406.84	1439.56
Transfer to general reserve		5000.00	3500.00
Debenture redemption reserve		3025.00	3025.00
		93155.63	62713.76
Balance carried to balance sheet			
Earnings per share - basic / diluted (Rs.)		79.90	51.14
(Refer note 8 of Schedule 14)			
Notes to the accounts	14		
In terms of our report attached			
For Deloitte Haskins & Sells			
Chartered Accountants			

Manjula Banerji Partner	Arun Bharat Ram Chairman	Ashish Bharat Ram Managing Director	Kartikeya Bharat Ram Deputy Managing Director
Place: Gurgaon Date: May 9, 2011	Subodh Bhargava Director	Rajendra Prasad President & Chief Financial Officer	Anoop K Joshi Vice President & Company Secretary

SCHEDULE 1: SHARE CAPITAL

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
AUTHORISED		
12,00,00,000 (Previous Year - 12,00,00,000)	12000.00	12000.00
Equity shares of Rs. 10 each		
10,00,000 (Previous Year - 10,00,000)	1000.00	1000.00
Preference Shares of Rs. 100 each		
12,00,000 (Previous Year - 12,00,000)	600.00	600.00
Cumulative Convertible Preference Shares of Rs. 50 each		
2,00,00,000 (Previous Year - 2,00,00,000)	20000.00	20000.00
Cumulative Preference Shares of Rs. 100 each		
	33600.00	33600.00
ISSUED		
6,64,49,244 (Previous Year - 6,64,49,244)		
Equity Shares of Rs.10 each	6644.92	6644.92
SUBSCRIBED AND PAID UP		
6,05,03,580 (Previous Year - 6,05,03,580)	6050.36	6050.36
Equity Shares of Rs. 10 each fully paid up		
Add: Forfeited shares - Amount originally paid up	101.51	101.51
Add: Share capital suspense	0.54	0.54
	6152.41	6152.41

Of the subscribed and paid-up capital - 20,34,848 (Previous Year - 20,34,848) equity shares allotted as fully paid up as bonus shares by capitalisation of reserves
Share capital suspense represents 5,408 (Previous Year - 5,408) equity shares which are awaiting allotment to the erstwhile shareholders of Flowmore Polysters Limited (FPL) pending settlement of calls in arrears in respect of their shareholding in FPL
Nil (Previous Year - 1,81,425) equity shares of Rs. 10 each fully paid up, bought back and extinguished in accordance with section 77A of the Companies Act, 1956

SCHEDULE 2: RESERVES AND SURPLUS

	As at March 31, 2010 (Rs. lakhs)	Additions (Rs. lakhs)	Deductions (Rs. lakhs)	As at March 31, 2011 (Rs. lakhs)
Securities premium account	5527.11	-	-	5527.11
Capital reserve	20955.12	71.16*	-	21026.28
Revaluation reserve	5649.89	-	39.29‡	5610.60
Capital redemption reserve	739.75	-	-	739.75
Debenture redemption reserve	6050.00	3025.00***	-	9075.00
Cash flow hedge reserve	1562.46	-	1298.95	263.51**
General reserve	17450.24	5000.00	-	22450.24
Surplus in profit and loss account	62713.76	30441.87	-	93155.63
	120648.33	38538.03	1338.24	157848.12

* Represents amount received pursuant to Montreal Protocol Phaseout Programme of Refrigerant Gases

** The cash flow hedge reserve represents gain on mark to market of foreign currency derivatives in the nature of cash flow hedge net of deferred tax of Rs. 128.76 lakhs (Previous Year - Rs. 777.16 lakhs)

*** Created during the year

Represents

- Rs. 39.29 lakhs transferred to profit and loss account

SCHEDULE 3: LOAN FUNDS

		As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
SECURED LOANS			
Debentures	(1)	15000.00	15000.00
Loans from banks			
On cash credit / working capital demand loan	2(i)	351.24	11226.76
Term loans*	2(ii) & (3)	55366.87	48792.60
		<hr/> 70718.11	<hr/> 75019.36
UNSECURED LOANS			
Short term loans and advances			
Banks		10498.58	18914.38
Others**		<hr/> -	<hr/> -
		<hr/> 10498.58	<hr/> 18914.38
		<hr/> 81216.69	<hr/> 93933.74

* Includes Rs. 26894.83 lakhs (Previous Year - Rs. 10356.99 lakhs) repayable within a year.

** Includes Nil (Previous Year - Nil) for Commercial Paper issued by the Company. The maximum amount due during the year is Rs. 2500 lakhs (Previous Year - Rs. 2500 lakhs)

SECURITY NOTE/CLAUSE

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
1. 1500 (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs. 10 lakhs each.	15000.00	15000.00	Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition, these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.
Terms and conditions			
a) Redeemable at face value in three annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4 th year from the date of allotment.			
b) Call option at the end of 3 rd year with step up of 0.5% p.a. if call option is not exercised.			
2. i) Cash credit / working capital demand loans	351.24	11226.76	Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.
ii) Term loan from banks	3626.70	-	

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
3. (i) Term loan from banks	47797.57	19591.17	<p>Term loans from banks are secured by:-</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand.</p> <p>Of the above, term loan of Rs. 46047.57 lakhs (Previous Year – Rs. 17403.67 lakhs) is additionally secured by hypothecation of Company's moveable properties both present and future, at Pantnagar in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidi poondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs. 5370.57 lakhs (Previous Year – Rs. 7102.17 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs. 3620.57 lakhs (Previous Year – Rs. 4914.67 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidi poondi (leasehold land) in the State of Tamil Nadu.</p> <p>Term Loan of Rs. 41997.57 lakhs (Previous Year – Rs. 12591.17 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructures) in the State of Madhya Pradesh.</p> <p>Term Loans of Rs. 38377.00 lakhs (Previous Year – Rs. 7676.50 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs. 12009.00 lakhs (Previous Year – Rs. 14676.50 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidi poondi (leasehold land) in the State of Tamil Nadu.</p>

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
			<p>b) Rs. 10259.00 lakhs (Previous Year – Rs. 12489.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs. 5800.00 lakhs (Previous Year – Rs. 7000.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).</p> <p>d) Rs. 9420.57 lakhs (Previous Year – Rs. 11914.67 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>e) Rs. 15629.57 lakhs (Previous Year – Rs. 19591.17 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.</p>
(ii) Term loan from banks	3942.60	29201.43	<p>Term loans from Banks are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loan of Rs. 38.01 lakhs (Previous Year – Rs. 114.79 lakhs) is additionally secured by a charge on a fixed deposit of Rs. 30.00 lakhs with a bank.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs. 38.01 lakhs (Previous Year – Rs. 114.79 lakhs) are to be secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi (Freehold & leasehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p>
Total	70718.11	75019.36	Such hypothecation and equitable mortgage ranking pari-passu between term loans from banks / others and subject to prior charges created / to be created on certain specified moveable assets for working capital facilities mentioned in 2 above.

SCHEDULE 4: DEFERRED TAX LIABILITIES AND ASSETS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
DEFERRED TAX LIABILITIES		
Difference between book and tax depreciation	20048.47	18885.36
Research and development expenditure and others	1520.95	2206.96
	<u>21569.42</u>	<u>21092.32</u>
DEFERRED TAX ASSETS		
Provision for bad and doubtful debts	95.86	84.26
Accrued expenses deductible on payment basis	531.32	416.92
	<u>627.18</u>	<u>501.18</u>
Deferred Tax Liabilities (net)	20942.24	20591.14

SCHEDULE 5: FIXED ASSETS

Description	Gross Block				Depreciation				Net Block		Revaluation Amount
	As at April 1, 2010	Additions	Deductions	As at March 31, 2011	Upto March 31, 2010	For the year *	On deductions	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010	
	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)
Tangible assets											
Land											
- Freehold	10334.16	339.00	-	10673.16	-	-	-	-	10673.16	10334.16	4882.68
- Leasehold	4228.50	727.27	-	4955.77	-	-	-	-	4955.77	4228.50	362.63
Roads	851.51	-	-	851.51	98.98	14.67	-	113.65	737.86	752.53	5.83
Buildings	34304.27	2002.26	0.11	36306.42	6420.84	1127.27	0.06	7548.05	28758.37	27883.43	269.48
Plant and machinery	212031.78	14564.00	537.09	226058.69	83002.72	13048.50	416.80	95634.42	130424.27	129029.06	89.98
Furniture, fixtures and office equipments	4186.68	384.36	71.77	4499.27	2667.07	249.92	67.31	2849.68	1649.59	1519.61	-
Vehicles	1726.43	654.49	308.45	2072.47	700.28	370.98	213.00	858.26	1214.21	1026.15	-
Intangible Assets											
Goodwill	368.94	-	-	368.94	36.89	36.89	-	73.78	295.16	332.05	-
Trade Marks	1139.70	-	-	1139.70	142.46	113.97	-	256.43	883.27	997.24	-
Technical Knowhow	908.75	-	-	908.75	76.10	26.47	-	102.57	806.18	832.65	-
Software	641.65	222.13	-	863.78	403.10	221.43	-	624.53	239.25	238.55	-
Total	270722.37	18893.51	917.42	288698.46	93548.44	15210.10	697.17	108061.37	180637.09		5610.60
Previous year	218796.93	52599.60	674.16	270722.37	80832.20	13213.20	496.96	93548.44		177173.93	5649.89
Capital-work-in-progress including capital advances of Rs. 2991.25 lakhs (Previous Year - Rs. 2237.36 lakhs)										14298.31	12707.43
										194935.40	189881.36

1. Revaluation was done as on March 31, 2005.
 2. Amount of borrowing cost capitalised to fixed assets during the year Rs. 336.63 lakhs (Previous Year - Rs. 1698.07 lakhs).
 3. The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.
 4. Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 3 (a) of Schedule 14).
 5. Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidi poondi, the Company does not have clear title to 2.43 acres.
 6. Capital expenditure incurred during the year includes Rs. 767.58 lakhs (Previous Year - Rs. 536.61 lakhs) on account of research and development.
 7. Capital work in progress includes pre-operative expenses Rs. 2021.73 lakhs (Previous Year - Rs. 652.28 lakhs).
- * Includes depreciation on assets deployed in research and development as per schedule 12a.

SCHEDULE 6: INVESTMENTS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
LONG TERM		
(valued at cost unless there is a decline in value, other than temporary)		
Trade Investments		
Unquoted		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs. 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs. 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
Equity investment in Jingde Yangtze - Ganga Fluorine Chemical Co. Limited (Joint Venture)*	-	141.43
Advance against investment in SRF Cord GmbH	-	66.58
Non-trade Investments		
Investment of Shares, Units, etc.		
Unquoted		
25,00,000 (Previous Year - 25,00,000) Preference shares of Rs. 10 each fully paid up of SBL Industries Limited	250.00	250.00
Less: Provision for diminution in value	(250.00)	(250.00)
	-	-
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs. 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less: Provision for diminution in value	(11.69)	(11.69)
	-	-
Investment in Subsidiaries		
Nil (Previous Year - 2,28,93,366) Equity shares of USD(\$) 1 each fully paid up of SRF Overseas Limited (A wholly owned subsidiary)	-	8514.85
32,54,184 (Previous Year - 32,54,184) Equity shares of Rs. 100 each fully paid up of SRF Transnational Holdings Limited (A wholly owned subsidiary)	1472.57	1472.57
Less: Amount written off	(1472.57)	(1472.57)
	-	-
8,000 (Previous Year - 8,000) Equity shares of Rs. 100 each fully paid up of SRF Properties Limited (A wholly owned subsidiary)	589.56	589.56
20,002 (Previous Year - 2) Equity shares of USD(\$) 1 each fully paid up of SRF Fluor Private Limited (A wholly owned subsidiary) # Rs. 79	9.08	#
20,000 Equity shares allotted during the year		
4,70,000 (Previous Year - 2,50,000) Equity shares of Rs. 10 each fully paid up of SRF Holiday Home Limited (A wholly owned subsidiary)	47.00	25.00
2,20,000 Equity shares allotted during the year		
1,28,920 (Previous Year - 1,05,360) Equity shares of Euro 100 each fully paid up of SRF Global BV (A wholly owned subsidiary)	7959.51	6534.60
23,560 Equity shares allotted during the year		
50,000 (Previous Year - 50,000) Equity shares of Rs. 10 each fully paid up of SRF Energy Limited (A wholly owned subsidiary)	5.00	5.00

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
50,000 (Previous Year - 50,000) Equity shares of Rs. 10 each fully paid up of SRF Fluorochemicals Limited (A wholly owned subsidiary)	5.00	5.00
CURRENT INVESTMENTS		
(valued at lower of cost or fair value)		
Non-trade Investments		
Units of Mutual Funds		
Quoted		
2,50,00,000 (Previous Year - Nil) Units of Rs. 10 each of SBI Mutual Fund - SBI Debt Fund Series - 370 Days - 12 Growth	2500.00	-
Unquoted		
3,54,71,831 (Previous Year - Nil) Units of Rs. 10.08 each of Kotak Floater Long Term Fund Daily Dividend Reinvestment Option	3575.49	-
2,51,95,750 (Previous Year - Nil) Units of Rs. 10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan -B	2519.58	-
2,40,00,000 (Previous Year - Nil) Units of Rs. 10 each of Kotak Quarterly Interval Plan Series 6 - Dividend	2400.00	-
	20189.87	16461.67
Aggregate book value of quoted investments	2500.00	-
Aggregate book value of unquoted investments		
- Units of mutual funds	8495.07	-
- Others	9194.80	16461.67
	20189.87	16461.67
Market value of quoted investments	2500.00	-
Net asset value / repurchase price of units of mutual funds - unquoted	8503.80	-

* Refer Note 11 of Schedule 14.

	Purchase		Sold (at cost)	
	Units Nos.	Amount (Rs. lakhs)	Units Nos.	Amount (Rs. lakhs)
Details of investments purchased and sold during the year				
Mutual Funds				
Current Investments				
Quoted				
SBI Mutual Fund - SBI Debt Fund Series -370 Days -12 Growth	25000000	2500.00	-	-
Unquoted				
Reliance Liquidity Fund-Daily Dividend Reinvestment Option*	24990777	2500.35	24990777	2500.35
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan*	254263	2546.12	254263	2546.12
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option*	45112567	5026.22	45112567	5026.22
Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment*	93438552	11425.76	93438552	11425.76
Kotak Flexi Debt Scheme Institutional - Daily Dividend Reinvestment*	6983513	701.67	6983513	701.67
Kotak Floater Short Term Scheme Institutional - Daily Dividend Reinvestment*	40671266	4114.39	40671266	4114.39
Kotak Floater Long Term Scheme Institutional - Daily Dividend Reinvestment*	87146870	8784.23	51675039	5208.74
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment*	349860	3500.96	349860	3500.96

	Purchase		Sold (at cost)	
	Units Nos.	Amount (Rs. lakhs)	Units Nos.	Amount (Rs. lakhs)
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment*	48692643	4874.91	48692643	4874.91
SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment Option*	68228870	11428.54	68228870	11428.54
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment Option*	82422183	8247.16	82422183	8247.16
Canara Robeco Liquid Super Institutional Daily Dividend Reinvestment Fund*	24908413	2504.54	24908413	2504.54
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund*	20446111	2536.77	20446111	2536.77
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment*	8620267	8622.22	8620267	8622.22
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment*	3823646	4042.74	3823646	4042.74
ICICI Prudential Interval Fund II Quarterly Interval Plan - B	25195750	2519.58	-	-
Kotak Quarterly Interval Plan Series 6 - Dividend	24000000	2400.00	-	-
Equity shares				
SRF Holiday Home Limited	220000	22.00	-	-
(Equity shares face value of Rs. 10 each)				
SRF Overseas Limited	-	-	22893366	8514.85
(Equity shares face value of USD(\$) 1 each)				
SRF Fluor Private Limited	20000	9.08	-	-
(Equity shares face value of USD(\$) 1 each)				
SRF Global BV	23560	1424.91	-	-
(Equity shares face value of EURO 100 each)				

* Units purchased includes dividend reinvested during the year

SCHEDULE 7: CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
CURRENT ASSETS		
Inventories		
Stores and spares (at cost or under)	3985.54	3141.10
Stock in trade (at cost or net realisable value, whichever is lower)		
Raw materials	24873.24	11467.76
Stock-in-process	6495.35	4178.51
Finished Goods	8518.86	6115.73
	43872.99	24903.10
Sundry debtors[#]		
Debts over six months		
Unsecured - Considered good	119.71	158.59
- Considered doubtful	283.33	257.48
Other debts		
Unsecured - Considered good	44140.68	33864.34
	44543.72	34280.41
Less: Provision for doubtful debts	283.33	257.48
	44260.39	34022.93

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
Cash and bank balances		
Cash in hand	24.02	26.00
Cheques in hand	29.59	0.62
With scheduled banks on		
Current accounts	4111.49	1813.53
Deposit accounts##	1775.36	4428.95
Unclaimed dividend accounts	445.07	265.87
	<u>6385.53</u>	<u>6534.97</u>
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received *		
Considered good	4518.43	6318.93
Considered doubtful	<u>170.54</u>	<u>16.22</u>
	<u>4688.97</u>	<u>6335.15</u>
Less : Provision for doubtful advances	<u>170.54</u>	<u>16.22</u>
	<u>4518.43</u>	<u>6318.93</u>
Deposits with customs and excise authorities	931.90	568.03
Other deposits **	2237.04	2207.68
Claims recoverable	1389.65	1417.90
Cenvat/Service Tax/VAT recoverable	<u>5942.45</u>	<u>6217.22</u>
	<u>15019.47</u>	<u>16729.76</u>
	<u>109538.38</u>	<u>82190.76</u>

Sundry Debtors include:

Name of the wholly owned subsidiary	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2011 (Rs. lakhs)	March 31, 2010 (Rs. lakhs)	2010-11 (Rs. lakhs)	2009-10 (Rs. lakhs)
SRF Overseas Limited	874.93	1413.65	1953.08	1413.65
SRF Technical Textiles (Thailand) Limited	62.28	97.92	452.03	97.92
SRF Industex Belting (Pty) Limited	1114.30	922.08	1752.23	928.99
SRF Tech Textiles BV	16.61	-	16.85	-

Includes Rs. 275.36 lakhs (Previous Year Rs. 193.70 lakhs) as margin money and Nil (Previous Year - Rs. 4235.25 lakhs) deposit for interim dividend.

