



annual  
report  
2013-14

## Awards & Recognitions



SRF's Chemicals Business entered the league of India's most sustainable business organisations as adjudged by the jury of the **CII-ITC Sustainability Awards for 2013**. The Chemicals Business won the **Sustainability Prize**, which was the highest category of sustainability awards presented during the year.



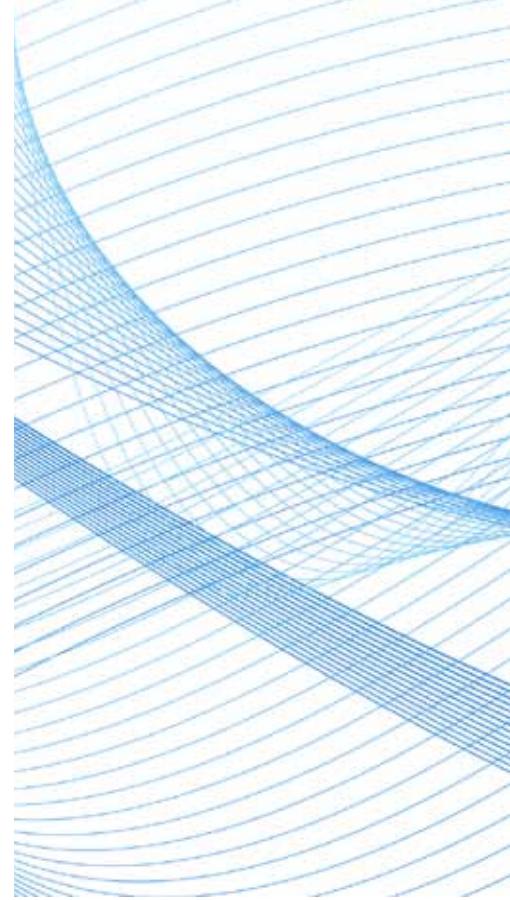
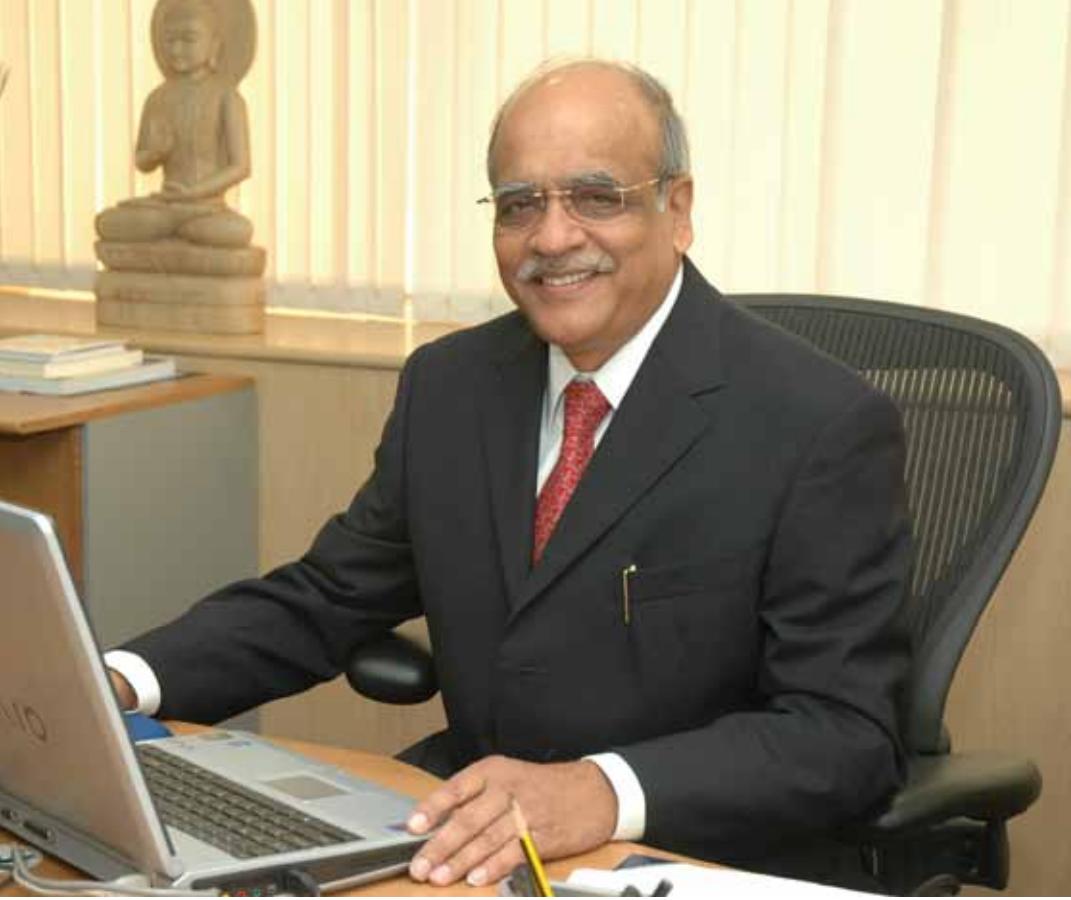
SRF Foundation was conferred the prestigious **Aaj Tak Care Awards 2013 – Honoring excellence in CSR** under the category of '**Education**' at a function held on 27 August 2013.

## Highlights... 2013-14

- SRF successfully commissioned two maiden overseas plants under its Packaging Films Business; **one in Thailand for BOPET films and the second one in South Africa for BOPP films**, which is a new product for SRF
- SRF scaled up its HFC-134a capacity by three fold to around 17500 tonnes per annum with the commissioning of its **second HFC-134a plant (12500 tpa) at Dahej** in March 2014
- The Fluorochemicals Business of the Company launched new pack of the ozone-friendly refrigerant, **HFC-134a cans in 450 gm size**, adding to the existing can in 340 gm size
- SRF successfully developed and commercialised **PVDC Film**, a type of transparent, high barrier film for food packaging applications at its BOPET plant in Indore
- SRF's Chemicals Technology Group filed **10 new process patents** as intellectual property of the Company during the year taking the total number to **39**
- The Company's Coated Fabrics Business successfully launched two new products, '**Double Side Striped Awning' fabrics, SRF FABAWN** and '**Easy to Clean Awning' fabrics** through special surface treatment
- The Company developed and launched new variants of industrial yarn, **Dope dyed yarn, ultra-thin twines and yarns for making velcro fastner tapes**

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## Dear shareholders,

I write to you at a time when we are witnessing a very interesting phase in the evolution of SRF. The Company is at the threshold of a new era. This has been made possible by the relentless pursuit of our R&D teams over last 10 years in the field of specialty chemicals. The journey that started in 2003 with our small but firm steps of developing indigenous technology to manufacture HFC-134a has acquired a strong momentum with a wide portfolio of products and processes to cater to the global agro and pharma majors. To our credit, we have filed 39 process patents so far.

You will be happy to know that our new Chemical Complex at Dahej in Gujarat, which only became operational in 2012-13 with a few initial projects, has today become the largest manufacturing site in SRF. The total assets on the ground at the new site are in the region of ₹ 1200 crores and we have a continuous stream of projects coming up over there.

The emergence of the Dahej site is thus a reflection of our commitment to carve out a special niche for ourselves in this growing space. The Chemicals Technology Group that we have created to focus on R&D continues to be the backbone of our growth in the area of specialty chemicals. I take this opportunity to thank all our past and present scientists and engineers who worked tirelessly to build our capabilities to develop, produce and commercialise specialty chemicals.

Today, we can justifiably pride ourselves in being one of the few in the world and arguably the only player in the country to be engaged and involved in carrying out research in the field of fluorine molecules.