* Includes :

- Interest bearing loans carrying interest of 9% p.a. or more to a Officer of the Company (repayable beyond seven years) - Nil (Previous Year – Nil). Maximum balance outstanding during the year - Nil (Previous Year - Rs. 0.73 lakhs)

- Loans and advances include:

Name of the wholly owned subsidiary	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2011 (Rs. lakhs)	March 31, 2010 (Rs. lakhs)	2010-11 (Rs. lakhs)	2009-10 (Rs. lakhs)
SRF Overseas Limited (Loan)	-	606.02	606.02	8306.95
SRF Overseas Limited	0.70	425.74	425.75	425.74
SRF Technical Textiles (Thailand) Limited	5.18	12.80	93.54	12.80
SRF Industex Belting (Pty) Limited	8.47	17.46	25.93	17.46
SRF Transnational Holdings Limited	2.83	7.39	11.58	7.39
SRF Holiday Home Limited	-	-	0.02	-
SRF Energy Limited	0.02	0.32	0.32	0.32
SRF Fluorochemicals Limited	0.02	0.07	0.07	0.07
SRF Fluor Private Limited	6.01	6.01	6.01	6.01
SRF Global BV	0.19	-	0.19	-
SRF Properties Limited	-	-	1.28	0.50

** includes Rs. 1046.40 lakhs (Previous year - Rs. 1024.95 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company

SCHEDULE 8: CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
CURRENT LIABILITIES		
Acceptances	23382.74	17067.83
Sundry creditors:		
Total outstanding dues of Micro and Small enterprises	146.34	164.45
Total outstanding dues to creditors other than Micro and Small enterprises#	30539.86	20462.11
Book Overdraft	-	350.78
Security deposits	506.29	454.21
Unclaimed dividend*	445.07	265.87
Interim dividend payable	-	4235.25
Corporate dividend tax	-	719.78
Unclaimed fixed deposits (including interest)*	11.99	12.11
Interest accrued but not due on loans	1068.37	1006.92
	56100.66	44739.31
PROVISIONS		
Provision for taxation (net of payments)	623.98	1491.61
Employee benefits	1779.55	977.25
	2403.53	2468.86
	58504.19	47208.17

Sundry Creditors include Rs. 27.49 lakhs (Previous Year - Rs. 0.37 lakhs) due to SRF Overseas Limited and Nil (Previous Year - Rs. 123.06 lakhs) due to SRF Technical Textiles (Thailand) Limited, the wholly owned chain subsidiaries of SRF Limited

* Will be credited to Investor Education and Protection Fund if not claimed within seven years from the date of issue of dividend / Interest Warrant, and the date the Fixed Deposits have matured

SCHEDULE 9: OTHER INCOME

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Claims	104.06	6.91
Export incentives	368.48	323.23
Dividend on current non-trade investments	473.23	83.98
Profit on sale of investment in subsidiary	285.15	-
Provision no longer required written back	75.53	472.95
Scrap sales	620.53	497.27
Profit on sale of fixed assets	5.25	58.12
Exchange fluctuation	2755.34	4632.20
Interest		
- from customers*	1.07	12.42
- on loans and deposits*	10.12	165.28
- on income tax refunds	35.61	144.44
- from others	43.54	58.70
Miscellaneous**	7178.25	360.42
	11956.16	6815.92

* Includes income-tax deducted at source Rs. 4.10 lakhs (Previous Year Rs. 5.14 lakhs)

** Includes gain of Rs. 6417.04 lakhs (Previous Year - Nil) on account of cancellation / net settlement of certain long term contracts relating to sale of Certified Emission Reductions (CERs).

SCHEDULE 10: RAW MATERIALS CONSUMED

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Opening stock of raw materials	11467.76	9989.81
Add : Purchase of raw materials	176995.91	114188.60
	<hr/>	<hr/>
	188463.67	124178.41
Less : Closing Stock of Raw Materials	24873.24	11467.76
Raw Materials consumed*	163590.43	112710.65

* Includes Research and Development expenses as per schedule 12a

SCHEDULE 11: (INCREASE) \ DECREASE IN STOCK

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Opening Stock		
Stock-in-Process	4178.51	3643.53
Finished goods	6115.73	3393.62
	<hr/>	<hr/>
	10294.24	7037.15
Stock produced during trial run		
Stock-in-Process	231.47	455.77
Finished goods	8.10	184.00
	<hr/>	<hr/>
	239.57	639.77
Closing Stock		
Stock-in-process	6495.35	4178.51
Finished goods	8518.86	6115.73
	<hr/>	<hr/>
	15014.21	10294.24
(Increase) \ Decrease in Stock	(4480.40)	(2617.32)

SCHEDULE 12: MANUFACTURING AND OTHER EXPENSES*

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Stores and Spares consumed (excluding Rs. 2533.17 lakhs (Previous Year - Rs. 2657.04 lakhs) charged to repairs and maintenance)	1643.81	1195.20
Power and Fuel	21322.79	16633.05
Rent	929.52	850.14
Repairs and Maintenance		
- Buildings	268.50	116.47
- Plant and machinery	3990.19	3645.38
- Other Maintenance	1089.07	888.25
Freight	5095.64	3046.05
Professional and Legal charges	1392.46	2244.19
Salaries, wages, bonus, etc.	11911.80	9092.23
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	1382.33	810.54
Workmen and staff welfare expenses	1768.29	1348.57
Insurance	624.63	568.97
Rates and taxes	269.64	252.93
Contract conversion charges	590.41	504.87

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Travel	793.41	732.94
Auditors' Remuneration		
- Audit Fees	45.00	36.00
- For limited review of unaudited financial results	24.00	21.00
- For corporate governance, consolidated financial statements and other certificates	5.20	5.95
- For tax audit	5.00	5.00
Directors' sitting fees	7.75	7.50
Selling commission	1120.27	578.00
Provision for doubtful debts / advances	176.94	-
Bad debts / advances written off	30.52	199.01
Fixed assets / inventory written off	251.74	65.86
Increase / (decrease) in excise duty on closing stock	121.25	287.87
Miscellaneous expenses [#]	3817.36	2731.29
	<hr/>	<hr/>
	58677.52	45867.26

* Includes Research and Development expenses as per schedule 12a.

[#] Includes Nil (Previous Year - Rs. 15.00 lakhs) donation paid to a political party 'Indian National Congress'

SCHEDULE 12a: RESEARCH AND DEVELOPMENT EXPENSES

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Raw materials consumed	17.03	18.75
Salaries, wages, bonus, etc.	656.40	457.43
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	56.80	31.19
Workmen and staff welfare expenses	106.20	53.26
Power and Fuel	74.05	59.62
Rent	27.37	17.29
Stores, spares and components consumed	144.07	110.29
Repairs and maintenance		
- Building	22.23	1.77
- Plant and machinery	100.44	97.67
- Other maintenance	86.82	41.33
Insurance	12.72	1.89
Rates and taxes	3.25	3.02
Travel	53.17	39.83
Professional and legal charges	70.20	61.60
Depreciation	317.06	269.08
Miscellaneous	97.98	110.84
	<hr/>	<hr/>
	1845.79	1374.86

SCHEDULE 13: INTEREST AND FINANCE CHARGES

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
On:		
Debentures and loans for fixed period	5101.57	3656.29
Cash credit and others	1354.95	1550.14
Finance charges	1935.78	1598.36
	<hr/>	<hr/>
	8392.30	6804.79

SCHEDULE 14: NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with the applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

(ii) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

(iii) FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation except for certain fixed assets which are revalued and are therefore, stated at their revalued book values. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

The basis for revaluation is current cost of depreciated assets at the time of revaluation. 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 of any asset of that category; any such decrease is expensed. The decline in value of any individual asset in a category is charged to revenue over the remaining useful life of that asset and corresponding adjustment made on the amount withdrawn from the revaluation reserve.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(iv) DEPRECIATION

- Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation / revaluation of the related assets, whichever is higher, except in case of the following assets where depreciation is provided at the rates indicated against each assets: -

Vehicles	-	21%
Data Processing Equipments	-	31.67%
Mobile Phones	-	95%

- Depreciation is calculated on a pro rata basis except that, assets costing upto Rs. 5,000 each are fully depreciated in the year of purchase.
- On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.
- In respect of revalued assets, a transfer is made from the revaluation reserve to the profit and loss account for the sum of the differences as below: -
 - the difference between the amounts 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 / disposed off, the difference between the written down value as per the revalued value and historical cost.

- e. No write-off is made in respect of leasehold land as the lease is a perpetual lease.
- f. Depreciation (amortization) on intangibles is provided on straight line method as follows:
 - Trademark and technical knowhow over a period of ten years
 - Software over a period of three years
 - Goodwill over a period of ten years

(v) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

All monetary items are re-stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the profit and loss account as exchange fluctuation.

The Company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transactions. Effective April 1, 2007, the Company designates such contracts in a cash flow hedge relationship by applying the principles set out in Accounting Standard (AS) – 30 - “Financial Instruments: Recognition and Measurement”.

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in profit and loss account.

Amount accumulated in Cash Flow Hedge Reserve are reclassified to profit and loss account in the same periods during which the forecasted transaction affects the profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires, or is sold or terminated or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Cash Flow Hedge Reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the Cash Flow Hedge Reserve to the profit and loss account.

Contracts that are not designated as hedges of future cash flows are fair valued at each reporting date and the resultant gain or loss is recognised in the profit and loss account.

(vi) RESEARCH AND DEVELOPMENT

Expenditure on research and development of products is included under the natural heads of expenditure in the year in which it is incurred except which relate to development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes. Such costs are capitalized if they can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use or sell the asset.

Capital expenditure on research and development includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use and is treated in the same manner as expenditure on other fixed assets and depreciated as per Company policy.

(vii) INVENTORIES

Stores and spares are valued at cost or under. Stock in trade is valued at cost or net realizable value, whichever is lower. The bases of determining the cost for various categories of inventory are as follows:

Stores, spares and raw materials	-	Weighted average rate
Stock in trade		
Process stocks and finished goods	-	Direct cost plus appropriate share of overheads and excise duty, wherever applicable
By products	-	At estimated realisable value

(viii) INVESTMENTS

Long term investments are valued at cost unless there is a decline in value other than temporary. Current investments are stated at lower of cost or fair value.

(ix) EMPLOYEE BENEFITS

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and Employees' State Insurance Corporation are recognized in the profit and loss account.

Provision for gratuity, compensated absences and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

(x) PROVISIONS AND CONTINGENT LIABILITIES

The Company recognizes a provision when there is a present obligation as a result of past events and it is more likely than not that an outflow of resources would be required to settle the obligation and a reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(xi) REVENUErecognition

Sale of goods is recognized at the point of dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Certified Emission Reductions (CER's) is recognized as income on the delivery of the CER's to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

(xii) 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.
- b. Capital receipts are credited to capital reserve.
- c. Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

(xiii) TAXATION

- a. The income tax liability is provided in accordance with the provisions of the Income tax Act, 1961.
- b. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2. CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 12965.89 lakhs (Previous Year - Rs. 4283.70 lakhs).

Further, the Company is to make investment in the following companies

- i) SRF Cord GmbH - Nil (Previous Year – Euro 98000)
- ii) SRF Holiday Home Limited – Rs. 353.00 lakhs (Previous Year – Nil)

3. CONTINGENT LIABILITIES NOT PROVIDED FOR

- a. Claims against the Company not acknowledged as debts:

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
Excise duty, customs duty and service tax *@	5865.44	5652.81
Sales Tax** @	925.42	249.38
Income Tax	976.37	897.00
Stamp Duty***	2881.55	2881.55
Others***	94.43	210.10

* Amount deposited Rs. 315.92 lakhs (Previous year - Rs. 222.60 lakhs)

** Amount deposited Rs. 7.16 lakhs (Previous Year - Rs. 7.16 lakhs)

*** Amount deposited Rs. 8.00 lakhs (Previous Year - Rs. 119.06 lakhs)

**** In the matter of acquisition of the Tyrecord Division at Malanpur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs. 30300.00 lakhs and levied a stamp duty of Rs. 2372.50 lakhs and imposed a penalty of Rs. 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs. 2776.18 lakhs and not the entire undertaking valued at Rs. 30300.00 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of Rs. 1793.81 lakhs (Previous Year - Rs. 1813.21 lakhs) and Rs. 38.00 lakhs (Previous Year - Rs. 28.10 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

- b. Liability on account of Bank Guarantees Rs. 1137.53 lakhs (Previous Year – Rs. 745.04 lakhs)

- c. Guarantees given to a bank for repayment of financial facilities availed by wholly owned subsidiaries:

(i) Nil [Previous Year – Baht 900.00 millions (Equivalent to USD 27.81 millions)] and Nil (Previous Year – USD 6.00 millions). Outstanding amount as at the year end is Nil [Previous Year – Baht 825.70 millions (Equivalent to USD 25.52 millions)]

(ii) USD 20 million (Previous Year – Nil). Outstanding amount as at the year end is USD 20 million (Previous Year – Nil)

(iii) AED 10.35 million (Previous Year – Nil) and Euro 0.2 million (Previous Year – Nil). Outstanding amount as at the year end is Nil (Previous Year – Nil)

- d. The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs. 76.04 lakhs (Previous year - Rs. 416.29 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 sustainable.

4. RESEARCH AND DEVELOPMENT EXPENDITURE

The details of the research and development expenditure of Rs. 2613.37 lakhs (Previous Year - Rs. 1911.47 lakhs) are as under:-

Particulars	Year Ended March 31, 2011 Rs. lakhs	Year Ended March 31, 2010 Rs. lakhs
Capital Expenditure	767.58	536.61
Revenue Expenditure	1845.79	1374.86
Total	2613.37	1911.47

5. MANAGERIAL REMUNERATION

(i) (a) Chairman / Managing Director / Deputy Managing Director / Whole time Director	Year Ended March 31, 2011 Rs. lakhs	Year Ended March 31, 2010 Rs. lakhs
Salary	274.08	221.72
Contribution to Provident and Superannuation Funds	72.90	58.86
Value of Perquisites	137.52	120.10
Commission (Provided)	475.00	340.00
Sub-Total	959.50	740.68
(b) Non Executive Directors		
Commission (Provided)	30.00	30.00
Directors' Sitting Fees	7.75	7.50
Sub-Total	37.75	37.50
Total	997.25	778.18

As there is a global contribution to gratuity fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to gratuity fund in respect of directors has not been considered in the above computation. Further, the liability on account of compensated absences in respect of directors has not been considered above, since the provision is based on an actuarial basis for the Company as a whole.

(ii) Computation of managerial remuneration in accordance with section 198 of the Companies Act, 1956

Particulars	Year Ended March 31, 2011 Rs. lakhs	Year Ended March 31, 2010 Rs. lakhs
Profit before taxation	67747.86	45390.93
Add:		
Wealth tax	12.40	11.00
Managerial Remuneration including commission	997.25	778.18
Loss on sale / write off of assets as per accounts	282.26	264.87
Provision for Doubtful Debts / Advances / investments	176.94	-
Sub Total	1468.85	1054.05
Less:		
Profit on sale of assets as per accounts	5.25	58.12
Dividend on current, non-trade investments	473.23	83.98
Profit on sale of investment in subsidiary	285.15	-
Excess Provision written back	75.53	472.95
Sub Total	839.16	615.05
Profit as per section 349 of the Companies Act, 1956	68377.55	45829.93
Maximum remuneration as commission and/or salary including perquisites @ 10% of net profit of Rs. 68377.55 lakhs (Previous Year @ 10% of Rs. 45829.93 lakhs) which can be paid to Managing Directors/Whole time Directors under section 309 of the Companies Act, 1956	6837.75	4582.99
Remuneration paid to Managing Directors / Whole Time Directors	959.50	740.68
Maximum commission payable to Non Executive Directors @ 1% of net profit of Rs. 68377.55 lakhs (Previous Year Rs. 45829.93 lakhs) under section 309 of the Companies Act, 1956	683.77	458.30
Commission payable / paid to Non Executive Directors	30.00	30.00

6. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Sundry Creditors include the following dues to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) to the extent such parties have been identified from the available information.

Particulars	Year Ended March 31, 2011 Rs. lakhs	Year Ended March 31, 2010 Rs. lakhs
(a) Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	146.34	164.45
- Interest due thereon	-	-
(b) Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	2.50	-
- Interest actually paid under section 16 of MSMED	0.99	-
(c) Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	-	-
(d) Interest accrued and remaining unpaid at the end of the year		
- Interest accrued during the year	-	-
- Interest remaining unpaid during the year	-	-
(e) Interest remaining due and payable to suppliers disallowable as deductible expenditure under the Income-tax Act, 1961	-	-

7. RELATED PARTY DISCLOSURES UNDER AS-18 "RELATED PARTY DISCLOSURES"

As per Accounting standard AS –18 "Related Party Disclosures" the Company's related parties and transactions with them are disclosed below:

A. NAME OF RELATED PARTY AND NATURE OF RELATED PARTY RELATIONSHIP

By virtue of control (Subsidiaries) (a)	Joint Venture (b)	Key Management Personnel (c)	Enterprises over which (c) have significant influence (d)
SRF Overseas Limited	Jingde Yangtze-	Mr Arun Bharat	KAMA Holdings Limited*
SRF Transnational Holdings Limited	Ganga Fluorine Chemical Co.	Ram, Chairman	Bhairav Farms Private Limited* Narmada Farms Private Limited*
SRF Properties Limited	Limited	Mr Ashish Bharat	SRF Polymers Investments Limited*
SRF Holiday Home Limited	(upto February 26, 2011)	Ram	KAMA Realty (Delhi) Limited*
SRF Energy Limited	(Refer note 11 below)	Managing Director	Shri Educare Limited
SRF Fluorochemicals Limited		Mr Kartikeya Bharat	Shri Educare Maldives Private Limited
SRF Fluor Private Limited		Ram	SRF Foundation
SRF Global BV		Deputy Managing Director	Karm Farms Private Limited*
SRF Tech Textile BV		Mr K Ravichandra, Whole Time Director	Srishti Westend Greens Farms Private Limited*
SRF Technical Textiles (Thailand) Limited			
SRF Industex Belting (Pty) Limited			

* Pursuant to the Scheme of Arrangement between Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited ("the transferor companies") and Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited, KAMA Realty (Delhi) Limited and KAMA Holdings Limited ("the transferee companies") and their respective shareholders and creditors :-

- a) real estate divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited was transferred and vested in Srishti Westend Greens Farms Private Limited, Karm Farms Private Limited and KAMA Realty (Delhi) Limited respectively; and
- b) investment divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited were transferred and vested in KAMA Holdings Limited with effect from March 31, 2011.

The transferor companies had conducted their business in respect of their respective real estate divisions and investment divisions in trust and on behalf of the respective transferee companies from the appointed date of the said Scheme - April 1, 2010.

B. TRANSACTIONS WITH RELATED PARTIES REFERRED TO IN NOTE 7A ABOVE

(Rs. lakhs)

Nature of Transactions	(a) Year ended March 31, 2011	(b) Year ended March 31, 2010	(c) Year ended March 31, 2011	(d) Year ended March 31, 2010
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Purchase of goods from				
- SRF Overseas Limited	369.43	165.31		
- SRF Technical Textiles (Thailand) Limited	115.28	2650.54		
Sale of goods to				
- SRF Overseas Limited	5584.63	4091.39		
- SRF Technical Textiles (Thailand) Limited	275.83	10.99		
- SRF Industex Belting (Pty) Limited	3533.00	2405.82		
Sale of fixed assets to				
- SRF Technical Textiles (Thailand) Limited	154.44	-		
- Shri Educare Limited			-	9.28
- SRF Foundation			-	9.60
Purchase of fixed assets				
- SRF Industex Belting (Pty) Limited	-	7.07		
Rendering of services to				
- SRF Overseas Limited	50.85	21.83		
- SRF Technical Textiles (Thailand) Limited	141.83	70.07		
- SRF Industex Belting (Pty) Limited	72.27	32.55		
- SRF Tech Textile B.V.	16.85	-		
- SRF Foundation			8.61	1.46
Receiving of services from				
- KAMA (Realty) Delhi Limited			3.33	-
Management contracts including for deputation of employees to				
- SRF Transnational Holdings Limited	9.60	7.39		
- KAMA Holdings Limited			15.60	10.98
- SRF Polymers Investments Limited			2.96	-
- SRF Foundation			3.51	30.42
Rent paid to				
- SRF Polymers Investments Limited			668.09	605.70
- Others	12.00	12.00	84.00	60.00

(Rs. lakhs)

Nature of Transactions	(a) Year ended March 31, 2011	(b) Year ended March 31, 2011	(c) Year ended March 31, 2011	(d) Year ended March 31, 2011
	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Managerial Remuneration paid to(Refer note 5(i) of schedule 14)			959.50	740.68
Interest received / receivable on ICDs / loans from				
- SRF Overseas Limited	0.92	149.14		
Interest on delayed payment				
- SRF Industex Belting (Pty) Limited	-	4.25		
Reimbursement of expenses from				
- SRF Overseas Limited	5.18	15.96		
- SRF Technical Textiles (Thailand) Limited	19.26	39.18		
- SRF Industex Belting (Pty) Limited	8.47	38.49		
- SRF Global BV	0.19	-		
- KAMA Holdings Limited				2.01
- SRF Foundation			0.57	14.62
- SRF Polymers Investments Limited				3.68
- Shri Educare Limited				14.86
- Others	2.26	6.24		11.92
Reimbursement of expenses paid				
- SRF Overseas Limited	-	0.76		
- SRF Foundation				1.08
Loans / deposits given to				
- SRF Overseas Limited	-	6833.86		
Loans / deposits received back from				
- SRF Overseas Limited	606.02	8256.24		
Recovery of sums written off				
- SRF Foundation			10.00	45.00
Increase in security deposit to				
- KAMA Realty (Delhi) Limited			30.00	-
Donations to				
- SRF Foundation			550.00	4.96
Investments made in				
- SRF Global B.V.	1424.91	6510.95		

(Rs. lakhs)

Nature of Transactions	(a) Year ended	(b) Year ended	(c) Year ended	(d) Year ended				
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
- SRF Holiday Home Limited	22.00	20.00						
- SRF Energy Limited	-	5.00						
- SRF Fluorochemicals Limited	-	5.00						
- SRF Fluor Private Limited	9.08	-						
Investments provided for								
- Jingde Yangtze- Ganga Fluorine Chemical Co. Limited			131.43		-			
Investments sold to								
- SRF Tech Textile B.V. (including profit on sale Rs. 285.15 lakhs)	8800.00		-					
Guarantees given								
- SRF Technical Textiles (Thailand) Limited								
In Millions Baht	200.00	900.00						
In Millions USD	-	6.00						
- SRF Tech Textile B.V.								
In Million USD	20.00	-						
- SRF Overseas Limited								
In Million AED	10.35	-						
In Million Euro	0.20	-						

(Rs. lakhs)

Nature of Transactions	(a) As at	(b) As at	(c) As at	(d) As at				
	March 31, 2011	March 31, 2010						
Balances outstanding as at the year end:-								
Receivables								
- SRF Overseas Limited	875.63	1839.39						
- SRF Tech Textile B.V.	16.61	-						
- SRF Transnational Holdings Limited	2.83	7.39						
- SRF Technical Textiles (Thailand) Limited	67.46	110.72						
- SRF Industex Belting (Pty) Limited	1122.77	939.54						
- SRF Polymers Investments Limited							3.68	
- Shri Educare Limited						31.82	16.96	
- KAMA Holdings Limited						6.92	-	
- SRF Global B.V.	0.19	-						
- Others	6.05	6.40						

(Rs. lakhs)

Nature of Transactions	(a) As at	(b) As at	(c) As at	(d) As at				
	March 31, 2011	March 31, 2010						
Payables								
- SRF Overseas Limited	27.49	0.37						
- SRF Technical Textiles (Thailand) Limited	-	123.06						
- KAMA Holdings Limited							- 75.03	
Loans given outstanding								
- SRF Overseas Limited	-	606.02						
Security Deposits outstanding								
- SRF Polymers Investments Limited					300.00	300.00		
- Bhairav Farms Private Limited					310.00	310.00		
- Narmada Farms Private Limited					310.00	310.00		
- KAMA Realty (Delhi) Limited					30.00	-		
Equity Investment outstanding								
- SRF Overseas Limited	-	8514.85						
- SRF Transnational Holdings Limited	1472.57	1472.57						
Less : Amount written off	(1472.57)	(1472.57)						
- SRF Properties Limited	589.56	589.56						
- SRF Holiday Home Limited	47.00	25.00						
- SRF Energy Limited	5.00	5.00						
- SRF Fluorochemicals Limited	5.00	5.00						
- SRF Global B.V.	7959.51	6534.60						
- SRF Fluor Private Limited # Rs. 79	9.08	#						
- Jingde Yangtze - Ganga Fluorine Chemical Co. Limited			- 141.43					
Guarantees outstanding								
- SRF Overseas Limited								
In Million AED	10.35	-						
In Million Euro	0.20	-						
- SRF Technical Textiles (Thailand) Limited								
In Millions Baht	-	900.00						
In Millions USD	-	6.00						
- SRF Tech Textile B.V.								
In Million USD	20.00	-						

8. EARNINGS PER SHARE

	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax (Rs. lakhs)	48344.21	30942.02
Weighted average number of equity shares outstanding	60503580	60506488
Basic and diluted earnings per share in rupees (face value – Rs. 10 per share)	79.90	51.14

9. EMPLOYEE BENEFITS

The Company has classified various benefits provided to employees as under:

i) Defined contribution plans

- a) Superannuation fund
- b) Provident fund
- c) Employees' State Insurance Corporation

The expenses incurred on account of the above benefits have been included in Schedule 12 "Manufacturing and other expenses" under the head "Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds"

ii) Defined benefit plans

- a) Gratuity
- b) Compensated absences – earned leaves

In accordance with Accounting Standard (AS) – 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using Projected Unit Credit Method. The details of the same are as follows:-

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Discount rate (per annum)	7.5%	7.5%	7.5%	7.5%
Future salary increase	6.5%	6.5%	6.5%	6.5%
Expected rate of return on plan assets	8%	8%	-	-
In service mortality	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Retirement age	58 years	58 years	58 years	58 years
Withdrawal rates				
- up to 30 years	3.00	3.00	3.00	3.00
- up to 44 years	2.00	2.00	2.00	2.00
- above 44 years	1.00	1.00	1.00	1.00

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Reconciliation of opening and closing balances of defined benefit obligations

(Rs. lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Present value of obligation as at the beginning of the year	1974.51	1740.93	798.22	730.18
Current service cost	185.27	144.10	118.07	89.13
Interest cost	148.09	130.57	59.86	54.76
Benefits paid	(273.89)	(176.86)	(104.05)	(91.57)
Actuarial loss/(gain)	415.45	135.77	149.82	15.72
Present value of obligation as at the end of the year	2449.43	1974.51	1021.92	798.22

Reconciliation of opening and closing balances of fair value of plan assets

(Rs. lakhs)

	Gratuity (Funded)	
	Year ended March 31, 2011	Year ended March 31, 2010
Fair value of plan assets at the beginning of the year	1888.48	1458.60
Estimated return on plan assets	151.08	116.69
Employers' contribution	121.68	403.39
Benefits paid	(138.96)	(141.21)
Actuarial gain/(loss) on plan assets	(34.96)	51.01
Plan assets at the end of the year	1987.32	1888.48
Composition of plan assets:		
HDFC Group unit linked plan fund	97.78%	96.49%
Others including bank balances	1.01%	1.64%
Government of India securities	1.21%	1.87%
Total	100.00%	100.00%

Reconciliation of fair value of assets and obligations

(Rs. lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Present value of obligation as at the year end	2449.43	1974.51	1021.92	798.22
Fair value of plan assets	1987.32	1888.48	-	-
Net assets /(liability) recognised in the balance sheet	(462.11)	(86.03)	(1021.92)	(798.22)

Expenses recognised in the profit and loss account

(Rs. lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	185.27	144.10	118.07	89.13
Interest cost	148.09	130.57	59.87	54.76
Expected return on planned assets	(151.08)	(116.69)	-	-
Actuarial loss/(gain)	450.41	84.76	149.81	15.72
Total expense	632.69	242.74	327.75	159.61

Gratuity

Net Assets / (Liabilities) recognised in the balance sheet

(Rs. lakhs)

As on	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Present value of obligation	2449.43	1974.51	1740.93	1442.05	1288.22
Fair Value of Plan Assets	1987.32	1888.48	1458.60	1468.09	962.30
Net Assets / (Liability)	(462.11)	(86.03)	(282.33)	26.04	(325.92)

Experience on actuarial Gain / (Loss) for benefit obligation and plan assets

(Rs. lakhs)

Year ended	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
On Plan				*	*
Present value of obligation	(415.45)	(143.83)	(538.55)		
On Plan Assets	(34.96)	51.02	(39.30)	*	*

* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

Compensated absences – earned leaves

Net Liabilities recognised in the balance sheet

(Rs. lakhs)

As on	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Present value of obligation	1021.92	798.22	730.18	625.78	455.75
Plan Assets	-	-	-	-	-
Net Assets / (Liability)	(1021.92)	(798.22)	(730.18)	(625.78)	(455.75)

Experience on actuarial Gain / (Loss) for benefit obligation

(Rs. lakhs)

Year ended	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
On Plan Present value of obligation	(149.82)	(19.08)	(132.06)	*	*
On Plan Assets	-	-	-	-	-

* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

The Company's best estimate of the contribution expected to be paid in the next year is Rs. 195.40 lakhs (Previous Year – Rs. 120.83 lakhs) for gratuity and Rs. 158.24 lakhs (Previous Year - Rs. 122.74 lakhs) for leave encashment.

Long term retention pay

The Company has a Long Term Retention Pay Plan extending over 3 years. The plan covers employees selected on the basis of their current band and their long term value to the Company. The incentive is payable in three years starting from financial year 2010-11 subject to achievement of certain performance ratings. Based on the management estimate, the Company has accrued Rs. 295.52 lakhs (Previous Year – Rs. 93.00 lakhs) towards this plan till March 31, 2011.

Superannuation - Defined contribution plan where contributions are made to a Trust which in turn contributes to ICICI Prudential Life Insurance Co. Limited

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employee's salary. From 1st November, 2006, the Company provided an option to the employees to receive the said benefit as cash compensation along with salary in lieu of the superannuation benefit. Thus, no contribution is required to be made for the category of employees who opted to receive the benefit in cash.

Provident Fund - Defined contribution plan

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognized Provident fund trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the Company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government

10. SEGMENT REPORTING

A. Business Segments

Based on the guiding principles laid down in Accounting Standard (AS) - 17 "Segment Reporting", the Company's business segments include:

- Technical Textiles business: includes nylon tyre cord fabric, belting fabric, coated fabric, laminated fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals and Polymers business: includes refrigerant gases, chloromethanes, pharmaceuticals, Certified Emissions Reductions & Allied products, Engineering Plastics business and its research and development.
- Packaging Film Business includes Polyester Films.