In addition, we also scaled up our capacity of the ozone friendly refrigerant HFC-134a by around three-fold to 17,500 tonnes per annum (tpa) with the commissioning of a second HFC-134a plant of 12,500 tpa capacity at Dahej during March 2014. Increasing urban population and rising living standards provide us confidence that the demand for refrigerants will increase in the coming years. The enhanced capacity of HFC-134a for which we are the only manufacturer in India will not only enable us to increase our market leadership in India but also enter new markets abroad.

Pursuing our strategic goal of reducing our dependence on the Technical Textiles Business, which continues to be the flagship business of SRF, we further diversified our product portfolio during the year 2013-14. As communicated to you last year, we successfully commissioned two maiden overseas plants under our Packaging Films Business; one in Thailand for Bi-axially Oriented Polyethylene Terephthalate (BOPET) films and the second one in South Africa for Bi-axially Oriented Polypropylene (BOPP) films, which is a new product for SRF.

As regards Technical Textiles Business, we feel that the demand for nylon tyre cord fabrics (NTCF), our largest business, will continue despite radialisation of medium and heavy commercial vehicles. We believe that the growth in the demand for NTCF will essentially be driven by growth in the two-wheeler and off-the-road vehicle segments. The polyester tyre cord fabrics (PTCF) business, however, continues to struggle due to global surplus and low margins in the domestic market.

## Chairman's Message

You will also be happy to know that our belting fabrics business performed well by judicious changes in the product-mix and pricing strategies even during the sluggish market conditions. We believe that the demand for belting fabrics should further improve once the mining and manufacturing sectors begin to grow. We are quite excited about the opportunities that exist in the field of coated and laminated fabrics. These are the only set of products in SRF, which are used and seen by the consumers in the same form as produced by us. While our coated and laminated fabrics are undoubtedly world class products, there's no gainsaying the fact that our success in this segment will rest on our ability to differentiate our superior products from other available options.

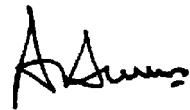
In line with our growth in businesses, we made commensurate investments in the supporting area of IT, HR and TQM to further strengthen our operational and delivery mechanisms. The investments in these areas are a testimony to our firm belief that human resource is the most critical asset of our company. Moreover, we developed and rolled out several programmes during the year to reiterate the fact that our organisational values will always remain at the core of everything we do in SRF. We also improved and augmented our financial controls and reporting systems to meet the enhanced and more stringent statutory norms of the newly introduced Companies Act during the year.

As always we continued to contribute to the community development through public-private-community partnership model. Our endeavour has always been to touch the lives of underprivileged people in our communities through our initiatives in the areas of health, education, affirmative action and natural resource management. Our colleagues in the Company's social wing, SRF Foundation and the plants involved in CSR activities deserve applause for their selfless service to the cause of humanity.

At the end, I would like to thank you all for your continued trust and support. I would also like to thank our esteemed board members for their guidance and our colleagues for their active involvement and engagement in the Company's growth.

We remain excited about our future. While our feet are on the ground, we have set our eyes on a new horizon.

With kind regards,



**Arun Bharat Ram**

# Company Information

## Board of Directors



**Arun Bharat Ram**  
*Chairman*



**Ashish Bharat Ram**  
*Managing Director*



**Kartik Bharat Ram**  
*Dy Managing Director*



**K Ravichandra**  
*Director  
(Safety & Environment)*



**Vellayan Subbiah**



**Vinayak Chatterjee**



**L Lakshman**



**Tejpreet S Chopra**



**Pramod Bhasin**

### Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants

### Company Secretary

Anoop K Joshi

### Bankers

- ICICI Bank • State Bank of India • Standard Chartered Bank
- Citibank NA • Yes Bank Limited • HDFC Bank
- The Royal Bank of Scotland • Kotak Mahindra Bank
- Development Bank of Singapore



## Chemicals and Polymers Business

- Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301018, Rajasthan
- Manali Industrial Area, Manali, Chennai - 600068, Tamil Nadu
- Plot No. 14 C, Sector 9, IIE Pantnagar, Distt. Udhampur Singh Nagar - 263153, Uttarakhand
- D II/I GIDC, PCPIR, GIDC, Phase II, Tal Vagra, Village Dahej, Distt. Bharuch - 392130, Gujarat

## Technical Textiles Business

- Manali Industrial Area, Manali, Chennai - 600068, Tamil Nadu
- Industrial Area, Malanpur, Distt. Bhind - 477116, Madhya Pradesh
- Plot No. 1, SIPCOT Industrial Area Complex, Gummidiyoor, Distt. Thiruvallur - 601201, Tamil Nadu
- Viralimalai, Distt. Pudukkottai - 621 316, Tamil Nadu
- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udhampur Singh Nagar - 244713, Uttarakhand

## Packaging Films Business

- Plot No. 12, Rampura, Ramnagar Road, Kashipur, Distt. Udhampur Singh Nagar - 244713, Uttarakhand
- Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pithampur, Distt. Dhar - 454775, Indore, Madhya Pradesh

### Registered Office

CIN: L18101DL1970PLC005197  
C-8, Commercial Complex, Safdarjung Development Area, New Delhi - 110016, India  
Email: info@srf.com Website: www.srf.com

### Corporate Office

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

**SRF Limited**

(CIN: L18101DL1970PLC005197)

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

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

Tel. No: (+91-11) 26857141 Fax: (+91-11) 26510428

## NOTICE

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of SRF Limited will be held on Monday, the 4 August 2014 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 31 March 2014 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 K Ravichandra** (DIN 00641900), who retires by rotation and being eligible, offers himself for re-election.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the 47<sup>th</sup> Annual General Meeting and to fix their remuneration and pass the following resolution thereof:

"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 47<sup>th</sup> annual general meeting (subject to ratification of their appointment by the members at every annual general meeting held after this 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."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, the first para of Article 87 of the Articles of Association of the Company be and is hereby altered by substituting the following Article in its place:

"87: "Managing Director": The Directors may, from time to time, appoint one or more Directors as the Managing Director or Joint/Deputy Managing Directors for such term and with such powers and at such remuneration, whether

by way of salary or commission, or partly in one way and partly in another, as they may think fit and a Director or Directors so appointed may be subject to retirement by rotation as the Board may decide.

Subject to the control, direction and supervision of the Board of Directors, the Managing Director or Joint/Deputy Managing Directors shall be entitled to look after and manage the business of the Company, purchase and sale of goods, enter into and sign contracts, borrow or lend money with or without security, open bank accounts, current or overdraft, sign, draw and endorse, cheques, hundies and other drafts and generally to do all such acts, deeds and things and sign all such papers and documents as may be necessary for carrying on the business and managing the affairs of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, the following Article 87A be inserted after Article 87 in the Articles of Association:

"87A: Chairman: The Directors may, from time to time, appoint one or more of the Directors as Chairman. The Chairman may hold the position of Chairman and Managing Director/Chief Executive Officer/equivalent position thereof in the Company."

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

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr Vinayak Chatterjee** (DIN 00008933), Director of the Company and in respect of whom the Company has received a notice in writing under

- Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2019.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr L Lakshman** (DIN 00012554), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2019.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr Tejpreet Singh Chopra** (DIN 00317683), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2019.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr Vellayan Subbiah** (DIN 01138759), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2019.”
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Mr Pramod Bhasin** (DIN 01197009), Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to 31 March 2019.”
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2015 as provided below, be and is hereby approved and ratified:
- | Name of Cost Auditor                                 | Business  | Remuneration payable   |
|--|---|--|
| Mr Harkesh Tara (Membership No. 17321)               | Technical Textile Business and Engineering Plastic Business | ₹ 3.41 lakhs plus service tax and reimbursement of actual out of pocket expenses |
| M/s Sanjay Gupta & Associates (Membership No. 18672) | Chemicals Business and Packaging Film Business              | ₹ 4.73 lakhs plus service tax and reimbursement of actual out of pocket expenses |
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**
- “RESOLVED THAT pursuant to the provisions of Sections 42 and any other applicable provisions of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company be and is hereby authorised to offer or invite subscriptions for secured/unsecured redeemable non-convertible debentures, in or more series/tranches, aggregating upto ₹ 500 crores (Rupees five hundred crores),on private placement, on such terms and conditions as the Board of Directors may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto;

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

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

"RESOLVED THAT in supersession of the ordinary resolution adopted at the 35<sup>th</sup> Annual General Meeting held on 25 July 2006 under the provisions of Section 293(1)(d) of the Companies Act, 1956, consent of the members be and is hereby accorded to the Board of Directors (which term shall include any committee thereof) to borrow monies in terms of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, notwithstanding that the aggregate borrowings (apart from temporary loans from the Company's bankers in the ordinary course of business) may exceed the aggregate of the Company's paid-up share capital and free reserves, i.e., reserves not set apart for any specific purpose, provided, however, that the aggregate amount of monies which may be borrowed shall not exceed ₹ 3000 crores.