Segment revenue, Results and Capital Employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

Information about Business Segments

Segment Revenue, Results, Assets, Liabilities and Capital Employed

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Segment Revenue		
a) Technical Textiles Business (TTB)		
- External sales	144529.76	119967.58
- Inter-segment sales	590.27	381.23
- Total	145120.03	120348.81
b) Chemicals and Polymers Business (CPB)		
- External sales	74666.65	65769.23
- Inter-segment sales	0.42	6.77
- Total	74667.07	65776.00
c) Packaging Films Business (PFB)		
- External sales	87131.26	33648.16
- Inter-segment sales	-	-
- Total	87131.26	33648.16
Total Segment revenue	306918.36	219772.97
Less: Inter Segment revenue	590.69	388.00
Net Sales / Income from Operations	306327.67	219384.97
Add: Unallocable Income	4234.76	5538.71
Total Revenue	310562.43	224923.68
Segment Results		
(Profit / (Loss) before interest and tax from each segment)		
a) Technical Textiles Business (TTB)	15522.27	19582.26
b) Chemicals and Polymers Business (CPB)	29392.33	27680.69
c) Packaging Films Business (PFB)	34766.67	4068.82
Total Segment results	79681.27	51331.77
Less: i) Interest & Finance Charges	8392.30	6804.79
Less: ii) Other Unallocable expenses net of income	3541.11	(863.95)
Profit before tax	67747.86	45390.93
Less: Provision for taxation	19403.65	14448.91
Profit after tax	48344.21	30942.02

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
OTHER INFORMATION		
Segment Assets		
a) Technical Textiles Business (TTB)	151943.65	147012.97
b) Chemicals and Polymers Business (CPB)	71879.95	57282.75
c) Packaging Films Business (PFB)	63047.71	47747.48
Total	286871.31	252043.20
Add: Unallocable Assets	32181.74	30840.70
Total Assets	319053.05	282883.90
Segment Liabilities		
a) Technical Textiles Business (TTB)	31043.34	23297.43
b) Chemicals and Polymers Business (CPB)	7946.56	4958.47
c) Packaging Films Business (PFB)	14525.74	9382.66
Total	53515.64	37638.56
Add: Unallocable Liabilities	4988.55	9569.61
Total Liabilities	58504.19	47208.17
Segment Capital Employed (Segment assets less segment liabilities)		
a) Technical Textiles Business (TTB)	120900.31	123715.54
b) Chemicals and Polymers Business (CPB)	63933.39	52324.28
c) Packaging Films Business (PFB)	48521.97	38364.82
Total	233355.67	214404.64
Add : Unallocable assets less liabilities	27193.19	21271.09
Total capital employed	260548.86	235675.73
Capital Expenditure		
a) Technical Textiles Business (TTB)	6878.11	29498.64
b) Chemicals and Polymers Business (CPB)	9856.95	6044.41
c) Packaging Films Business (PFB)	2891.07	16591.42
d) Unallocated	858.26	465.13
Total	20484.39	52599.60
Depreciation		
a) Technical Textiles Business (TTB)	8365.68	7641.86
b) Chemicals and Polymers Business (CPB)	3508.48	3240.67
c) Packaging Films Business (PFB)	2984.90	1979.75
d) Unallocated	311.75	263.43
Total	15170.81	13125.71

B. Geographical Segments

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Revenue		
- Within India		
- Within India	230708.97	168699.24
- Outside India	79853.46	56224.44
Total Revenue	310562.43	224923.68

11. DISCLOSURES IN RESPECT OF JOINT VENTURES UNDER ACCOUNTING STANDARD 27

The Company has decided to sell its entire 50% stake in Jingde Yangtze Ganga Fluorine Chemical Co. Limited (a joint venture company) to the other partner viz. Central Fluor Group Company Limited and/or their nominee. The sale consideration is under negotiation. As such, the management has estimated a realizable value of Rs. 10 lakhs which has been included under 'Advances recoverable in cash or in kind or for value to be received' in Schedule 7. Disclosure for the year ended December 31, 2009 is as under:

	As at December 31, 2009 (Audited) (Rs. lakhs)
a) Jointly Controlled Entities	
In China	
Jingde Yangtze – Ganga Fluorine Chemical Co. Limited	
b) Share of interest	50%
c) Aggregate amount of assets, liabilities, income and expenditure related to interest in jointly controlled entities:	
i) Assets	
Fixed assets (including capital work in progress)	126.37
Cash and bank balances	54.39
ii) Current Liabilities	(8.11)
iii) Reserves	(31.22)

12. FOREIGN CURRENCY EXPOSURE

SRF has entered into long term contracts for the transfer / sale of Certified Emission Reductions (CER's) with reputable global buyers. The cash flow from these sales forms the mainstay of SRF's multi-year capital expansion plan, and as such these cash flows need to be both stable and secure. To ensure stability of revenues in foreign currency from the transfer / sale of CER's, the Company has entered into forward contracts with banks to part sell Euros to be earned out of future CER sales.

The details of category-wise quantitative data about derivative instruments as at March 31, 2011 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (In Millions) As at		Amount (Rs. lakhs) As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
EUR / INR Option Strips	3	7	Hedging	Hedging	12.25	62.25	7731	37738
USD / INR Option Strips	-	1	-	Hedging	-	13.00	-	5836
Principal Only Swap	-	1	-	Conversion of INR denominated Liabilities to USD	-	1.21	-	542
Interest Rate Swap	1	1	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	-	-	10000	10000
Interest Rate Swap	-	1	-	Floating JPY interest payments (with cap of 7%) in exchange of fixed INR interest receipts	-	-	-	5000

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (In Millions) As at		Amount (Rs. lakhs) As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
USD / INR Sell Forwards	1	-	Forward Sell Contracts	-	2.00	-	892	-
USD / INR Buy Forwards	1	3	USD/ INR Buy for Hedging of Imports	USD/ INR Buy for Hedging of Imports	0.46	1.01	203	454
EUR / INR Sell Forwards	5	7	Forward Sell Contracts	Forward Sell Contracts	38.00	24.00	23982	14550
EUR / INR Buy Forwards	20	3	EUR/ INR Buy for Hedging of Imports	EUR/ INR Buy for Hedging of Imports	3.54	0.77	2234	465

Foreign Currency Exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars	As at March 31, 2011		As at March 31, 2010	
	Foreign Currency (in millions)	Amount (Rs. lakhs)	Foreign Currency (in millions)	Amount (Rs. lakhs)
Term Loans – USD	46.96	20940.16	37.88	17005.10
PCFC – USD	14.00	6242.60	26.00	11671.40
Buyer's Credits – USD	17.68	7882.68	27.72	12444.56
Loan given including interest – USD	-	-	1.84	826.31

13. The details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of the statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. lakhs)
Central Excise Laws	Excise Duty	High Court	1996-1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1983-2008	6046.97
		Upto Commissioner (Appeals)	1992-2008	278.46
Service Tax Laws	Service Tax	High Court	2006	2.50
		Upto Commissioner (Appeals)	2005-2010	241.49
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004-2006	45.43
		Upto Commissioner (Appeals)	1998-2005	29.23
Sales Tax Laws	Sales Tax	High Court	2007-2008	673.30
		Sales Tax Appellate Tribunal	1987-2008	102.28
		Upto Commissioner (Appeals)	1988-2010	37.74
Income Tax Laws	Income-tax	Commissioner (Appeals)	2006-2007	26.53
Others	Electricity Cess	High Court	2007-2008	6.00

* amount as per demand orders including interest and penalty wherever quantified in the Order

The following matters, which have been excluded from the above table, have been decided in favour of the Company but the department has preferred appeals at higher levels. The details are given below:

Name of the statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs. lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994-2001	162.55
		High Court	1994-1999	131.35
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989-1995	223.61
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005	7.05
Sales Tax Laws	Sales Tax	High Court	1995-1996	158.84
		Rajasthan Tax Board	2001-2002	22.43

14. OPERATING LEASES

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between three to five years. As at March 31, 2011, the future minimum lease payments under non-cancellable operating leases as set out below: -

Particulars	As at March 31, 2011	As at March 31, 2010
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	671.58	390.01
- Later than one year and not later than five years	2485.88	15.96
- Later than five years	1564.73	-
Lease rent recognized in the profit and loss account	929.52	850.14

15. STATEMENT OF ADDITIONAL INFORMATION

a. Installed capacity per annum

	UNIT	As at March 31, 2011	As at March 31, 2010
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	MT	68040	68040
Nylon Tyre Cord Fabric/Industrial Yarn Fabric / Polyester Tyre Cord Fabric	MT	60334	57480
Laminated Fabric	Lakhs SQM	480	480
Nylon compounding chips	MT	14500	14500
Fluorocarbon Refrigerant Gases	MT	25000	25000
HFC 134a	MT	5000	3000
Hydrofluoric Acid (Anhydrous)	MT	12000	12000
Gypsum (By product)	MT	44550	44550
Hydrochloric Acid (By Product)	MT	77220	77220
Chloromethanes	MT	35000	35000
Fluorospecialities Chemicals	MT	1800	1800
Packaging Films	MT	59500	59500

b. Actual production

	UNIT	Year ended March 31, 2011	Year ended March 31, 2010
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord @/Twine @@	MT	11183.79	6840.03
Nylon Tyre Cord Fabric/Industrial Yarn Fabric / Polyester Tyre Cord Fabric*	MT	51879.77	49741.86
Laminated Fabric	Lakhs SQM	195.10	-
Nylon compounding chips@@	MT	8332.12	7121.86
Fluorocarbon Refrigerant Gases	MT	11496.68	11451.93
HFC 134a	MT	2399.44	2531.37
Hydrofluoric Acid (Anhydrous) @	MT	18.48	81.14
Gypsum (By Product)	MT	31863.28	34707.22
Hydrochloric Acid (By Product)	MT	69992.64	65322.20
Chloromethanes @	MT	22627.16	20904.25
Fluorospecialities Chemicals	MT	1329.42	966.56
Packaging Films	MT	58254.20	37214.06

Installed capacity is as certified by management

@ Excludes captive consumption

* Excludes Nil (Previous Year – 323.07 MT) of nylon tyre cord fabric/industrial yarn/industrial fabric produced by the Company on conversion contract

* Includes 696.86 MT (Previous Year – 523.65 MT) of nylon tyre cord fabric/industrial yarn fabric produced outside the Company by the Company's conversion contractors

@@ Includes 325.80 MT (Previous Year – 85.56 MT) of nylon compounding chips produced outside the Company by the Company's conversion contractors.

c. Opening and closing stock of finished goods (manufactured)

	As at March 31, 2011		As at March 31, 2010		As at March 31, 2010	
	Closing Quantity (MT)	Value (Rs. lakhs)	Closing Quantity (MT)	Value (Rs. lakhs)	Opening Quantity (MT)	Value (Rs. lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord / Twine	767.62	1224.45	513.44	563.39	248.68	305.05
Nylon Tyre Cord Fabric/ Polyester Tyre cord fabric / Industrial Yarn Fabric*	877.09	1958.78	927.53	1874.19	747.33	1285.79
Laminated Fabric#	11.31	326.79	-	-	-	-
Nylon compounding chips	356.77	542.45	422.35	531.10	295.73	422.99
Fluorocarbon Refrigerant Gases	483.85	463.63	365.36	325.49	716.22	535.96
HFC 134a	273.55	753.68	385.68	807.49	54.43	103.87
Hydrofluoric Acid (Anhydrous)	289.10	175.16	270.62	159.52	189.48	116.94
Gypsum (By Product)	3.15	0.03	80.00	1.24	25.50	0.14
Hydrochloric Acid (By Product)	143.90	1.35	171.82	2.86	188.32	2.09
Chloromethanes**	1427.23	333.75	1041.90	178.75	572.76	61.31
Fluorospecialities Chemicals	224.23	1295.71	99.36	855.68	23.80	208.27
Packaging Films	1580.34	1417.35	858.10	702.07	354.97	283.84

	As at March 31, 2011		As at March 31, 2010		As at March 31, 2010	
	Closing Quantity (MT)	Value (Rs. lakhs)	Closing Quantity (MT)	Value (Rs. lakhs)	Opening Quantity (MT)	Value (Rs. lakhs)
Others ***	25.73		113.95		67.37	
Total	8518.86		6115.73		3393.62	

* includes yarn in process of conversion into fabric

** includes chloromethanes in process of conversion into refrigerant gases

*** figures of others include goods purchased for resale

quantity in lakhs SQM

d. Turnover*

	Year ended March 31, 2011		Year ended March 31, 2010	
	Quantity (MT)	Value (Rs. lakhs)	Quantity (MT)	Value (Rs. lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	10929.61	17391.35	6575.27	9584.34
Nylon Tyre Cord Fabric/ Polyester tyre cord fabric / Industrial Yarn Fabric	51930.21	132927.17	49561.66	114474.39
Laminated Fabric#	183.79	5123.45	-	-
Nylon compounding chips	8397.70	13527.63	6995.24	9827.44
Fluoroochemicals & Allied Products **	11378.19	27744.77	11802.79	38939.63
HFC 134a	2511.57	10310.51	2200.12	5409.03
Gypsum (By Product)	31940.13	267.94	34652.72	252.46
Hydrochloric Acid (By Product)	70020.56	1299.70	65338.70	563.90
Chloromethanes	22241.83	8197.52	20435.11	5403.78
Fluorospecialities Chemicals	1204.55	9543.52	891.00	6573.96
Polyester Films	57531.96	96975.12	36710.93	37960.53
Conversion Income		1.28		6.06
Traded goods (goods purchased for resale)		1508.67		3830.24
Waste/Others		1917.28		1606.48
Gross Sales		326735.91		234432.24
Less: Excise Duty		28129.64		16324.48
Net Sales		298606.27		218107.76

* Net of sales returns and damaged stocks, etc

** Includes sales of Certified Emission Reductions of Rs. 7281.08 lakhs (Previous Year – Rs. 25955.90 lakhs)

quantity in lakhs SQM

e. Raw material consumption

	Year ended March 31, 2011		Year ended March 31, 2010	
	Quantity (MT)	Value (Rs. lakhs)	Quantity (MT)	Value (Rs. lakhs)
Caprolactam	43005.25	57711.19	43081.70	43048.31
Fluorospar	19566.75	3083.68	22823.32	4041.01
Chloromethanes	194.89	61.15	3550.98	564.36
Sulphuric Acid	22878.16	914.52	23860.34	503.80
Chlorine	44492.60	3358.19	37686.10	1214.30
Methanol	12997.67	1986.64	11525.00	1625.99
Caustic Soda	2478.55	210.37	2158.12	199.29
Trichloro Ethylene	3383.06	2581.92	-	-
Nylon yarn/Fabric		20090.30		15453.19
Polyester Chips	67565.19	42859.61	37080.51	20492.72
Fabric*	218.06	1416.57	-	-
Others		29316.29		25567.68
Total		163590.43		112710.65

* quantity in Lakhs SQM

f. Purchase of goods for resale

	Year ended March 31, 2011		Year ended March 31, 2010	
	Quantity (MT)	Value (Rs. lakhs)	Quantity (MT)	Value (Rs. lakhs)
Nylon tyre cord fabric	-	-	1750.68	3320.74
Yarn	666.84	853.20	33.47	37.80
Chloromethanes	117.73	287.51	119.63	255.67
Polyester Films	66.35	152.43	-	-
Nylon Chips	98.75	135.25	1.00	0.84
Others		35.52		26.61
Total		1463.91		3641.66

g. Value of imported/indigenous raw materials, stores and spares consumed

	Year ended March 31, 2011		Year ended March 31, 2010	
	%	(Rs. lakhs)	%	(Rs. lakhs)
Raw Materials				
Imported	40.54	66327.10	40.16	45269.17
Indigenous	59.46	97263.33	59.84	67441.48
	100.00	163590.43	100.00	112710.65
Stores and Spares				
Imported	9.76	407.70	11.91	458.81
Indigenous	90.24	3769.28	88.09	3393.43
	100.00	4176.98	100.00	3852.24

h. Value of imports on CIF basis

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Raw Materials	66910.76	36889.91
Stores and Spares	1640.48	799.33
Capital Goods	5043.96	20885.72

i. Expenditure in foreign currency

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Interest	1156.12	1032.74
Technical know-how and Technician's fees	31.42	374.05
Travel and Conveyance	139.78	78.46
Selling Commission	366.60	136.43
Lease rental	95.21	94.75
Legal and Professional	190.26	290.72
Sales Promotion / Market Research	0.45	1.71
Investments Provided / Written Off	154.09	-
Others	318.76	243.99

j. Earnings in foreign exchange

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Export of goods calculated on FOB Value	79285.59	56224.44
Interest	0.92	149.14
Profit on sale of investment in subsidiary	285.15	-
Service fee including recovery of actual expenses incurred	281.80	-

- 16.** Schedules 1 to 8 form an integral part of the Balance Sheet, Schedules 9 to 13 form an integral part of the Profit and Loss Account and Schedule 14 and the Statement of Additional Information form an integral part of the Balance Sheet and Profit and Loss Account.
- 17.** Previous year figures have been regrouped / recast / rearranged, wherever necessary, to conform to current year classifications.

Arun Bharat Ram
Chairman

Place: Gurgaon
Date: May 9, 2011

Ashish Bharat Ram
Managing Director

Subodh Bhargava
Director

Rajendra Prasad
President &
Chief Financial Officer

Kartikeya Bharat Ram
Deputy Managing Director

Anoop K Joshi
Vice President &
Company Secretary

18. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

REGISTRATION DETAILS			
Registration No.	L18101DL1970PLC005197		
Balance Sheet Date	31.3.2011		
CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT. IN RS.'000)			
Total Liabilities		Total Assets	
Sources of Funds	26615946	Application of Funds	26615946
Paid-up Capital (Including amount paid up on forfeited shares and shares suspense account)	615241	Net Fixed Assets	19493540
Reserves and Surplus	15784812	Investments	2018987
Secured Loans	7071811	Net Current Assets*	5103419
Unsecured Loans	1049858		
Deferred Tax liability	2094224		

*Net of Current Liabilities and Provisions

PERFORMANCE OF THE COMPANY (AMOUNT RS. '000)		
Total Income		31056243
Total Expenditure		24281457
Profit before Tax		6774786
Profit after Tax		4834421
Earnings per equity share in Rs.		79.90
Dividend Rate – Equity (Proposed)		Nil

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)		
Item Code No. (ITC Code)	59.02	Product Description
Item Code No. (ITC Code)	29.03	Product Description
Item Code No. (ITC Code)	39.20	Product Description

Arun Bharat Ram Chairman	Ashish Bharat Ram Managing Director	Kartikeya Bharat Ram Deputy Managing Director
Subodh Bhargava Director	Rajendra Prasad President & Chief Financial Officer	Anoop K Joshi Vice President & Company Secretary
Place: Gurgaon Date: May 9, 2011		

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	67747.86	45390.93
Adjustments for		
Depreciation	15210.10	13213.20
Withdrawal from Revaluation Reserve	(39.29)	(87.49)
Interest and Finance charges	8392.30	6804.79
Exchange Fluctuation	(2755.34)	(4632.20)
Provisions for Investments	154.09	-
Fixed Assets Written Off	251.74	65.86
Loss/(profit) on sale of fixed assets	(5.25)	(58.12)
Interest Income	(90.34)	(380.84)
Dividend on current non-trade investment	(473.23)	(83.98)
Profit on Sale of Investment in Subsidiary	(285.15)	-
Operating Profit before working capital changes	88107.49	60232.15
Adjustments for Changes in Working Capital		
Trade and other receivables	(10699.64)	(11108.72)
Inventories	(19096.48)	(5792.53)
Trade Payables and Provisions	16878.14	17368.52
Cash Generated from operations	75189.51	60699.42
Exchange Fluctuation	1835.68	1601.91
Taxation	(19271.78)	(11254.67)
Net Cash from operating activities (A)	57753.41	51046.66
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(20201.67)	(35639.43)
Proceeds from sale of fixed assets	100.35	169.46
Purchase of investments	(88276.16)	(61149.48)
Sale / maturities of investments	77325.01	64655.35
Advance against investments	-	(66.58)
Investments in subsidiary companies	(1455.99)	(6540.95)
Loans and advances given	-	(6833.86)
Loans and advances received back from subsidiary companies	606.02	8256.24
Interest received on loan to subsidiary company	221.21	-
Proceeds from sale of subsidiary	8800.00	-
Amount received pursuant to Montreal Phaseout Programme	71.16	1389.67
Interest Income	89.42	380.84
Dividend on current non-trade investment	473.23	83.98
Net Cash used in investing activities (B)	(22247.42)	(35294.76)
C CASH FLOW FROM FINANCING ACTIVITIES		
Buy Back of equity shares	-	(147.59)
Proceeds from long term borrowings	14489.93	26140.15
Repayment of long term borrowings	(7559.37)	(23164.62)
Net Proceeds / (Repayment) from short term borrowings	(19291.32)	4483.14

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Dividends on Equity Share Capital	(12526.55)	(7157.72)
Dividend Tax	(2126.62)	(1235.45)
Repayment of fixed deposits	(0.12)	(1.19)
Interest and Financial charges paid	(8613.57)	(8443.69)
Net cash used in / from financing activities (C)	(35627.62)	(9526.97)
Net increase / (decrease) in Cash and Cash Equivalents D=(A+B+C)	(121.63)	6224.93
Cash and Cash equivalents at the beginning of the year (E)	6534.97*	310.04*
Less : Exchange fluctuation on foreign currency bank balances (F)	27.81	-
Cash and Cash equivalents at the close of the year G=(D+E-F)	6385.53*	6534.97*

* Includes interim dividend deposited with the bank Nil (as at March 31, 2010 - Rs. 4235.25 lakhs, as at March 31, 2009 - Nil), unclaimed dividend with the banks Rs. 445.07 lakhs (as at March 31, 2010 - Rs. 265.87 lakhs, as at March 31, 2009 - Rs. 154.09 lakhs) and margin money with the banks Rs. 275.36 lakhs (as at March 31, 2010 - Rs. 193.70 lakhs, as at March 31, 2009 - Rs. 62.61 lakhs)

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Manjula Banerji
Partner

Place: Gurgaon
Date: May 9, 2011

Arun Bharat Ram
Chairman

Subodh Bhargava
Director

Ashish Bharat Ram
Managing Director

Rajendra Prasad
President & Chief
Financial Officer

Kartikeya Bharat Ram
Deputy Managing Director

Anoop K Joshi
Vice President
& Company Secretary

Auditors' Report

To The Board of Directors of SRF Limited

1. We have audited the attached Consolidated Balance Sheet of SRF LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., SRF Overseas Limited, SRF Technical Textiles (Thailand) Limited, SRF Industex Belting (Pty) Limited, SRF Transnational Holdings Limited, SRF Properties Limited, SRF Fluor Private Limited, SRF Holiday Home Limited, SRF Global BV, SRF Tech Textile BV, SRF Energy Limited and SRF Fluorochemicals Limited whose financial statements reflect total assets of Rs. 40999.06 lakhs, as at March 31, 2011, total revenues of Rs. 51237.52 lakhs and net cash flows amounting to Rs. 133.96 lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21 - "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 015125N)

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 9, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	6152.41	6152.41
Reserves and surplus	2	163645.23	121233.52
		169797.64	127385.93
Loan funds	3		
Secured loans		77157.21	83850.22
Unsecured loans		20156.16	19326.50
		97313.37	103176.72
Deferred tax liabilities	4	21610.23	21113.30
		288721.24	251675.95
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	379120.75	348244.06
Less : Depreciation		175543.43	153889.63
Net block		203577.32	194354.43
Capital work in progress		14340.31	13251.69
		217917.63	207606.12
Investments	6	11615.20	712.33
Deferred tax assets	7	1539.56	1986.86
Current assets, loans and advances	8		
Inventories		50405.72	30727.58
Sundry debtors		49265.03	36095.44
Cash and bank balances		9024.73	9040.21
Loans and advances		17247.73	18181.68
		125943.21	94044.91
Less: Current liabilities and provisions	9		
Current liabilities		65225.32	49655.25
Provisions		3069.04	3019.02
		68294.36	52674.27
Net current assets		57648.85	41370.64
		288721.24	251675.95
Notes to the consolidated accounts	15		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Place: Gurgaon
Date: May 9, 2011

Arun Bharat Ram
Chairman

Subodh Bhargava
Director

Ashish Bharat Ram
Managing Director

Rajendra Prasad
President & Chief
Financial Officer

Kartikeya Bharat Ram
Deputy Managing Director

Anoop K Joshi
Vice President & Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
INCOME			
Gross Sales (including conversion income) *		367273.07	266192.31
Less : Excise duty		28129.64	16324.48
Net Sales (including conversion income)		339143.43	249867.83
Other income	10	12695.19	8064.69
		<u>351838.62</u>	<u>257932.52</u>
* Includes tax deducted at source on conversion income Rs. 0.03 lakhs (Previous Year - Rs. Nil)			
EXPENDITURE			
Raw materials consumed	11	186991.41	127601.01
(Increase) \ Decrease in Stock	12	(5399.89)	(2054.55)
Purchases of goods for resale		1463.91	3641.66
Manufacturing and other expenses	13	73482.61	58814.37
Interest and finance charges	14	9595.24	7772.46
Depreciation	5	18464.13	15897.31
Transfer from revaluation reserve		(1454.28)	(1420.97)
		<u>283143.13</u>	<u>210251.29</u>
Profit before tax		68695.49	47681.23
Provision for taxation			
Current tax		18582.96	11869.44
Deferred tax charge		1592.63	3223.88
Relating to earlier years		96.13	146.39
		<u>48423.77</u>	<u>32441.52</u>
Profit after tax		56964.89	40958.43
Balance brought forward from the previous year			
Profit available for appropriation		105388.66	73399.95
Appropriations			
Interim dividend		8470.50	8470.50
Corporate dividend tax		1406.84	1439.56
Transfer to general reserve		5010.00	3500.00
Debenture redemption reserve		3025.00	3025.00
		<u>87476.32</u>	<u>56964.89</u>
Balance carried to balance sheet		80.03	53.62
Earnings per share - basic / diluted (Rs.)			
(Refer note 6 of Schedule 15)			
Notes to the consolidated accounts	15		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Place: Gurgaon
Date: May 9, 2011

Arun Bharat Ram
Chairman

Subodh Bhargava
Director

Ashish Bharat Ram
Managing Director

Rajendra Prasad
President & Chief
Financial Officer

Kartikeya Bharat Ram
Deputy Managing Director

Anoop K Joshi
Vice President & Company Secretary

SCHEDULE 1: SHARE CAPITAL

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
AUTHORISED		
12,00,00,000 (Previous Year - 12,00,00,000)	12000.00	12000.00
Equity shares of Rs. 10 each		
10,00,000 (Previous Year - 10,00,000)	1000.00	1000.00
Preference Shares of Rs. 100 each		
12,00,000 (Previous Year - 12,00,000)	600.00	600.00
Cumulative Convertible Preference Shares of Rs. 50 each		
2,00,00,000 (Previous Year - 2,00,00,000)	20000.00	20000.00
Cumulative Preference Shares of Rs. 100 each		
	33600.00	33600.00
ISSUED		
6,64,49,244 (Previous Year - 6,64,49,244)		
Equity Shares of Rs.10 each	6644.92	6644.92
SUBSCRIBED AND PAID UP		
6,05,03,580 (Previous Year - 6,05,03,580)	6050.36	6050.36
Equity Shares of Rs. 10 each fully paid up		
Add : Forfeited shares - Amount originally paid up	101.51	101.51
Add : Share capital suspense	0.54	0.54
	6152.41	6152.41

Of the subscribed and paid-up capital - 20,34,848 (Previous Year - 20,34,848) equity shares allotted as fully paid up as bonus shares by capitalisation of reserves

Share capital suspense represents 5,408 (Previous Year - 5,408) equity shares which are awaiting allotment to the erstwhile shareholders of Flowmore Polysters Limited (FPL) pending settlement of calls in arrears in respect of their shareholding in FPL

Nil (Previous Year - 1,81,425) equity shares of Rs. 10 each fully paid up, bought back and extinguished in accordance with section 77A of the Companies Act, 1956

SCHEDULE 2: RESERVES AND SURPLUS

	As at March 31, 2010 (Rs. lakhs)	Additions (Rs. lakhs)	Deductions (Rs. lakhs)	As at March 31, 2011 (Rs. lakhs)
Securities premium account	5527.11	-	-	5527.11
Capital reserve	22015.57	71.16*	-	22086.73
Revaluation reserve	11062.22	6240.25***	1454.28##	15848.19
Capital redemption reserve	739.77	-	-	739.77
Debenture redemption reserve	6050.00	3025.00***	-	9075.00
Cash flow hedge reserve	1569.79	-	1308.16	261.63**
Foreign Currency Translation Reserve	(181.07)	568.42	252.11	135.24
General reserve	17485.24	5010.00	-	22495.24
Surplus in profit and loss account	56964.89	30511.43	-	87476.32
	121233.52	45426.26	3014.55	163645.23

* Represents amount received pursuant to Montreal Protocol Phaseout Programme of Refrigerant Gases

** The cash flow hedge reserve represents gain on mark to market of foreign currency derivatives in the nature of cash flow hedge net of deferred tax of Rs.128.76 lakhs (Previous Year - Rs. 777.16 lakhs)

*** Created during the year

Represents

- Rs. 1454.28 lakhs transferred to profit and loss account

Represents additions due to revaluation of fixed assets in SRF Technical Textiles (Thailand) Limited

SCHEDULE 3: LOAN FUNDS

		As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
SECURED LOANS			
Debentures	(1)	15000.00	15000.00
Loans from banks			
On cash credit / working capital demand loan	2(i), (iii) & (iv)	694.79	11387.62
Term loans *	2(ii) & 3	61462.42	57462.60
		<hr/> 77157.21	<hr/> 83850.22
UNSECURED LOANS			
Short term loans and advances			
Banks		19416.58	18914.38
Others **		<hr/> 739.58	<hr/> 412.12
		<hr/> 20156.16	<hr/> 19326.50
		<hr/> 97313.37	<hr/> 103176.72

* Includes Rs. 28429.51 lakhs (Previous Year - Rs. 11081.11 lakhs) repayable within a year.

** Includes Nil (Previous Year - Nil) for Commercial Paper issued by the Company. The maximum amount due during the year is Rs. 2500 lakhs (Previous Year - Rs. 2500 lakhs)

SECURITY NOTE/CLAUSE

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
1. 1500 (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs. 10 lakhs each	15000.00	15000.00	Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition, these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.
Terms and conditions			
a) Redeemable at face value in three annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4 th year from the date of allotment			
b) Call option at the end of 3 rd year with step up of 0.5% p.a. if call option is not exercised.			
2 i) Cash credit / working capital demand loans	351.24	11226.76	Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.
ii) Term loan from banks	3626.70	-	
iii) Cash credit / working capital demand loans	282.83	160.86	Bank loans and overdrafts in SRF Overseas Limited are secured by the assignment of insurance policies on inventories on pari-passu basis and working capital facilities are granted to the Company against a floating charge on the trade receivables of the Company on a pari-passu basis.
iv) Cash credit / working capital demand loans	60.72	-	Bank loans and overdrafts in SRF Technical Textiles (Thailand) Limited are secured by mortgage of fixed assets of the Company.

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
3. (i) Term loan from banks	47797.57	19591.17	<p>Term loans from banks are secured by:</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand.</p> <p>Of the above, term loan of Rs. 46047.57 lakhs (Previous Year – Rs. 17403.67 lakhs) is additionally secured by hypothecation of Company's moveable properties both present and future, at Pantnagar in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidi poondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs. 5370.57 lakhs (Previous Year – Rs. 7102.17 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs. 3620.57 lakhs (Previous Year – 4914.67 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidi poondi (leasehold land) in the State of Tamil Nadu.</p> <p>Term Loan of Rs. 41997.57 lakhs (Previous Year – Rs. 12591.17 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructures) in the State of Madhya Pradesh.</p> <p>Term Loans of Rs. 38377.00 lakhs (Previous Year – Rs. 7676.50 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs. 12009.00 lakhs (Previous Year – Rs. 14676.50 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidi poondi (leasehold land) in the State of Tamil Nadu.</p> <p>b) Rs. 10259.00 lakhs (Previous Year – Rs. 12489.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs. 5800.00 lakhs (Previous Year – Rs. 7000.00 lakhs) are to be further secured by equitable</p>

Loan	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)	Security
			mortgage of Company's immoveable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).
			d) Rs. 9420.57 lakhs (Previous Year – Rs. 11914.67 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.
			e) Rs. 15629.57 lakhs (Previous Year – Rs. 19591.17 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.
(ii) Term loan from banks	3942.60	29201.43	Term loans from Banks are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand. Out of the loans as at 3(ii), term loan of Rs. 38.01 lakhs (Previous Year – Rs. 114.79 lakhs) is additionally secured by a charge on a fixed deposit of Rs. 30.00 lakhs with a bank.
			Out of the loans as at 3(ii), term loans aggregating to Rs. 38.01 lakhs (Previous Year - Rs. 114.79 lakhs) are to be secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi (Freehold & leasehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.
(iii) Term loan from banks	6095.55	8670.00	Bank loan in SRF Technical Textiles (Thailand) Limited amounting to approximately USD 13.67 million from Bank of Ayudhya, Thailand is secured by mortgage and pledge on the plant and machinery of SRF Technical Textiles (Thailand) Limited and assignment of leasehold rights.
Total	77157.21	83850.22	

In respect of SRF Limited, the hypothecation and equitable mortgage ranking pari-passu between term loans from banks / others and subject to prior charges created / to be created on certain specified moveable assets for working capital facilities mentioned in 2 above.