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

"RESOLVED THAT in supersession of the resolution passed under the provisions of Section 293(1)(a) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 17 May 1995 and pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall include any committee thereof) for creation of mortgages, charge and hypothecation or creation of security, in such form and manner and on such terms and at such time(s) as the Board may deem fit, over the assets of the Company, the whole or substantially the whole of the undertaking of the Company wherever situate, present and future, whether presently belonging to the Company or not, with a right to take over the management of the business and

undertaking of the Company in certain events, in favour of any lender including financial/investment institution(s), bank(s), insurance company(ies) or others including Trustees for the holders of debentures issued/to be issued and/or assigned in favour of, or the obligations in respect of which may be assumed by the Company, as may be required and approved by the lead institution, if any, and the respective Trustees in order to secure:

- A. the redemption of debentures issued/to be issued by the Company and/or any other debentures assigned in favour of the Company or the redemption of which may be undertaken by the Company and/or the repayment of any loan(s) or credit facilities granted and/or to be granted from time to time to the Company by any one or more of the aforesaid institutions/persons; and
- B. the payment of interest at the respective agreed rates, compound/additional interest, liquidated damages, premium on redemption, if any, costs, charges, expenses and all other money(s) in terms of the respective letters of Sanction/Offer, Prospectus or any other offer document, Loan Agreements, Trustees/Agreements, Debenture Trust Deeds, Agreements/Deeds of Hypothecation, etc., executed/to be executed by the Company or in pursuance of an order of a court in respect of the said loans/credit facilities/debentures including debentures assigned or in respect of which the obligation for payment of interest may vest with the Company.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the form, extent and manner of and the documents and deeds, where applicable, for creating the appropriate mortgages and/or charges on such of the immoveable and/or moveable properties of the Company on such terms and conditions as may be decided by the Board in consultation with the Lenders, Trustees and /or other persons and for performing all such acts and things as may be necessary for giving effect to this resolution."

By Order of the Board  
For SRF LIMITED  
Sd/-  
**(Anoop K Joshi)**  
**Gurgaon, 21 June 2014** President & Company Secretary

## Notes

1. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 (the Act), relating to the Special Business to be transacted at the Meeting 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 COMMENCEMENT OF THE MEETING.  

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 28 July 2014 to Monday, 4 August 2014 (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 Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081, the Registrar & Share Transfer Agent (RTA), quoting folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participants.  

In terms of SEBI Circular dated 20 May 2009 and 7 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 to be given at the meeting are requested to 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. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 all amounts of unclaimed dividend declared up to the financial year ended 31 March 2007 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government as required by the Companies Act, 1956. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 26 July 2013 (date of last Annual General Meeting) on the website of the Company ([www.srf.com](http://www.srf.com)), as also on the website of the Ministry of Corporate Affairs.
7. Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the final dividend for financial year ended 31 March 2007 and dividends declared thereafter may send their outdated dividend warrants to the Company at its Corporate Office or to the Registrar and Share Transfer Agent, M/s Karvy Computershare Private Limited for issue of demand drafts in lieu thereof.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management & Administration) Rules, 2014, the Company is pleased to provide facility to the members to exercise their right to vote by electronic means. The Company has fixed 27 June 2014, as a cut -off date to record the entitlement of the shareholders to cast their vote electronically at the 43<sup>rd</sup> Annual General Meeting (AGM) by electronic means under the Companies Act, 2013 and rules thereunder. Consequently the same cut-off date i.e. 27 June 2014 would record entitlement of the shareholders, who do not cast their vote electronically, to cast their vote at the 43<sup>rd</sup> AGM on 4 August 2014.  

The e-voting period will commence at 10.00 AM on Tuesday, 29 July 2014 and will end at 6:00 PM on Thursday, 31 July 2014. The Company has appointed Mr D P Gupta, Company Secretary in Practice to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given as Annexure to the notice.

- The Company has engaged the services of Karvy Computershare Private Limited ("KCPL" or "Karvy") as the Authorised Agency to provide e-voting facilities.
9. Members are requested
- ii) to quote their folio/identification Nos. in all correspondence.
  - iii) to note that no gifts will be distributed at the meeting.
  - iv) in case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

##### **Item No. 2**

**Mr K Ravichandra** shall retire by rotation and being eligible, offer himself for re-appointment.

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

Mr Ravichandra (81) is a Chemical Engineer from Madras University. He has been associated with various Government companies including Fertilizers and Chemicals Travancore Ltd. and Hindustan Petroleum Chemicals Ltd. He has been consultant to GAIL for Safety studies at their petrochemical complex.

The members in 41<sup>st</sup> AGM held on 25 July 2012 had re-appointed Mr Ravichandra as Director (Safety & Environment) with effect from 1.10.2012 for a period of 3 years valid upto 30 September 2015.

He has been associated with SRF Limited as Director (Safety and Environment) since 1997 and is responsible for compliances with the laws relating to safety, health and environment at the factories of the Company besides his responsibilities as Occupier under the Factories Act.

Mr Ravichandra is presently holding 1200 equity shares of the Company.

Upon his re-appointment as a director, Mr Ravichandra shall continue to hold office as a Whole-time Director designated as "Director (Safety & Environment)". Accordingly, the Board recommends his re-appointment.

Except Mr Ravichandra, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval of the members.

##### **Item No. 4**

As per the provisions of Section 152 (6) of the Companies Act, 2013 unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company shall be liable to retire by rotation. It further provides that "total number of

directors" shall not include independent directors.

In order to comply with the aforesaid provisions of the Companies Act, 2013 it is proposed to amend the Articles of Association to provide that any one or more of the Managing Directors be made liable to retire by rotation, as the Board may decide.

Accordingly, it is proposed to amend Article 87 of the Articles of Association as set out at Item No. 4 of this Notice. Approval of the members is therefore being sought for the aforesaid amendment by way of Special Resolution.

Except Mr Arun Bharat Ram, Mr Ashish Bharat Ram and Mr Kartik Bharat Ram, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval by the members.

##### **Item No. 5**

**Mr Arun Bharat Ram** is holding the position of Chairman with executive powers (considered as Managing Director under the Companies Act, 2013 ("the Act")).

As per the requirements of Section 203 of the Act, an individual shall not be appointed or re-appointed as the Chairman as well as Managing Director/Chief Executive Officer at the same time, after date of commencement of the Act i.e. 1 April 2014 unless the Articles of Association allow such appointment or re-appointment or the Company does not carry multiple businesses.

As your Company is engaged in multiple businesses, it is proposed to amend the Articles of Association to allow holding the position of Chairman and Managing Director / Chief Executive Officer or equivalent position by the same person.

Accordingly, it is proposed to insert Clause 87A in the Article of Association as set out at Item No. 5 of this Notice. Approval of the members is therefore being sought for the aforesaid amendment by way of Special Resolution.

Except Mr Arun Bharat Ram, Mr Ashish Bharat Ram and Mr Kartik Bharat Ram, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval by the members.