SCHEDULE 4: DEFERRED TAX LIABILITIES

	As at March 31, 2011 Rs. lakhs	As at March 31, 2010 Rs. lakhs
DEFERRED TAX LIABILITIES		
Difference between book and tax depreciation	20089.28	18906.34
Research and Development expenditure and others	1520.95	2206.96
	21610.23	21113.30

SCHEDULE 5: FIXED ASSETS

Description	Gross Block						Depreciation				Net Block		Revaluation Amount
	As at April 1, 2010	Additions	Translation Adjustment	Deductions	Net Revaluation	As at March 31, 2011	Upto March 31, 2010	For the year	Translation Adjustment - Accumulated Depreciation	On deductions	Upto March 31, 2011	As at March 31, 2010	
	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)
Tangible assets													
Land													
- Freehold	10334.16	339.00	-	-	-	10673.16	-	-	-	-	10673.16	10334.16	4882.68
- Leasehold	4228.50	727.27	-	-	4955.77	-	-	-	-	-	4955.77	4228.50	362.62
Roads	1429.61	-	18.06	-	(29.66)	1418.01	680.98	29.22	13.37	-	723.57	694.44	748.63
Buildings	43595.45	2002.26	910.33	0.11	559.25	47067.18	10809.08	1533.89	563.26	0.06	12906.17	34161.01	32786.37
Plant and machinery	277783.02	16729.25	3561.01	580.97	5710.66	303202.97	137525.60	15846.49	3314.63	439.75	156246.97	146955.00	140257.42
Furniture, fixtures and office equipments	4963.08	414.70	21.39	75.05	-	5324.12	3366.97	274.13	18.89	70.59	3589.40	1734.72	1596.11
Vehicles	1919.70	654.49	8.91	316.23	-	2266.87	848.45	381.64	4.63	214.71	1020.01	1246.86	1071.25
Intangible Assets													
Goodwill	1300.44	-	-	-	-	1300.44	36.89	36.89	-	-	73.78	1226.66	1263.55
Trade Marks	1139.70	-	-	-	-	1139.70	142.46	113.97	-	-	256.43	883.27	997.24
Technical Knowhow	908.75	-	-	-	-	908.75	76.10	26.47	-	-	102.57	806.18	832.65
Software	641.65	222.13	-	-	-	803.78	403.10	221.43	-	-	624.53	239.25	238.55
Total	348244.06	21089.10	4519.70	972.36	6240.25	379120.75	153839.63	18464.13	3914.78	725.11	175543.43	203577.32	15848.19
Previous year	296348.30	52811.86	-	916.10	-	348244.06	138718.98	1589.731	-	-	726.66	153839.63	194354.43
Capital-work-in-progress including capital advances of Rs. 3033.25 lakhs (Previous Year - Rs. 2363.73 lakhs)													
											14340.31	13251.69	
											217917.63	207606.12	

1. Revaluation of the assets of the SRF Limited was done as on March 31, 2005 and of SRF Technical Textiles (Thailand) Limited has been done in financial year ended March 31, 2011.
2. Amount of borrowing cost capitalised to fixed assets during the year Rs. 364.35 lakhs (Previous Year - Rs. 1698.07 lakhs)
3. The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.
4. Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including innovative machinery is linked to the Stamp Duty matter (Refer note 3 (a) of Schedule 15).
5. Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidi poondi, the Company does not have clear title to 2.43 acres.
6. Capital work in progress includes pre-operative expenses Rs. 2021.73 lakhs (Previous Year - Rs. 652.28 lakhs).

SCHEDULE 6: INVESTMENTS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
LONG TERM		
(valued at cost unless there is a decline in value, other than temporary)		
Non-trade investments		
Quoted		
2,901 (Previous Year - 2,901) Shares of Rs. 10 each fully paid up of Mawana Sugars Limited	0.48	0.48
Trade Investments		
Unquoted		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs. 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs. 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
Advance against investment in SRF Cord GmbH	-	66.58
Non-trade investments		
Investment of shares, units, etc		
Unquoted		
25,00,000 (Previous Year - 25,00,000) Preference shares of Rs. 10 each fully paid up of SBL Industries Limited	250.00	250.00
Less : Provision for diminution in value	(250.00)	(250.00)
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs. 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less: Provision for diminution in value	(11.69)	(11.69)
1,19,000 (Previous Year - 1,19,000) Equity shares of Rs. 10 each fully paid up of SB Packaging Limited	49.98	49.98
Less: Provision for diminution in value	(49.98)	-
	-	49.98

CURRENT INVESTMENTS

(valued at lower of cost or fair value)

Non-trade investments

Units of Mutual Funds

Quoted

2,50,00,000 (Previous Year - Nil) Units of Rs. 10 each of SBI Mutual Fund - SBI Debt Fund Series - 370 Days - 12 Growth	2500.00	-
Unquoted		
3,54,71,831 (Previous Year - Nil) Units of Rs. 10.08 each of Kotak Floater Long Term Fund Daily Dividend Reinvestment Option	3575.49	-
2,51,95,750 (Previous Year - Nil) Units of Rs. 10 each of ICICI Prudential Interval Fund II Quarterly Interval Plan -B	2519.58	-
Nil (Previous Year - 1,51,951) Units of Rs 10 each of Sundaram BNP Paribas Floter LT Regular	-	15.64
2,00,000 (Previous Year - Nil) units of Rs. 10 each of Sundaram Fixed Term Plan AV 366 days Dividend	20.00	-
2,00,000 Units (Previous Year - Nil) of Rs 10 each of Birla Sun Life Fixed Term Plan Series CL Dividend	20.00	-

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
2,40,00,000 (Previous Year - Nil) Units of Rs. 10 each of Kotak Quarterly Interval Plan Series 6 - Dividend	2400.00	-
Aggregate book value of quoted investments	11615.20	712.33
Aggregate book value of unquoted investments	2500.48	0.48
- Units of mutual funds	8535.07	15.64
- Others	579.65	696.21
	11615.20	712.33
Market value of quoted investments	2500.64	1.01
Net asset value / repurchase price of units of mutual funds	8544.37	17.32

	Purchase		Sold (at cost)	
	Units Nos.	Amount Rs. lakhs	Units Nos.	Amount Rs. lakhs

Details of investments purchased and sold during the year

Mutual Funds

Current Investments

Quoted

SBI Mutual Fund - SBI Debt Fund Series -370 Days -12 Growth

25000000 2500.00 - -

Unquoted

Reliance Liquidity Fund-Daily Dividend Reinvestment Option*

24990777 2500.35 24990777 2500.35

Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan*

254263 2546.12 254263 2546.12

Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option*

45112567 5026.22 45112567 5026.22

Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment*

93438552 11425.76 93438552 11425.76

Kotak Flexi Debt Scheme Institutional - Daily Dividend Reinvestment*

6983513 701.67 6983513 701.67

Kotak Floater Short Term Scheme Institutional - Daily Dividend Reinvestment*

40671266 4114.39 40671266 4114.39

Kotak Floater Long Term Scheme Institutional - Daily Dividend Reinvestment*

87146870 8784.23 51675039 5208.74

Templeton IndiaTreasury Management Account Super Institutional Plan - Daily Dividend Reinvestment*

349860 3500.96 349860 3500.96

Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment*

48692643 4874.91 48692643 4874.91

SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment Option*

68228870 11428.54 68228870 11428.54

SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment Option*

82422183 8247.16 82422183 8247.16

Canara Robeco Liquid Super Institutional Daily Dividend Reinvestment Fund*

24908413 2504.54 24908413 2504.54

Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund*

20446111 2536.77 20446111 2536.77

ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment*

8620267 8622.22 8620267 8622.22

ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment*

3823646 4042.74 3823646 4042.74

ICICI Prudential Interval Fund II Quarterly Interval Plan -B

25195750 2519.58 - -

Kotak Quarterly Interval Plan Series 6- Dividend

24000000 2400.00 - -

Sundaram BNP Paribas Floter LT Regular

2981 0.34 154932 15.98

Sundaram Fixed Term Plan AV 366 days Dividend

200000 20.00 - -

Bilra Sun Life Fixed Term Plan Series CL Dividend - Payout

200000 20.00 - -

* Units purchased includes dividend reinvested during the year

SCHEDULE 7: DEFERRED TAX ASSETS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
DEFERRED TAX ASSETS		
Provision for bad and doubtful debts	95.86	84.26
Accrued expenses deductible on payment	696.95	568.29
Brought forward business losses *	746.75	1334.31
	<hr/> 1539.56	<hr/> 1986.86

* The deferred tax assets have been recognised keeping in view the concept of prudence and on the basis of virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realised.

SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
CURRENT ASSETS		
Inventories		
Stores and spares (at cost or under)	4709.44	4018.35
Stock in trade (at cost or net realisable value, whichever is lower)		
Raw materials	27408.96	14061.37
Stock-in-Process	8723.19	5622.90
Finished Goods	9564.13	7024.96
	<hr/> 50405.72	<hr/> 30727.58
Sundry debtors		
Debts over six months		
Unsecured - Considered good	119.71	158.59
- Considered doubtful	308.98	263.30
Other debts		
Unsecured - Considered good	49145.32	35936.85
	<hr/> 49574.01	<hr/> 36358.74
Less: Provision for doubtful debts	308.98	263.30
	<hr/> 49265.03	<hr/> 36095.44
Cash and bank balances		
Cash in hand	26.68	29.65
Cheques in hand	29.64	0.62
With scheduled banks on		
Current accounts	4156.94	1840.28
Deposit accounts [#]	1775.36	4428.95
Unclaimed dividend accounts	445.07	265.87
With other banks on		
Current accounts [@]	2472.97	2359.24
Deposit accounts ^{##@@@}	118.07	115.60
	<hr/> 9024.73	<hr/> 9040.21
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received *		
Considered good	6319.70	7296.95

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
Considered doubtful	170.54	16.22
	6490.24	7313.17
Less: Provision for doubtful advances	170.54	16.22
	6319.70	7296.95
Balance with customs and excise authorities	944.48	594.89
Other deposits **	2467.46	2434.43
Advance tax	16.75	108.55
Claims Recoverable	1390.81	1419.55
Cenvat/Service Tax/VAT recoverable	6108.53	6327.31
	17247.73	18181.68
	125943.21	94044.91

Includes Rs. 275.36 lakhs (Previous Year Rs. 193.70 lakhs) as margin money and Nil (Previous Year Rs. 4235.25 lakhs) deposit for interim dividend.

Includes Rs. 118.07 lakhs (Previous Year Rs. 115.60 lakhs) as margin money.

* Interest bearing loans carrying interest of 9% p.a. or more to a Officer of the Company (repayable beyond seven years) - Nil (Previous Year – Nil). Maximum balance outstanding during the year Nil (Previous Year - Rs. 0.73 lakhs).

** Includes Rs. 1047.48 lakhs (Previous year - Rs. 1025.62 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company.

@ Name of the banks (other than scheduled banks) and balances lying with each such bank on current account along with the maximum balance outstanding at anytime during the year:

Name of the Bank	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2011 (Rs. lakhs)	March 31, 2010 (Rs. lakhs)	2010-11 (Rs. lakhs)	2009-10 (Rs. lakhs)
ABSA Bank	348.81	318.20	993.08	817.95
ABSA CFC Dollar account	143.89	14.90	209.57	297.38
ABSA CFC Euro account	0.76	8.46	9.09	8.46
CITI Bank Rand account	8.17	0.88	8.17	214.29
SBI USD account	0.66	0.66	0.66	0.67
HSBC call deposit	244.88	103.72	614.38	384.30
Bank of Bahrain and Kuwait	1.54	1.57	1.57	1.57
BNP Paribas USD account	0.29	51.60	18.66	85.71
BNP Paribas current account	0.63	-	2.09	8.94
BNP Paribas Euro account	0.05	0.28	22.34	50.39
Standard Chartered USD account	0.75	19.64	97.75	324.50
HSBC Euro account	26.34	50.55	106.81	138.91
Siam Commercial Bank, Chidlom	104.02	233.53	727.22	780.20
Siam Commercial Bank, Maptaphut	95.10	350.97	213.86	1503.25
Siam Commercial Bank, Laemchabang	0.01	-	0.01	-
Bank of Ayudhya, Maptaphut	882.11	1129.69	1271.07	1716.62
Siam Commercial Bank (FCD)	0.01	0.01	0.01	0.01
Standard Chartered Bank, Rayong	1.81	1.71	1.81	1.71
Standard Chartered Bank (Mauritius) Limited	8.86	-	8.86	-
ABN AMRO Euro account, (SRF Tech Textile BV)	35.45	17.15	73.91	2405.55
ABN AMRO USD account	567.66	-	8695.05	-
ABN AMRO Euro account, (SRF Global BV)	1.17	1.33	1488.22	3972.21
Bank of China	-	54.39	-	70.84
Total	2472.97	2359.24		

@@ Name of the bank (other than scheduled banks) and balance lying with each such bank on deposit account along with the maximum balance outstanding at anytime during the year:

Name of the Bank	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2011 (Rs. lakhs)	March 31, 2010 (Rs. lakhs)	2010-11 (Rs. lakhs)	2009-10 (Rs. lakhs)
Deposit - Margin money (HSBC)	118.07	115.60	118.07	118.85
Total	118.07	115.60		

SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
CURRENT LIABILITIES		
Acceptances	23589.97	18037.85
Sundry creditors:		
Total outstanding dues of Micro and Small enterprises	146.34	164.45
Total outstanding dues to creditors other than Micro and Small enterprises	39351.62	24388.52
Book Overdraft	-	350.78
Security deposits	539.11	463.27
Interim dividend payable	-	4235.25
Corporate dividend tax	-	719.78
Unclaimed dividend*	445.07	265.87
Unclaimed fixed deposits (including interest)*	11.99	12.11
Interest accrued but not due on loans	1141.22	1017.37
	65225.32	49655.25
PROVISIONS		
Provision for taxation (net of payments)	645.36	1491.61
Employee Benefits	2423.68	1527.41
	3069.04	3019.02
	68294.36	52674.27

* Will be credited to Investor Education and Protection Fund if not claimed within seven years from the date of issue of dividend / Interest Warrant, and the date the Fixed Deposits have matured

SCHEDULE 10: OTHER INCOME

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Claims	104.06	6.91
Export Incentives	368.48	397.38
Dividend on current non-trade investments	473.99	87.72
Profit on sale of current non-trade investments	1.89	-
Provision no longer required written back	75.53	472.95
Scrap sales	1109.88	720.75
Profit on sale of fixed assets	5.25	58.12
Exchange fluctuation	3317.40	5628.10
Recovery of amounts written off	-	11.89

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Interest		
- from customers*	1.20	9.21
- on loans and deposits*	173.45	89.00
- on income tax refunds	35.61	144.44
- from others	57.02	74.06
Miscellaneous**	6971.43	364.16
	<hr/>	<hr/>
	12695.19	8064.69

* Includes Income-tax deducted at source Rs. 20.65 lakhs (Previous Year Rs. 14.72 lakhs)

Includes gain of Rs. 6417.04 lakhs (Previous Year - Nil) on account of cancellation / net settlement of certain long term contracts relating to sale of Certified Emission Reductions (CERs).