##### **Item No. 6 to 10**

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr Vinayak Chatterjee, Mr L Lakshman, Mr Tejpreet Singh Chopra, Mr Vellayan Subbiah and Mr Pramod Bhasin as Independent Directors.

Pursuant to the provisions of section 149 of the Act, which came into effect from 1 April 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Board has recommended the appointment of these directors as Independent Directors for a term up to 21 March 2019.

The Company has received notices in writing under Section 160 of the Companies Act, 2013 from a member proposing their candidature for the office of Director.

Aforesaid independent directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfils the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. Copies of the draft letters for appointment of these independent directors would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

A brief profile of the Independent Directors to be appointed is given below:

**Mr Vinayak Chatterjee** (55) 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 co-founded Feedback Infra in 1990. Feedback Infra is India's leading provider of professional and technical services in the infrastructure sector. These services include Advisory, Planning & Engineering, Project Management and Operations & Maintenance.

Mr Chatterjee is often called upon to play a strategic advisory role to leading domestic and international corporates, the Government of India, various Ministries dealing with infrastructure, as well as multilateral and bilateral institutions in the areas of infrastructure planning and implementation. He is one of the leading proponents of the Public-Private Partnership (PPP) model for developing India's infrastructure.

He is currently the Chairman of the Confederation of Indian Industry's (CII) "National Task Force on Infrastructure Projects – Advocacy and Development". He has chaired CII's National Task Force on Regulatory Framework in Infrastructure (2011-12), National Council on Urbanisation and Future Cities (2010-11) and National Council on Infrastructure (2007-10).

Mr Vinayak Chatterjee is Chairman of Nomination and Remuneration Committee, Audit Committee and Special Committee and a member of the Stakeholder Relationship Committee of the Board.

Details of his other directorships and committee memberships are as follows:

Directorships in other public companies	Committee Membership
Avantha Power & Infrastructure Limited	1. Audit Committee* 2. Remuneration Committee*
KEC International Ltd.	

\*Chairman

Mr Chatterjee is not holding any equity shares in the Company.

Except Mr Vinayak Chatterjee, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval by the members.

**Mr Tejpreet Singh Chopra** (45) did his B.A. (Hons) in Economics from St. Stephen's College, Delhi University and MBA from Cornell University, USA. Mr Chopra is the Founder, President & CEO of Bharat Light & Power. Bharat Light & Power is a clean power generation company utilising a variety of advanced technologies.

Mr Chopra's 21 years of global management and finance experience was gained in various business roles held in France, England, Hong Kong, India and USA, of which over 14 years were at General Electric. Mr Chopra is involved in various industry associations. He was a member of National Council of the Confederation of Indian Industry (CII), The Chairman of American Chamber of Commerce in India (AMCHAM), and Board of Directors of the US - India Business Council (USIBC).

Mr Chopra is Chairman of the Stakeholder Relationship Committee and member of Nomination & Remuneration Committee and Special Committee of the Board.

Details of his other directorships and committee memberships are as follows:

Directorships in other public companies	Committee Membership
Gujarat Pipavav Port Limited	Remuneration Committee

Mr Chopra is not holding any equity shares in the Company.

Except Mr Chopra, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval by the members.

**Mr L Lakshman** (68) is a Mechanical Engineer from the PSG college of Technology, University of Madras and an alumnus of London Business School, UK.

Mr Lakshman is currently an Executive Chairman of Rane Holdings Limited, an apex Company of Rane Group, an acknowledged leader in the auto component industry. Mr Lakshman steered the Rane group during a challenging and very exciting phase in the automobile industry's evolution and transformation in India.

Under his leadership, Rane Brake Lining Limited, Rane Engine Valve Limited, Rane TRW Steering Systems Limited and Rane (Madras) Limited have won the coveted Deming prize.

As President, Madras Chamber of Commerce & Industry, ASSOCHAM, Federation of Chamber of Commerce

Mr Lakshman has been an active member in various industry forums.

Mr Lakshman is Member of the Audit Committee. Details of his other directorships and committee memberships are as follows:

Directorships in other public companies	Committee Membership
Rane Holdings Limited (Executive Chairman)	-
Rane (Madras) Limited	1. Audit Committee 2. Investor service*
Rane Engine Valve Limited	Audit Committee
Rane TRW Steering Systems Limited	1. Audit Committee 2. Investor service*
Rane NSK Steering Systems Limited	Audit Committee*
Kar Mobiles Limited	Audit Committee
Rane Break Lining Limited	
JMA Rane Marketing Limited	
Force Motors Limited	
DCM Engineering Limited	Audit Committee

\* Chairman of the Committee.

Mr Lakshman is not holding any equity shares in the Company.

Except Mr Lakshman, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval by the members.

**Mr Vellayan Subbiah** (45) is B.Tech (Civil) from I.I.T, Chennai & MBA from University of Michigan.

He has rich experience of over 20 years in different positions across various industries. Since August 2010 he is Managing Director of Cholamandalam Investment & Finance Company Limited and since then has been instrumental in taking the Company on the growth path.

Mr Subbiah is Member of the Audit Committee and Nomination and Remuneration Committee of the Board.

Details of his other directorships and committee memberships are as follows:

Directorships in other public companies	Committee Membership
Cholamandalam Investment and Finance Company Limited (Managing Director)	1. Business Committee 2. Shareholders Grievance Committee 3. Risk Management Committee
Cholamandalam Distribution Services Limited	Audit Committee
Cholamandalam Securities Limited	Audit Committee

Mr Subbiah holds 5507 equity shares in the Company.

Except Mr Subbiah, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval of the members.

**Mr Pramod Bhasin** (62) is a Chartered Accountant from Thomson McLintock & Co., London, and holds a Bachelor of Commerce degree from Delhi University.

Mr Bhasin started Genpact (formerly GE Capital International Services) in 1997. He was the President & CEO till June 2011 and is currently the Vice Chairman. Under his leadership, Genpact pioneered the Business Process Management industry in India.

He is on the governing boards of several educational institutions including IIM Lucknow, the Lady Shri Ram College and The Shri Ram School. Mr Bhasin has also served as the Chairman of India's National Association of Software & Services Companies (NASSCOM) and is the current Chairman of the CII Services Council.

Details of his directorships and committee memberships are as follows:

Directorships in other public companies	Committee Membership
DLF Limited	Audit Committee
Bank of India	IT & Risk Committee
New Delhi Television Limited	Audit Committee

Mr Bhasin is not holding any equity shares in the Company.

Except Mr Bhasin, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financial or otherwise, in the Resolution. The Board of Directors recommends the resolution for approval of the members.

#### Item No. 11

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors to conduct audit of the cost records of the Company for the financial year ending 31 March 2015 at the remuneration as provided in the resolution.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2015.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise.

#### Item No. 12

In order to supplement long term resources for financing of capital expenditure and for general corporate purposes, the Company may be required to offer or invite subscription for secured / unsecured redeemable non-convertible debentures, in one or more series / tranches on private placement.

As per the provisions of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and allotment of Securities) Rules, 2014, private placement of redeemable, non-convertible

debentures requires approval of shareholders by way of special resolution. However, the Company may pass a special resolution once in a year for all the offers or invitation for such debentures during the year.

Approval of the Members by way of a special resolution is sought for the resolution as set out at Item No. 12 of this Notice authorising the Board to issue redeemable, non-convertible Debentures by Private Placement for an aggregate amount not exceeding ₹ 500 crores during the period of one year from the date of this Annual General Meeting.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution.

#### **Item No. 13**

In order to supplement long term resources for financing of ongoing capital expenditure and for general corporate purposes, it is proposed to enhance the limit upto which the Company can borrow from ₹ 2000 crores to ₹ 3000 crores.

At the 35<sup>th</sup> Annual General Meeting of the Company held on 25 July 2006, the Members had, by way of Ordinary Resolution and in pursuance of the provisions of Section 293(1)(d), of the Companies Act, 1956, approved borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of ₹ 2,000 crores at any point of time.