SCHEDULE 11: RAW MATERIALS CONSUMED

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Opening stock of Raw Materials	14061.37	11826.83
Add: Purchase of Raw Materials	200339.00	129835.55
	<hr/>	<hr/>
Less: Closing Stock of Raw Materials	214400.37	141662.38
Raw Materials consumed	27408.96	14061.37
	<hr/>	<hr/>
	186991.41	127601.01

SCHEDULE 12: (INCREASE) \ DECREASE IN STOCK

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Opening Stock		
Stock-in-Process	5622.90	4874.81
Finished goods	7024.96	5078.73
	<hr/>	<hr/>
Stock produced during trial run	12647.86	9953.54
Stock-in-Process	231.47	455.77
Finished goods	8.10	184.00
	<hr/>	<hr/>
Closing Stock	239.57	639.77
Stock-in-Process	8723.19	5622.90
Finished goods	9564.13	7024.96
	<hr/>	<hr/>
(Increase) \ Decrease in Stock	18287.32	12647.86
	<hr/>	<hr/>
	(5399.89)	(2054.55)

SCHEDULE 13: MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Stores & Spares consumed (excluding Rs. 2533.17 lakhs (previous year Rs. 2657.04 lakhs) charged to repair & maintenance)	2812.73	2124.76

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Power and fuel	26038.05	20766.45
Rent	1773.46	1682.54
Repairs and maintenance		
- Buildings	280.97	152.94
- Plant and machinery	4263.88	3657.10
- Other maintenance	1341.49	1194.94
Freight	6023.87	3738.42
Professional and Legal charges	1557.79	2367.90
Salaries, wages, bonus, etc.	16632.22	13618.13
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	1812.75	1181.53
Workmen and staff welfare expenses	2002.05	1438.50
Insurance	776.08	727.78
Rates and taxes	334.44	296.35
Contract conversion charges	590.41	504.87
Travel	918.08	806.25
Auditors' Remuneration*		
- Audit Fees	76.92	64.42
- For limited review of unaudited financial results	24.00	21.00
- For corporate governance, consolidated financial statements and other certificates	6.48	8.80
- For tax audit	5.00	5.00
Directors' sitting fees	15.07	7.50
Selling commission	1194.33	644.86
Provision for doubtful debts /advances	176.94	-
Bad debts / advances written off	30.52	199.01
Fixed assets / inventory / investments written off	301.72	74.99
Loss on sale of fixed assets	6.96	-
Increase / (decrease) in excise duty on closing stock	121.25	287.87
Miscellaneous expenses#	4365.15	3242.46
	73482.61	58814.37

* Includes remuneration to other auditors

Includes Nil (Previous Year - Rs. 15.00 lakhs) donation paid to a political party 'Indian National Congress'

SCHEDULE 14: INTEREST AND FINANCE CHARGES

	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
On:		
Debentures and loans for fixed period	5833.90	4193.16
Cash Credit and Others	1435.73	1579.74
Finance charges	2325.61	1999.56
	9595.24	7772.46

SCHEDULE 15: NOTES TO THE CONSOLIDATED ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(i) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006.

a) Principles of consolidation:

The consolidated financial statements relate to SRF Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra-group transactions resulting in unrealized profit or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- The excess of cost to the company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognized in the financial statements as goodwill.

b) The subsidiaries considered in the preparation of these consolidated financial statements are: -

Name of subsidiary	Country of incorporation	Proportion of ownership as at March 31, 2011	Proportion of ownership as at March 31, 2010
Indian subsidiaries			
SRF Transnational Holdings Limited	India	100%	100%
SRF Properties Limited	India	100%	100%
SRF Holiday Home Limited	India	100%	100%
SRF Energy Limited	India	100%	100%
SRF Fluorochemicals Limited	India	100%	100%
Foreign subsidiaries			
SRF Fluor Private Limited	Mauritius	100%	100%
SRF Global BV	Netherlands	100%	100%
SRF Overseas Limited ('SRFO') (100% subsidiary of SRF Tech Textile BV)	British Virgin Islands	100%	100%
SRF Tech Textile BV (100% subsidiary of SRF Global BV)	Netherlands	100%	100%
SRF Technical Textiles (Thailand) Limited (100% subsidiary of SRF Tech Textile BV)	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (100% subsidiary of SRF Tech Textile BV)	Republic of South Africa	100%	100%

c) Joint Venture considered in the preparation of these consolidated financial statement is: -

Joint venture	Country of incorporation	Proportion of ownership as at March 31, 2011	Proportion of ownership as at March 31, 2010
Jingde Yangtze - Ganga Fluorine Chemical Co. Limited	People's Republic of China	-	50%

The Company has decided to sell its entire 50% stake in Jingde Yangtze Ganga Fluorine Chemical Co. Limited (a joint venture company) to the other partner viz. Central Fluor Group Company Limited and/or their nominee. The sale consideration is under negotiation. Hence the same has not been consolidated.

The Company owns 22.60% (Previous year – 22.60%) in Malanpur Captive Power Limited and the same has not been considered for the purposes of consolidation, since the Company does not exercise significant influence over Malanpur Captive Power Limited.

(ii) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

(iii) FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation except for certain fixed assets which are revalued and are therefore, stated at their revalued book values. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

The basis for revaluation is current cost of depreciated assets at the time of revaluation. 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 of any asset of that category; any such decrease is expensed. The decline in value of any individual asset in a category is charged to revenue over the remaining useful life of that asset and corresponding adjustment made on the amount withdrawn from the revaluation reserve.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(iv) DEPRECIATION

- a) Depreciation on all fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation / revaluation of the related assets, whichever is higher, except in case of the following assets where depreciation is provided at the rates indicated against each assets: -

Vehicles	-	21%
Data Processing Equipments	-	31.67%
Mobile Phones	-	95%

- b) Depreciation is calculated on a pro rata basis except that, assets costing upto Rs. 5,000 each are fully depreciated in the year of purchase.
- c) On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.
- d) In respect of revalued assets, a transfer is made from the revaluation reserve to the profit and loss account for the sum of the differences as below: -
- the difference between the amounts 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 / disposed off, the difference between the write down value as per the revalued value and historical cost.
- e) No write-off is made in respect of leasehold land as the lease is a perpetual lease.
- f) Depreciation (amortisation) on intangibles is provided on straight line method as follows:
- Trademark and technical knowhow over a period of ten years
 - Software over a period of three years
 - Goodwill, other than goodwill on consolidation, over a period of ten years

(v) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

All monetary items are re-stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the profit and loss account as exchange fluctuation.

The Company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transactions. Effective April 1, 2007, the Company designates such contracts in a cash flow hedge relationship by applying the principles set out in Accounting Standard (AS) – 30 - "Financial Instruments: Recognition and Measurement".

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in Cash Flow Hedge Reserve under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in profit and loss account.

Amount accumulated in Cash Flow Hedge Reserve are reclassified to profit and loss account in the same periods during which the forecasted transaction affects the profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires, or is sold or terminated or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in Cash Flow Hedge Reserve is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the Cash Flow Hedge Reserve to the profit and loss account

Contracts that are not designated as hedges of future cash flows are fair valued at each reporting date and the resultant gain or loss is recognised in the profit and loss account.

(vi) RESEARCH & DEVELOPMENT

Expenditure on research and development of products is included under the natural heads of expenditure in the year in which it is incurred except which relate to development activities whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes. Such costs are capitalized if they can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use or sell the asset.

Capital expenditure on research and development includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use and is treated in the same manner as expenditure on other fixed assets and depreciated as per Company policy.

(vii) INVENTORIES

Stores and spares are valued at cost or under. Stock in trade is valued at cost or net realizable value, whichever is lower. The bases of determining the cost for various categories of inventory are as follows:

Stores, spares and raw materials	- Weighted average rate
Stock in trade	
Process stocks and finished goods	- Direct cost plus appropriate share of overheads and excise duty, wherever applicable
By products	- At estimated realisable value

(viii) INVESTMENTS

Long term investments are valued at cost unless there is a decline in value other than temporary. Current investments are stated at lower of cost or fair value.

(ix) EMPLOYEE BENEFITS

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and Employees' State Insurance Corporation are recognized in the profit and loss account.

Provision for gratuity, compensated absences and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

(x) PROVISIONS AND CONTINGENT LIABILITIES

The Company recognizes a provision when there is a present obligation as a result of past events and it is more likely than not that an outflow of resources would be required to settle the obligation and a reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

(xi) REVENUErecognition

Sale of goods is recognized at the point of dispatch of goods to customers. Gross sales are inclusive of excise duty and net of value added tax / sales tax.

Sale of Certified Emission Reductions (CER's) is recognised as income on the delivery of the CER's to the customer's account as evidenced by the receipt of confirmation of execution of delivery instructions.

(xii) RESERVES

- 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 there from.
- Capital receipts are credited to Capital reserve.
- Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

(xiii) TAXATION

- The income tax liability is provided in accordance with the provisions of the Income Tax Act, 1961.
- Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2. CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs. 13273.89 lakhs (Previous Year - Rs. 5179.29 lakhs).

Further, the Company is to make investment in SRF Cord GmbH of Nil (Previous Year – Euro 98000).

3. CONTINGENT LIABILITIES NOT PROVIDED FOR

- Claims against the Company not acknowledged as debts:

	As at March 31, 2011 (Rs. lakhs)	As at March 31, 2010 (Rs. lakhs)
Excise duty, customs duty and service tax * @	5865.44	5652.81
Sales tax ** @	925.42	249.38
Income tax	976.37	897.00
Stamp duty****	2881.55	2881.55
Others ***	94.43	210.10

* Amount deposited Rs. 315.92 lakhs (Previous year - Rs. 222.60 lakhs)

** Amount deposited Rs. 7.16 lakhs (Previous Year - Rs. 7.16 lakhs)

*** Amount deposited Rs. 8.00 lakhs (Previous Year – Rs. 119.06 lakhs)

**** In the matter of acquisition of the Tyrecord Division at Malampur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs. 30300.00 lakhs and levied a stamp duty of Rs. 2372.50 lakhs and imposed a penalty of Rs. 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs. 2776.18 lakhs and not the entire undertaking valued at Rs. 30300.00 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited, the liabilities of Rs. 1793.81 lakhs (Previous Year - Rs. 1813.21 lakhs) and Rs. 38.00 lakhs (Previous Year - Rs. 28.10 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

All the above matters are subject to legal proceedings in the ordinary course of business. In the opinion of the management, the legal proceedings, when ultimately concluded, will not have a material effect on the results of the operations or financial position of the Company.

- b. Liability on account of Bank Guarantees Rs. 1504.90 lakhs (Previous Year – Rs. 1099.78 lakhs)
- c. The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs. 76.04 lakhs (Previous year - Rs. 416.29 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 sustainable.

4. MANAGERIAL REMUNERATION

(i) Chairman / Managing Director / Deputy Managing Director / Whole time Director	Year Ended March 31, 2011 (Rs. lakhs)	Year Ended March 31, 2010 (Rs. lakhs)
Salary	274.32	221.72
Contribution to provident and superannuation funds	72.90	58.86
Value of perquisites	137.52	120.10
Commission (Provided)	475.00	340.00
Sub-Total	959.74	740.68
(ii) Non Executive Directors		
Commission (Provided)	30.00	30.00
Professional consultancy	13.43	-
Directors' sitting fees	15.07	7.50
Sub-Total	58.50	37.50
Total	1018.24	778.18

As there is a global contribution to gratuity fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to gratuity fund in respect of directors has not been considered in the above computation. Further the liability on account of compensated absences in respect of directors has not been considered above, since the provision is based on an actuarial basis for the Company as a whole.

5. RELATED PARTY DISCLOSURES UNDER AS-18 "RELATED PARTY DISCLOSURES"

As per Accounting standard AS –18 “Related Party Disclosures” the Company’s related parties and transactions with them are disclosed below:

A. NAME OF RELATED PARTY AND NATURE OF RELATED PARTY RELATIONSHIP

Key Management Personnel (a)	Enterprises over which (a) have significant influence (b)
Mr Arun Bharat Ram, Chairman	KAMA Holdings Limited*
Mr Ashish Bharat Ram, Managing Director	Bhairav Farms Private Limited*
Mr Kartikeya Bharat Ram, Deputy Managing Director	Narmada Farms Private Limited*
Mr K Ravichandra, Whole Time Director	SRF Polymers Investments Limited*
Mr T L Raman, Whole Time Director	KAMA Realty (Delhi) Limited*
	Shri Educare Limited
	Shri Educare Maldives Private Limited
	SRF Foundation
	Karm Farms Private Limited*
	Sristi Westend Greens Farms Private Limited*

* Pursuant to the Scheme of Arrangement between Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited ("the transferor companies") and Sristi Westend Greens Farms Private Limited, Karm Farms Private Limited, KAMA Realty (Delhi) Limited and KAMA Holdings Limited ("the transferee companies") and their respective shareholders and creditors:

- a) real estate divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited was transferred and vested in Sristi Westend Greens Farms Private Limited, Karm Farms Private Limited and KAMA Realty (Delhi) Limited respectively; and
- b) investment divisions of Narmada Farms Private Limited, Bhairav Farms Private Limited and SRF Polymers Investments Limited were transferred and vested in KAMA Holdings Limited with effect from March 31, 2011.

The transferor companies had conducted their business in respect of their respective real estate divisions and investment divisions in trust and on behalf of the respective transferee companies from the appointed date of the said Scheme - April 1, 2010.

B. TRANSACTIONS WITH RELATED PARTIES REFERRED TO IN NOTE 5A ABOVE

(Rs. lakhs)

Nature of Transactions	(a) Year ended		(b) Year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Sale of fixed assets to				
- Shri Educare Limited			-	9.28
- SRF Foundation			-	9.60
Rendering of services to				
- SRF Foundation			8.61	1.46
Receiving of services from				
- KAMA (Realty) Delhi Limited			3.33	-
Management contracts including for deputation of employees to				
- KAMA Holdings Limited			15.60	10.98
- SRF Polymers Investments Limited			2.96	-
- SRF Foundation			3.51	30.42
Rent paid to				
- SRF Polymers Investments Limited			668.09	605.70
- Others			84.00	60.00
Managerial Remuneration paid to (Refer note 4 of schedule 15)	959.74	740.68		
Reimbursement of expenses from				
- KAMA Holdings Limited			-	2.01
- SRF Foundation			0.57	14.62
- SRF Polymers Investments Limited			-	3.68
- Shri Educare Limited			14.86	11.92

Nature of Transactions	(a) Year ended		(b) Year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Reimbursement of expenses paid				
- SRF Foundation		1.08		-
Loans / deposits given to				
- KAMA Holdings Limited			-	25.00
Loans / deposits received back from				
- KAMA Holdings Limited	25.00		130.00	
Recovery of sums written off				
- SRF Foundation	10.00		45.00	
Increase in security deposit to				
- KAMA Realty (Delhi) Limited	30.00		-	
Donations to				
- SRF Foundation	550.00		4.96	

(Rs. lakhs)

Nature of Transactions	(a) As at		(b) As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Balances outstanding as at the year end:-				
Receivables				
- SRF Polymers Investments Limited			-	3.68
- Shri Educare Limited		31.82		16.96
- KAMA Holdings Limited		6.92		25.00
Payables				
- KAMA Holdings Limited			-	75.03
Security Deposits outstanding				
- SRF Polymers Investments Limited		300.00		300.00
- Bhairav Farms Private Limited		310.00		310.00
- Narmada Farms Private Limited		310.00		310.00
- KAMA Realty (Delhi) Limited		30.00		-

6. EARNINGS PER SHARE

	Year ended March 31, 2011	Year ended March 31, 2010
Profit after tax (Rs. lakhs)	48423.77	32441.52
Weighted average number of equity shares outstanding	60503580	60506488
Basic and diluted earnings per share in rupees (face value – Rs. 10 per share)	80.03	53.62

7. SEGMENT REPORTING

A. Business Segments

Based on the guiding principles laid down in Accounting Standard (AS) - 17 "Segment Reporting", the Company's business segments include:

- Technical Textiles Business: includes nylon tyre cord fabric, belting fabric, coated fabric, laminated fabric, polyester tyre cord fabric and industrial yarns and its research and development
- Chemicals & Polymers Business: includes refrigerant gases, chloromethanes, pharmaceuticals, Certified Emissions Reductions & Allied products, Engineering Plastics and its research and development.
- Packaging Film Business includes Polyester Films.

Segment revenue, Results and Capital Employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable.

In addition to the significant accounting policies applicable to the business segments as set out in note 1 above, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities and do not include deferred income taxes. While most of the assets / liabilities can be directly attributed to individual segments, the carrying amount of certain assets / liabilities pertaining to two or more segments are allocated to the segments on a reasonable basis.