As per Section 180(1)(c) of the Companies Act, 2013, the aforesaid approval shall be taken by way of a special resolution. However, the corresponding resolution under Companies Act, 1956 viz. Section 293(1)(d) required such approval to be by way of an ordinary resolution.

Ministry of Corporate Affairs vide its circular dated 25 March 2014, had clarified that the existing resolutions under Section

293(1)(d) passed before 12 September 2013 shall be valid for a period of 1 year from the effective date of Section 180 under the Companies Act, 2013 i.e. upto 11 September 2014.

The approval of the Members authorising the Board for the borrowings, as set out at Item No. 13 of this Notice is therefore being sought, by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financial or otherwise, in passing of the Resolution.

#### **Item No.14**

Ministry of Corporate Affairs has vide its circular dated 25 March 2014, clarified that the existing resolutions under Section 293(1)(a) passed before 12 September 2013 shall be valid for a period of 1 year from the effective date of Section 180 under the Companies Act, 2013 i.e., upto 11 September 2014.

At the Annual General Meeting of the Company held on 17 May 1995, the Members had, by way of Ordinary Resolution and in pursuance of the provisions of Section 293(1)(a) of the Companies Act, 1956, approved creation of a mortgage or charge by way of mortgage / hypothecation on the Company's assets in favour of lenders and/or trustees to secure the amounts borrowed, including interest, charges, etc. payable thereon.

As per Section 180(1)(a) of the Companies Act, 2013, the aforesaid approval is required to be taken by way of a special resolution. However, the corresponding resolution under Companies Act, 1956 viz. Section 293(1)(a) required such approval to be by way of ordinary resolution.

Hence the approval of the Members authorising the Board in the manner set out at Item No.14 of this Notice, is therefore being sought, by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financial or otherwise, in passing of the Resolution.

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#### **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 register the same with the Company's Registrar & Transfer agent M/s Karvy Computershare Pvt. Ltd.

# Directors' Report

Your Directors are pleased to present the 43<sup>rd</sup> Annual Report for the year ended 31 March 2014.

## Financial Results

	(₹ crores)	
	2013-14	2012-13
Net Sales	3402.10	3312.77
Profit Before Interest, Depreciation & Tax (PBIDT)	526.39	619.29
Less: Interest & Finance Charges (Net)	65.07	82.42
Gross Profit	461.32	536.87
Less: Depreciation and Amortisation Charge	190.46	184.28
Profit Before Tax (PBT)	270.86	352.59
Less: Provision For Taxation including Deferred Tax Charge	54.32	94.08
Profit After Tax (PAT)	216.54	258.51
Add: Profit Brought Forward	1195.87	1104.95
Surplus available for appropriation	1412.41	1363.46

## Appropriation

	(₹ crores)	
	2013-14	2012-13
Interim Dividend on Equity Shares	57.42	57.42
Corporate Tax on Dividend	9.59	9.32
Amount transferred to General Reserve	21.65	25.85
Amount transferred to Debenture Redemption Reserve	-	75.00
Profit carried to Balance Sheet	1323.75	1195.87
<b>Total</b>	<b>1412.41</b>	<b>1363.46</b>

## Equity Dividend

During the year, your Company has paid two interim dividends of ₹ 3 per share and ₹ 7 per share aggregating to ₹ 10 per share, amounting to ₹ 67.01 crores (inclusive of tax of ₹ 9.59 crores). The Board of Directors of the Company has not recommended any final dividend.

(PBIDT) including 'other income' decreased from ₹ 619.29 crores in 2012-13 to ₹ 526.39 crores in 2013-14.

Profit Before Tax (PBT) decreased by 23.18% per cent from ₹ 352.59 crores in 2012-13 to ₹ 270.86 crores in 2013-14. After accounting for the provision for taxation of ₹ 54.32 crores, Profit After Tax (PAT) fell by 16.24 per cent from ₹ 258.51 crores in 2012-13 to ₹ 216.54 crores in 2013-14.

## Operations Review

Net sales of the Company increased marginally by 2.69 per cent from ₹ 3312.77 crores in 2012-13 to ₹ 3402.10 crores in 2013-14. Due to increase in cost of materials consumed and employee benefit expenses, Profit before interest, depreciation and tax

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

### SRF Global B.V.

SRF Global B.V. is a wholly owned subsidiary of the Company incorporated in the Netherlands. During the year, it has incurred a loss of US\$ 6.65 lakhs (equivalent to ₹ 398.46 lakhs) mainly on account of interest expenses.

It has five wholly owned subsidiaries – SRF Industries (Thailand) Ltd, SRF Industex Belting (Pty) Ltd., (South Africa), SRF Flexipak (South Africa) (Pty) Ltd., SRF Overseas Ltd., (British Virgin Island) and SRF Nitol (Bangladesh) Ltd.

### SRF Industries (Thailand) Ltd.

It is engaged in the manufacture and distribution of nylon tyre cord. During the year, a plant to manufacture Biaxially Oriented Polyethylene Terephthalate film with a capacity of 28500 TPA was set up which commenced commercial production in July, 2013.

For the year 2013-14, the turnover of the Company was THB 2597.42 million (equivalent to ₹ 47896.48 lakhs) and the Company incurred a loss of THB 349.31 million (equivalent to ₹ 6441.30 lakhs).

### SRF Industex Belting (Pty) Ltd.

It is engaged in the manufacture of belting fabrics. For the year 2013-14, the turnover of the Company was ZAR 177.54 million (equivalent to ₹ 10046.95 lakhs) and the Company incurred a loss of ZAR 2.12 million (equivalent to ₹ 120.14 lakhs).

### SRF Overseas Ltd.

It was engaged in the business of manufacture of nylon tyre cord fabric and operated out of Dubai. During the year, it was decided to close the manufacturing operations due to sustained downturn in European market and high fixed costs.

The turnover of the Company was AED 39.49 million (equivalent to ₹ 6442.77 lakhs) and the Company incurred a loss of AED 11.85 million (equivalent to ₹ 1932.52 lakhs).

### SRF Flexipak (South Africa) (Pty) Ltd.

It has set up a greenfield project to manufacture Biaxially Oriented Polypropylene film in South Africa with a capacity of 25500 TPA. The project had commenced commercial production during the third quarter of 2013-14.

The Company has incurred a loss of ZAR 52.79 million (equivalent to ₹ 2987.07 lakhs) mainly on account of operating and interest expenses.

**SRF Nitol (Bangladesh) Ltd.** has not started any operations.

## Other Subsidiaries

**SRF Transnational Holdings Ltd.** earned a net profit (PAT) of ₹ 44.35 lakhs during the year 2013-14. As this company did not hold any strategic investments and only held certain financial assets, the entire equity of this company was divested to KAMA Holdings Ltd. (holding company of your company) on 1 April 2014 for a consideration of ₹ 11.34 crores.

**SRF Properties Limited** earned a net profit (PAT) of ₹ 20.55 lakhs during the year 2013-14. It owned two properties in Mumbai used by your company as a transit house for its employees. As your company has acquired its own transit house in Mumbai, Board at its meeting held on 9 May 2014 has decided to dispose off the entire shareholding in this company.

**SRF Holiday Home Limited** has incurred a loss of ₹ 0.08 lakhs during the year 2013-14.

**SRF Fluorochemicals Limited, SRF Energy Limited, and SRF Fluor Private Limited (Mauritius)** had not started any activities.

Annual accounts of the subsidiary companies and the related detailed information can be obtained on request by the 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 AM to 1 PM on all working days.





## Directors

Your Directors are seeking appointment of Mr Vinayak Chatterjee, Mr L Lakshman, Mr Tejpreet Singh Chopra, Mr Vellayan Subbiah and Mr Pramod Bhasin as independent Directors under Companies Act, 2013 for a term upto 31 March 2019.

Mr K Ravichandra, Director (Safety & Environment) is retiring at the forthcoming annual general meeting and being eligible offers himself for re-election.

Brief resume of the Directors who are proposed to be appointed/re-appointed is 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 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 31 March 2014 on a 'going concern' basis.

## 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 with 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](http://www.srf.com))

## Consolidated Financial Statement

In accordance with the accounting standard (AS-21), your Directors are pleased to attach the consolidated financial statements, which form part of the Annual Report and Accounts.

## Accounts and Audit

As per the requirements of the Companies Act, 2013, the auditors, M/s Deloitte Haskins and Sells retire at the conclusion of the 43<sup>rd</sup> Annual General Meeting. M/s Deloitte Haskins and Sells being eligible, offer themselves for re-appointment and are proposed to be reappointed from the conclusion of the forthcoming annual general meeting till the conclusion of the 47<sup>th</sup> annual general meeting. The observations of the auditors are explained wherever necessary in appropriate notes to the accounts.

## Cost Audit

Pursuant to the various circulars issued by Ministry of Corporate Affairs, the Company is required to maintain cost records for all the products being manufactured by it and get the same audited by a cost auditor.

Mr Harkesh Tara, Cost Accountant, has been appointed to conduct cost audit of the accounts maintained by the Company

for the financial year 2014-15 in respect of all the relevant product groups of Technical Textiles Business and Engineering Plastics Business of the Company.

M/s Sanjay Gupta & Associates, Cost Accountant, has been appointed to conduct cost audit of the accounts maintained by the Company for the financial year 2014-15 in respect of all the relevant product groups of Chemicals Business and Packaging Films Business of the Company.

Mr Harkesh Tara, Cost Accountant has been appointed as the Lead Cost Auditor.

The remuneration of the cost auditors for the financial year 2014-15 is subject to ratification by the shareholders. Accordingly a suitable item has been included in the notice of the ensuing annual general meeting.

The Cost Audit reports for audit of the said' products for the year 2012-13, conducted by Mr Harkesh Tara, Cost Accountant (M. No. 17321) and M/s Sanjay Gupta & Associates, Cost Accountants ( M. No. 18672), have been filed late with the Ministry of Corporate Affairs on 29 September 2013 due to technical reasons. The due date for filing was 27 September 2013.

### **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 other current liabilities (Note no. 8 forming part of the financial statements for the year ended 31 March 2014).

### **Personnel**

In terms of 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 - 2" 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**

Date: **9 May 2014**

**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 31 March 2014, 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 Company's 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.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm Registration No. 015125N)

**Manjula Banerji**

Partner

(Membership No. 086423)

Gurgaon, **9 May 2014**

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

S. No	Name	Business	Age (Years)	Designation	Remu. (₹ lakhs)	Qualification	Exp. (Years)	DOJ - SRF Ltd	Last Employment
1	Arun Bharat Ram	HO	73	Chairman	464.86	B.Sc (Indl Engg)	47	1-Apr-71	DCM Ltd
2	Ashish Bharat Ram	HO	45	Managing Director	346.36	MBA	23	2-Sep-02	SRF Overseas Ltd
3	Kartik Bharat Ram	HO	43	Deputy Managing Director	336.15	MBA	20	5-Jul-93	NA
4	Sushil Kapoor	TTB	54	President & CEO (TTB)	195.00	B.Tech	31	1-Jul-82	NA
5	Prashant Yadav	EP & FCB	44	President & CEO (EP & FCB)	94.67	PGCBM/MBA & B.Tech	22	21-Mar-94	Synthetics & Chemicals Ltd.
6	Prashant Mehra	PFB	42	President & CEO (PFB)	96.34	B.E. & MBA	18	7-Mar-96	NA
7	Anurag Jain	SCB	42	President & CEO (SCB)	96.34	B. Tech & EPBM/MBA	20	16-Sep-94	NA
8	Suresh Kannan	TTB	46	President & CEO (BF, CF & LF)	98.00	B.Tech	25	5-Jun-89	NA
9	Sanjay Chatrath	TTB	50	President and CEO (TCF)	98.00	B.Tech	28	7-Jun-85	NA
10	Rajdeep Anand	CTG	62	President Chemicals Technology Group	195.00	B.Tech	42	29-Mar-93	Chem Aides
11	Rajendra Prasad	HO	56	President & CFO	145.00	CA, DISA, CISA (USA)	32	20-Mar-06	American Express Bank
12	Anoop K Joshi	HO	54	President (Legal, Taxation and Secretarial)	78.29	FCA, FCS	30	10-Feb-86	Dass Gupta & Co.
13	Ajay Chowdhury	HO	47	President & CHRO	65.00	PGDM/MBA	27	8-Feb-10	Benifys HR Solutions
14	Rajeev Marwah	FCB & SCB	55	Senior Vice President & Head of Works	67.78	B.Tech	33	2-Aug-06	Siel Chemical Complex
15	Sekar Venkataraman	TTB	56	Senior Vice President - Operations	65.84	B. Sc., B.Tech	33	18-Jan-96	Tyrecord Fabric Limited
16	Dr Rahul Saxena	CTG	50	Chief Scientific Officer	61.12	Phd/ Doctorate	25	27-Dec-07	Ind-Swift Laboratories Ltd.
17	Hari Kishore Singh	PFB	43	Senior Vice President - Works & Projects	62.15	B.Tech	20	7-Apr-94	NA
18	Sanjiv Suresh Tipnis*	TTB	55	Senior Vice President - Operations	47.28	B.Tech	33	1-Jul-13	General Blade Technology Pvt. Ltd.
19	Roop Salotra*	CB	63	President & CEO (CB)	96.63	B.E.	42	1-Jun-89	Fenner India Ltd
20	Deb Bhattacharya*	TTB	49	Senior Vice President - Operations	40.72	B.Tech	28	18-Sep-95	Ceat Limited

\*Employment for part of the year

**Notes:** 1. Remuneration comprises salary, bonus, allowances, perquisites, commission paid and Company's contribution to Provident Fund, Superannuation Fund and Gratuity; 2. All appointments are contractual in nature; 3. There are no employee in the services of the Company within the category covered by sub section (a)(iii) of section 217(2A) of the Companies Act, 1956; 4. None of the above employees, other than Mr Arun Bharat Ram, Mr Ashish Bharat Ram and Mr Kartik Bharat Ram, is a relative of any director of the Company.

## Annexure 3: Annexure to Directors' Report (Pursuant to Section 217(1)(e) of the Companies Act, 1956)

### A. Conservation of Energy – Measures taken:

#### 1. Technical Textiles Business, Kashipur

- Saving of 147600 kWh/annum by replacing electric heating with thermic fluid heating of furnace oil in main storage tank.
- Saving of 72684 kWh/annum by reducing compressed air leakage from pneumatic circuit.
- Saving of 31962 kWh/annum by reducing compressed air operating pressure from 100 to 80 PSI.
- Saving of 18.12 ton/year of furnace oil by modifying the burner assembly.
- Saving of 38188 kWh/annum by replacing automatic timers with natural light intensity/lux based nature switch in street lights.

#### 2. Technical Textiles Business, Manali

- Saved 45000 kWh/month by conducting air audit to eliminate leaks and reducing absolute power consumption of air and by improving the efficiency of reciprocating compressors.
- Saved 3600 kWh/month providing energy efficient pump for anion water pump.
- Saved 7200 kWh/month on reducing the frequency of air handling units in textile area based on temperature.

- Saved 60 MT/month (steam saving) isolation of redundant steam lines & piping over sizing elimination for melter area.
- Saved 30 MT/month (steam saving by reduction of indirect steam consumption) by rectification of main steam line traps.
- Saved 3600 kWh/month on replacement of 3B air washer drift eliminator and taking to service thereby reducing the load on chiller.
- Saved 7200 kWh/month provision of VFD in 3A air washer.
- Saved 3600 kWh/month Provision of VFD in 1B air handing unit.