Information about Business Segments

Segment Revenue, Results, Assets, Liabilities and Capital Employed

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Segment revenue		
a) Technical Textiles Business (TTB)		
- External sales	185557.09	152036.89
- Inter-segment sales	590.27	381.23
- Total	186147.36	152418.12
b) Chemicals and Polymers Business (CPB)		
- External sales	74666.65	65769.23
- Inter-segment sales	0.42	6.77
- Total	74667.07	65776.00
c) Packaging Films Business (PFB)		
- External sales	87131.26	33648.16
- Inter-segment sales	-	-
- Total	87131.26	33648.16
Total segment revenue	347945.69	251842.28
Less: Inter Segment revenue	590.70	388.01
Net sales / Income from operations	347355.00	251454.27
Add: Unallocable income	4483.62	6478.25
Total Revenue	351838.62	257932.52

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Segment results		
(Profit / (Loss) before interest and tax from each segment)		
a) Technical Textiles Business (TTB)	18010.27	22936.93
b) Chemicals and Polymers Business (CPB)	29392.33	27680.69
c) Packaging Films Business (PFB)	34766.67	4068.82
Total segment results	82169.27	54686.44
Less: i) Interest and finance charges	9595.24	7772.46
Less: ii) Other Unallocable expenses net of income	3878.54	(767.25)
Total profit before tax	68695.49	47681.23
Less: Provision for taxation	20271.72	15239.71
Profit after tax	48423.77	32441.52
Other information		
Segment assets		
a) Technical Textiles Business (TTB)	178470.87	172648.55
b) Chemicals and Polymers Business (CPB)	71879.95	57282.75
c) Packaging Films Business (PFB)	63047.71	47747.48
Total	313398.53	277678.78
Add: Unallocable Assets	26229.32	13622.36
Total assets	339627.85	291301.14
Segment liabilities		
a) Technical Textiles Business (TTB)	40776.66	33947.59
b) Chemicals and Polymers Business (CPB)	7946.56	4958.47
c) Packaging Films Business (PFB)	14525.74	9382.66
Total	63248.96	48288.72
Add: Unallocable Liabilities	5045.40	4385.55
Total liabilities	68294.36	52674.27
Segment capital employed		
(Segment assets less segment liabilities)		
a) Technical Textiles Business (TTB)	137694.21	138700.96
b) Chemicals and Polymers Business (CPB)	63933.39	52324.28
c) Packaging Films Business (PFB)	48521.97	38364.82
Total	250149.57	229390.06
Add : Unallocable assets less liabilities	21183.92	9236.81
Total capital employed	271333.49	238626.87
Capital expenditure		
a) Technical Textiles Business (TTB)	8655.83	29717.97
b) Chemicals and Polymers Business (CPB)	9856.95	6044.41
c) Packaging Films Business (PFB)	2891.07	16591.42

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
d) Unallocated	900.26	458.06
Total	22304.11	52811.86
Depreciation		
a) Technical Textiles Business (TTB)	10204.16	8991.99
b) Chemicals and Polymers Business (CPB)	3508.48	3240.67
c) Packaging Films Business (PFB)	2984.90	1979.75
d) Unallocated	312.31	263.93
Total	17009.85	14476.34

B. Geographical segments

Particulars	Year ended March 31, 2011 (Rs. lakhs)	Year ended March 31, 2010 (Rs. lakhs)
Revenue		
India	248776.46	189266.39
Outside India	103062.16	68666.13
Total	351838.62	257932.52
Carrying amount of segment assets		
India	310544.01	252199.70
Outside India	29083.84	39101.44
Total	339627.85	291301.14
Addition to fixed assets and intangible assets		
India	20526.39	52599.61
Outside India	1777.72	212.25
Total	22304.11	52811.86

8. DISCLOSURES IN RESPECT OF JOINT VENTURE UNDER ACCOUNTING STANDARD 27

The Company has decided to sell its entire 50% stake in Jingde Yangtze Ganga Fluorine Chemical Co. Limited (a joint venture company) to the other partner viz. Central Fluor Group Company Limited and/or their nominee. The sale consideration is under negotiation. As such, the management has estimated a realizable value of Rs. 10 lakhs which has been included under 'Advances recoverable in cash or in kind or for value to be received' in Schedule 8. Disclosure for the year ended December 31, 2009 is as under:

	As at December 31, 2009 (Audited) (Rs. lakhs)
a) Jointly Controlled Entities	
In China	
Jingde Yangtze – Ganga Fluorine Chemical Co. Limited	
b) Share of interest	50%
c) Aggregate amount of assets, liabilities, income and expenditure related to interest in jointly controlled entities:	
i) Assets	
Fixed assets (including capital work in progress)	126.37
Cash and bank balances	54.39

	As at December 31, 2009 (Audited) (Rs. lakhs)
ii) Current Liabilities	(8.11)
iii) Reserves	(31.22)

9. FOREIGN CURRENCY EXPOSURE

SRF has entered into long term contracts for the transfer / sale of Certified Emission Reductions (CER's) with reputable global buyers. The cash flow from these sales forms the mainstay of SRF's multi-year capital expansion plan, and as such these cash flows need to be both stable and secure. To ensure stability of revenues in foreign currency from the transfer / sale of CER's, the Company has entered into forward contracts with the banks to part sell Euros to be earned out of future CER sales.

The details of category-wise quantitative data about derivative instruments as at March 31, 2011 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (In Millions) As at		Amount (Rs. Lakhs) As at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
EUR / INR Option Strips	3	7	Hedging	Hedging	12.25	62.25	7731	37738
USD / INR Option Strips	-	1	-	Hedging	-	13.00	-	5836
Principal Only Swap	-	1	-	Conversion of INR denominated Liabilities to USD	-	1.21	-	542
Interest Rate Swap	1	1	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	-	-	10000	10000
Interest Rate Swap	-	1	-	Floating JPY interest payments (with cap of 7%) in exchange of fixed INR interest receipts	-	-	-	5000
USD / INR Sell Forwards	1	-	Forward Sell Contracts	-	2.00	-	892	-
USD / INR Buy Forwards	1	3	USD/ INR Buy for Hedging of Imports	USD/ INR Buy for Hedging of Imports	0.46	1.01	203	454
EUR / INR Sell Forwards	5	7	Forward Sell Contracts	Forward Sell Contracts	38.00	24.00	23982	14550
EUR / INR Buy Forwards	20	3	EUR/ INR Buy for Hedging of Imports	EUR/ INR Buy for Hedging of Imports	3.54	0.77	2234	465
Euro / USD Sell Forwards	4	9	EUR/USD Sell for Hedging of receivables	EUR/USD Sell for Hedging of receivables	0.089	0.51	56.17	309
USD / Baht Sell Forwards	-	2	-	USD/Baht Sell for Hedging of receivables	-	3.44	-	1546
USD / Baht Buy Forwards	1	-	USD / Baht Buy for Hedging of Imports	-	0.15	-	2.21	-

Foreign Currency Exposures that are not hedged by Derivative Instruments or otherwise as follows:

Particulars	As at March 31, 2011		As at March 31, 2010	
	Foreign Currency (in millions)	Amount (Rs. lakhs)	Foreign Currency (in millions)	Amount (Rs. lakhs)
Term Loans - USD	46.96	20940.16	37.88	17005.10
PCFC - USD	14.00	6242.60	26.00	11671.40
Buyer's Credits - USD	18.08	8061.74	27.72	12444.56
Buyer's Credits – Euro	0.14	86.56	-	-
Buyer's Credits – Yen	10.35	55.61	-	-

10. OPERATING LEASES

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between three to five years. As at March 31, 2011, the future minimum lease payments under non-cancellable operating leases as set out below:

(Rs. lakhs)

Particulars	As at March 31, 2011	As at March 31, 2010
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	1467.21	621.73
- Later than one year and not later than five years	5668.39	2996.32
- Later than five years	4259.78	3396.12
Lease rent recognized in the profit and loss account	1773.46	1682.54

11. The details of subsidiary companies considered in the preparation of Consolidated Financial Statements are as under:

a) Indian Subsidiaries

Particulars	SRF Holiday Home Limited (Rs. lakhs)	SRF Transnational Holdings Limited (Rs. lakhs)	SRF Properties Limited (Rs. lakhs)
a) Financial year of the subsidiary	March 31, 2011	March 31, 2011	March 31, 2011
b) Extent of holding	100%	100%	100%
c) Capital	47.00	3254.18	8.00
d) Reserves and Surplus (adjusted for debit balance in profit and loss account, wherever applicable)	(4.81)	(2295.17)	83.64
e) Total assets (Fixed assets + Current assets)	42.24	1533.64	52.12
f) Total liabilities (Debts + Current liabilities)	0.05	575.10	0.48
g) Details of investment (except in case of investment in subsidiaries)	-	0.47	40.00
h) Turnover (Including other income)	-	161.15	14.50
i) Profit Before Taxation	(0.25)	48.80	13.72
j) Provision for taxation	-	122.38	3.10

Particulars	SRF Holiday Home Limited (Rs. lakhs)	SRF Transnational Holdings Limited (Rs. lakhs)	SRF Properties Limited (Rs. lakhs)
k) Profit After Taxation	(0.25)	(73.58)	10.62
l) Proposed Dividend	-	-	-

Particulars	SRF Energy Limited (Rs. lakhs)	SRF Fluorochemicals Limited (Rs. lakhs)
a) Financial year of the subsidiary	March 31, 2011	March 31, 2011
b) Extent of holding	100%	100%
c) Capital	5.00	5.00
d) Reserves and surplus (adjusted for debit balance in profit and loss account, wherever applicable)	(0.49)	(0.49)
e) Total assets (Fixed assets + Current assets)	4.58	4.58
f) Total liabilities (Debts + Current liabilities)	0.07	0.07
g) Details of Investment (except in case of investment in subsidiaries)	-	-
h) Turnover (Including other income)	-	-
i) Profit Before Taxation	(0.14)	(0.14)
j) Provision for taxation	-	-
k) Profit After Taxation	(0.14)	(0.14)
l) Proposed dividend	-	-

b) Foreign Subsidiaries

Particulars	SRF Global BV#		SRF Tech Textiles BV# (subsidiary of SRF Global BV)	
	USD	(Rs. lakhs)	USD	(Rs. lakhs)
a) Financial year of the subsidiary	March 31, 2011		March 31, 2011	
b) Extent of holding	100%		100%	
c) Capital	17401629	7759.39	17290262	7709.73
d) Reserves and surplus (adjusted for debit balance in profit and loss account, wherever applicable)	(124159)	(55.36)	(548387)	(244.53)
e) Total assets (Fixed assets + Current assets)	10985	4.90	10016829	4466.50
f) Total liabilities (Debts + Current liabilities)	23778	10.60	20061898	8945.60
g) Details of Investment (except in case of investment in subsidiaries)	*	*	**	**
h) Turnover (Including other income)	-	-	229692	102.42
i) Profit Before Taxation	(84061)	(37.48)	(547261)	(244.02)
j) Provision for taxation	-	-	-	-
k) Profit After Taxation	(84061)	(37.48)	(547261)	(244.02)
l) Proposed dividend	-	-	-	-

* Investment in subsidiary USD 17290263 (Equivalent to Rs. 7709.73 lakhs)

** Investment in subsidiaries USD 26786944 (Equivalent to Rs. 11944.30 lakhs)

Particulars	SRF Overseas Limited [#] (subsidiary of SRF Tech Textiles BV)		SRF Technical Textiles (Thailand) Limited [#] (subsidiary of SRF Tech Textiles BV)	
	AED	(Rs. lakhs)	Baht	(Rs. lakhs)
a) Financial year of the subsidiary		March 31, 2011		March 31, 2011
b) Extent of holding		100%		100%
c) Capital	84049966	10186.86	100000300.00	1470.00
d) Reserves and surplus (adjusted for debit balance in profit and loss account, wherever applicable)	(32398637)	(3926.71)	668373232	9825.09
e) Total assets (Fixed assets + Current assets)	78849780	9556.59	1808340629	26582.61
f) Total liabilities (Debts + Current liabilities)	27198451	3296.45	1039967097	15287.52
g) Details of investment (except in case of investment in subsidiaries)	-	-	-	-
h) Turnover (Including other income)	132909549	16108.64	1775097315	26093.93
i) Profit Before Taxation	(3300077)	(399.97)	26027850	382.61
j) Provision for taxation	-	-	-	-
k) Profit After Taxation	(3300077)	(399.97)	26027850	382.61
l) Proposed dividend	-	-	-	-

Particulars	SRF Industex Belting (Pty) Limited [#] (subsidiary of SRF Tech Textiles BV)		SRF Fluor Private Limited [#]	
	Rand	(Rs. lakhs)	USD	(Rs. lakhs)
a) Financial year of the subsidiary		March 31, 2011		March 31, 2011
b) Extent of holding		100%		100%
c) Capital	13320202	871.14	20002	8.92
d) Reserves and surplus (adjusted for debit balance in profit and loss account, wherever applicable)	3095906	202.47	(29055)	(12.96)
e) Total assets (Fixed assets + Current assets)	69610765	4552.54	19870	8.86
f) Total liabilities (Debts + Current liabilities)	53194657	3478.93	28923	12.90
g) Details of investment (except in case of investment in subsidiaries)	-	-	-	-
h) Turnover (Including other income)	143737711	9400.45	-	-
i) Profit Before Taxation	9206551	602.11	(7488)	(3.34)
j) Provision for taxation	2610176	170.71	-	-
k) Profit After Taxation	6596375	431.40	(7488)	(3.34)

Particulars	SRF Industex Belting (Pty) Limited [#] (subsidiary of SRF Tech Textiles BV)	SRF Fluor Private Limited [#]
	Rand (Rs. lakhs)	USD (Rs. lakhs)
I) Proposed Dividend	-	-

The financial statements of these foreign subsidiaries have been converted into Indian Rupees on the basis of following exchange rates:

(i) 1 AED = Rs. 12.12, (ii) 1 USD = Rs. 44.59, (iii) 1 Baht = Rs. 1.47, (iv) 1 Rand = Rs. 6.54

12. Schedules 1 to 9 form an integral part of the Balance Sheet, Schedules 10 to 14 form an integral part of the Profit and Loss Account and Schedule 15 forms an integral part of the Balance Sheet and Profit and Loss Account.

13. Figures pertaining to subsidiaries have been reclassified wherever considered necessary to bring them in line with the Holding Company's financial statements.

Place: Gurgaon Date: May 9, 2011	Arun Bharat Ram Chairman	Ashish Bharat Ram Managing Director	Kartikeya Bharat Ram Deputy Managing Director
	Subodh Bhargava Director	Rajendra Prasad President & Chief Financial Officer	Anoop K Joshi Vice President & Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rs. Lakhs	Year ended March 31, 2010 Rs. Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	68695.49	47681.23
Adjustments for		
Depreciation	18464.13	15897.31
Withdrawal from revaluation reserve	(1454.28)	(1420.97)
Interest and finance charges	9595.24	7772.46
Exchange fluctuation	(3317.40)	(5628.10)
Provision / Write off of investments	204.07	-
Assets written off	251.74	74.99
Loss/(Profit) on sale of fixed assets	1.71	(58.12)
Dividend on current non-trade investment	(473.99)	(87.72)
Interest income	(267.28)	(316.71)
Loss/(Profit) on sale of current non-trade investments	(1.89)	-
Operating Profit before working capital changes	91697.54	63914.37
Adjustments for changes in working capital		
Trade and other receivables	(14248.09)	(12411.67)
Inventories	(19804.74)	(5859.03)
Trade payables and provisions	21253.68	20181.58
Cash generated from operations	78898.39	65825.25
Exchange fluctuation	2188.77	2568.08

	Year ended March 31, 2011 Rs. Lakhs	Year ended March 31, 2010 Rs. Lakhs
Taxation	(19433.54)	(11276.16)
Net cash from operating activities (A)	61653.62	57117.17
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21895.00)	(36217.38)
Proceeds from sale of fixed assets	120.40	172.57
Purchase of investments	(88316.50)	(62335.57)
Sale / maturities of investments	77342.88	65936.92
Advance against investments	-	(66.58)
Amount received pursuant of Montreal Phaseout Programme	71.16	1389.67
Interest income	267.28	316.71
Dividend on current non-trade investments	473.99	87.72
Net Cash used in Investing Activities (B)	(31935.79)	(30715.94)
C CASH FLOW FROM FINANCING ACTIVITIES		
Buy-back of equity shares	-	(147.59)
Proceeds from long term borrowings	24218.19	34839.88
Repayment of long term borrowings	(19653.12)	(39329.07)
Net proceeds / (repayment) from short term borrowings	(9863.17)	4285.69
Dividends on equity share capital	(12526.55)	(7157.72)
Dividend Tax	(2126.62)	(1235.45)
Repayment of fixed deposit	(0.12)	(1.19)
Interest and financial charges paid	(9754.11)	(9511.46)
Net cash used in / from financing activities (C)	(29705.50)	(18256.91)
Net increase in cash and cash equivalents D=(A+B+C)	12.33	8144.32
Cash and cash equivalents at the beginning of the year (E)	9040.21*	895.89*
Less: Exchange fluctuation on foreign currency bank balances (F)	27.81	-
Cash and cash equivalents at the close of the year G =(D+E-F)	9024.73*	9040.21*

* Includes interim dividend deposited with the bank Nil (as at March 31, 2010 - Rs. 4235.25 lakhs, as at March 31, 2009 - Nil), unclaimed dividend with the banks Rs. 445.07 lakhs (as at March 31, 2010 - Rs. 265.87 lakhs, as at March 31, 2009 - Rs. 154.09 lakhs) and margin money with the banks Rs. 393.43 lakhs (as at March 31, 2010 - Rs. 309.30 lakhs, as at March 31, 2009 - Rs. 62.61 lakhs)

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 9, 2011

Subodh Bhargava
Director

Rajendra Prasad
President & Chief
Financial Officer

Anoop K Joshi
Vice President & Company Secretary



Registered Office

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New Delhi 110 016, India

Corporate Office

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