#### 3. Technical Textiles Business, Viralimalai

- Improved fuel and power consumption efficiency by modernisation of new dipping machine for chaffer fabric production. Results in reduction in LPG consumption by 58.5 Kg/MT and power consumption by 90 kWh/MT.
- Achieved savings of 4155 units/month by installation of auto-switching off the main motor in Dornier looms during loom idle condition.
- Achieved savings of 756 units/month by reducing the transformer losses through optimising the distribution transformer loading.





- Achieved savings of 115 units/month by providing timer based cut-off for lighting circuits in non-critical areas of the plant.

#### **4. Technical Textiles Business, Gwalior**

- Fuel (coal) conservation by improving coal boiler efficiency. Coal consumption/kg of steam generation was reduced from 0.299 to 0.227 kg. ~2200 MT/annum coal saving was achieved.
- Power conservation:
  - ~3.2 lakhs kWh/annum through reduction in specific power of compressed air system from 0.136 to 0.132 kWh/nm<sup>3</sup>.
  - 4.4 lakhs kWh/annum during monsoon through modification in control system of air conditioning enthalpy loop.
  - Power conservation (~0.5 lakhs/year) through replacement of weaving AHU by energy efficient AHU.
  - 0.87 lakhs kWh/annum through reduction in air and nitrogen consumption.

#### **5. Technical Textiles Business, Gummidipoondi**

- Achieved saving of 2.43 lakhs kWh/annum through antifriction coating in high capacity cooling water and chilled water pumps.
- Achieved saving of 0.25 lakhs kWh/annum through optimisation of HT air compressor.
- Saving of 0.55 lakhs kWh/annum by installing AHU VFD.

#### **6. Packaging Films Business, Indore**

- Saved 3,13,500 SCm/annum by modification in water circuits for MDO heating.
- Saved 1,65,000 SCm/annum by providing heat recovery unit for the exhaust air of TDO.
- Saved 2,61,000 kWh by rationalising AHU usage in winter season.
- Saved 3,96,000 kWh/annum by converting HTM loop from secondary to primary.
- Saved 78,540 kWh/annum by optimising chilled water usage in Metallizer I.

#### **7. Packaging Films Business, Kashipur**

- Saved 1,34,280 kWh/annum by installing Screw type Air Compressors.
- Saved 90,000 kWh/annum by installing smaller impeller in Husk Heater circulation pump.
- Saved 10,800 kWh/annum by reducing the speed by 10% of Root blower 2.

#### **8. Chemicals Business**

- Achieved savings of 35640 kWh/annum by eliminating one screw conveyor of 5.5 kW in HF plant.
- Achieved a savings of 129600 kWh/annum by installation of 55 kW pump in place of 132 kW in CPP for variable load saving.
- Achieved a savings of 37241 kWh/annum by eliminating 2 pumps and reducing pump load by process change in P2 plant.
- Achieved a savings of 41379 kWh/annum by reducing load of P3 plant pumps and filling station blower.
- Achieved a savings 78965 kWh/annum by installing VFD in ATFD 15kW motor.

<b>Power and fuel consumption</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Electricity</b>		
<b>a) Purchased</b>		
Total units (000 kWh)	264320.64	252475.48
Total amount (₹ lakhs)	17118.42	17290.52
Rate/Unit (₹)	6.48	6.85
<b>b) Own Generation</b>		
<b>Through Diesel (000 kWh)</b>	<b>4074.66</b>	<b>8861.09</b>
Units per KL of Diesel Oil	3040.00	3872.98
Cost/Unit (₹)	20.38	16.11
<b>Through Furnance Oil (000 kWh)</b>	<b>5756.73</b>	<b>8504.08</b>
Units per KL of furnace Oil	7470.55	4504.06
Cost/Unit (₹)	12.61	12.27
<b>Through Coal</b>	<b>75377.02</b>	<b>59202.50</b>
Unit per MT of Coal	909.41	854.71
Cost/Unit (₹)	5.59	5.89
<b>Through Windmill (000 kWh)</b>	<b>20031.91</b>	<b>32175.16</b>
Total amount (₹ lakhs)	280.79	367.24
Cost/Unit (₹)	1.40	1.14
<b>Others</b>		
<b>a) Fuel (for oil boiler)</b>		
Quantity (K. litres)	5432.86	8349.71
Total cost (₹ lakhs)	2518.79	3304.86
Rate/Unit of KL (₹)	46362.15	39580.54
<b>b) LPG</b>		
Quantity (K. litres)	5881.50	5149.13
Total cost (₹ lakhs)	4202.83	3318.57
Rate/MT (₹)	71458.54	64449.12
<b>Electricity (kWh/MT)</b>		
Yarn	2177.57	2120.30
Fabric	3107.05	3645.26
Fluorochemicals	926.46	962.98
Chloromethanes	358.78	349.84
Polyester Films	2461.86	2590.20
Nylon Chips	1038.09	501.33
Fluorospecialties	4239.44	
<b>LPG (Kgs/MT)</b>		
Fabric	70.27	137.32
<b>Steam (MT)</b>		
Yarn	2.54	3.97
Fabric	-	-
Fluorochemicals	2.57	1.67
Chloromethanes	1.35	1.33
Fluorospecialties	8.87	-





## B. Technology Absorption

### Research & Development

SRF carries out chemicals' research and development work at its two state of the art R&D centres located at Bhiwadi and Chennai. There are mainly three focus areas for chemicals research and development viz. developing products and processes based on in-house available products and intermediates thus strengthening existing products' portfolio, developing products as per customer needs and developing new futuristic processes & chemistry platforms. The processes developed at R&D are validated at a pilot plant which carries out scale up studies. The processes and products developed by R&D have been successfully commercialised to meet the customer's demands. At our new site at Dahej, many products have been commercialised and supplied to the customers and many other are in the process of commercialisation. We are supplying products to leading global agrochemical and pharmaceutical majors and also participating with them in development their future products thus forging long term partnerships in the area of product and process development. We have a vision of becoming preferred solution provider to our customers in the field of chemical processes, products and technologies.

The R&D Centre of TTB is located at Manali, Tamil Nadu. It is equipped with state-of-the-art pilot plants and sophisticated testing laboratories for testing of Polymers and Fibres. These facilities are being used for development of new products in the field of Polymers, Fibres and Technical Textiles. Two of the new products developed by R&D in the Coated Fabric segment have been commercialised during the year. In addition to this, also a new polyester fabric for reinforcement application in cycle tyres has been developed by R&D and commercialised during the year.

Besides several research projects are in progress with leading Indian and Overseas academic and research institutes.

The Application Research Centre of Engineering Plastics is located in Manali, Tamil Nadu. The center has been actively engaged in development of specialty and niche product and applications for automotive and electrical industry. SRF has leveraged its in-house technology and expertise to foster strategic partnerships with leading Indian and Global companies. The business has a vision to augment growth through enhancing its polymer range, and the R&D team is focusing on improving product development capabilities to help in achieving this vision.

Expenditure on R&D	2013-14 (₹ lakhs)	2012-13 (₹ lakhs)
Capital	782.92	360.59
Revenue	3054.10	2776.72
<b>Total</b>	<b>3837.02</b>	<b>3137.31</b>
Total R&D expenditure as per cent of turnover	1.13%	0.95%

## C. Foreign Exchange Earnings & Outgo

Particulars	2013-14 (₹ lakhs)	2012-13 (₹ lakhs)
Foreign Exchange Earnings	97535.35	108354.6
Foreign Exchange Outgo	128599.75	106030.81
Net Foreign Exchange Earning	(31064.4)	2323.79

# Management Discussion & Analysis

As a manufacturer of chemical-based industrial intermediates, SRF produces a wide range of products that touch everyone's life in more ways than one.

## BUSINESSES

With operations in three countries namely India, Thailand and South Africa, SRF is the market leader in most of its products and also enjoys significant global presence in some of its businesses. It classifies its main businesses as: Technical Textiles Business (TTB), Chemicals & Polymers Business (CPB) and Packaging Films Business (PFB).

### Technical Textiles Business

The lackluster status of the Indian economy has had its effect, though limited, on the Technical Textiles Business (TTB) since several of the sectors that the business serves saw low growth and in some cases de-growth. Nevertheless, in spite of such circumstances, the business performed reasonably with revenues growing by 8% approx. over the previous year and the profitability improving by double digits.

### Tyre Cord Reinforcement

With radialisation percentage in the Commercial Vehicle segment reaching around 25% and the fortunes of the Transport Industry being in doldrums due to the state of the economy, the Bias Tyre segment of the commercial vehicle showed marginal de-growth. The business, however, leveraging its strong market position as a leader of Nylon Tyre Cord Fabrics (NTCF), posted an improved performance.

As a major step towards improving the competitiveness of the business, SRF closed the operations of its plant at the Jebel Ali Free Zone, UAE which had become unviable due to high cost of production and economic slowdown. Currently, the Company is in the process of relocating/disposing its assets and affecting closure. On its part, SRF successfully organised approvals from customers for supplies from its other units to retain the businesses developed.

The Thailand unit suffered a setback during the year on account of a fire in its Dipping Unit, which disrupted business for around 45 days; otherwise, the unit's performance has been satisfactory.

In the Polyester Fabrics and Yarn segment, SRF shifted gears by focusing on yarn business for diversified industrial applications, keeping in view the fall in automotive production. This has helped this segment to keep its head above water.

### Belting Fabrics

In the current global circumstances, the Company changed its strategy in this business segment by focusing on domestic markets and expanding its range of value-added products. This, coupled with a reduction in turnaround time of orders, has enabled it to substantially increase its market share in the domestic market, leading to an improved performance in India.

The South African subsidiary, which did well in the first few months of the year, struggled in the second half of the year due to lack of orders. This situation arose on account of mining being adversely affected in South Africa as well as one of its key customers preferring to import from low cost countries rather than buying locally. Corrective steps were undertaken through redesign of product to lower costs and offer a better solution to the customer.





### **Coated and Laminated Fabrics**

The Laminated Fabrics business saw entry of several new players during the year, with a blood bath for market shares. This led to significant margin erosion in a highly competitive industry, which saw a flat growth this year as against double digit growth in previous years. But this being a cyclical business, one may expect to see a more rational approach with regard to the market dynamics.

In the Coated Fabrics business, many new products introduced by the Company settled down with better prospects in the coming year. The Company is in the process of developing more products, which shall be launched in the ensuing year.

Whilst this business segment struggled during the year particularly due to slow down in the transport sector where tarpaulins were the main stay of the business, the prospect looks better as the market improves.

### **Industrial Yarn**

SRF continues to hold its position in different applications of Industrial Yarns with stable performance.

### **Outlook**

The NTCF volume is likely to improve as the economy picks up in 2014-15. The assumption is based on the fact that the business remained stable even during 2012-13, a year of high radialisation (due to a strong push by the commercial vehicle producers and tyre companies with new radial capacities) and marginal de-growth. It is, therefore, natural to expect that the foundation business of the Company will continue to make a significant contribution for years to come.

The fortunes of the Laminated Fabrics segment are likely to gain traction as the demand picks up in the second half of 14-15. In the Coated Fabrics segment, the recovery of the transport sector and new product launches would spur an improved performance.

The prospect of a resolution of the long pending issues with regard to mining and infrastructure projects, in particular, augurs well for Belting Fabrics which are essentially used as reinforcement in the conveyor belts. As a result, the business expects higher volumes adding to both – the top and the bottom line.

### **Chemicals & Polymers Business**

The Chemicals & Polymers Business comprises three different product lines namely Fluorochemicals, Specialty Chemicals and Engineering Plastics.

#### **FLUOROCHEMICALS**

The manufacturing operations of Fluorochemicals Business (FCB) are located at two locations, Bhiwadi in Rajasthan about 70 kilometres from New Delhi, and a green field site at Dahej in Gujarat. The business derives its revenue from the sale of fluorine based refrigerants and chlorinated solvents.

2013-14 was a year of challenges for FCB. The Indian AC and auto sector de-grew in 2013-14 which had an impact on growth of the business. Additionally, the market demand in export market was lower due to substitution of HCFC-22. Cheap imports from China coupled with high feedstock costs kept margins under pressure.

#### **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 domestic market leader with about 40 per cent shares. Exports of the business are spread across 60 countries worldwide, and account for over 60 per cent of the volumes produced.

SRF's portfolio of refrigerants includes hydrochlorofluorocarbon-22 (HCFC-22), the new-generation refrigerants – hydrofluorocarbon-134a (HFC-134a) and HFC blends like

R410A, R404A and R407C. In line with the intent of augmenting the production capacity to cater to the market needs, the Company successfully scaled up its HFC-134a capacity three fold to around 17500 tonnes per annum with the commissioning of its second HFC-134a plant (12500 tpa) and AHF plant at Dahej on 31 March 2014. The new HFC-134a plant would cater to the medium and long-term growth of India's automobile industry, as well as in the rest of the developing world. The Company is in the process of finding alternate applications for HCFC-22 to ensure full usage of its capacities. The Company has developed capability to produce PTFE grade of HCFC-22 that shall cater to the growing market of PTFE.

The market for refrigerants was almost flat during 2013-14 on the back of slow sales of air-conditioners and automobiles, key indicators highlighting the weak economic growth in the country. The Company looks forward to a recovery during FY2014. The medium-term outlook for refrigerants looks bright based on the economic growth projected for India, especially for consumer durables like air-conditioners and refrigerators, as well as automobiles.

### **Chlorinated Solvents**

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. Apart from methylene chloride and chloroform, SRF also manufactures trichloroethylene and perchloroethylene at the Dahej site. Trichloroethylene is backward integrated to the HFC-134a production facility and is used primarily as a feedstock. Perchloroethylene is used as a solvent in the laundry, metal degreasing and vapour degreasing industries. It is also a feedstock for HFC-125 and HFC-134a for some producers.

The profitability of chloromethanes came under pressure in the first and the fourth quarter of 2013-14 due to increased competition from imported consignments. Currently, strong relationships with customers, high product quality, efficient production and short delivery lead times continue to be key differentiators vis-à-vis imports. SRF has gained significant market share in the domestic market of trichloroethylene and perchloroethylene, since its addition in SRF's solvent portfolio in 2012-13.

### **Outlook**

The Fluorochemicals Business had been on the growth path over the past few years mainly driven by strong commodity upswing. Though the commodity cycle has been on the downtrend resulting in softer profitability, SRF has maintained its market share and sales volumes and the profitability would rebound when the commodity cycle swings back. The business expanded its overseas presence by adding more volumes to existing customer base. Leveraging the solid foundation of in-house technological capability, the focus is currently on developing and launching new-generation refrigerants along with specialty products.

In 2014-15, the business is expected to derive value from the augmented production capacities of HFC-134a and AHF that shall support the ramp-up of HFC-134a sales in domestic and export market.

The phase-down on the consumption of HCFC-22 as mandated by the Montreal Protocol didn't affect the market demand in 2013-14, but would kick-start in 2014-15 resulting in slow contraction of HCFC-22 market.

### **SPECIALTY CHEMICALS**

SRF had entered the space of specialty fluorine chemistry in 2003-04 and has been building on its expertise in fluorine chemistry subsequently. The focus has been to leverage the Company's expertise for products used in the agrochemical and pharmaceutical industries. Going forward, non-fluorinated specialty products are also being identified for commercialisation.

The strength of R&D and process engineering has substantially been augmented, building the capability to design and execute multiple projects simultaneously in challenging timelines.

The business is engaged with reputed domestic as well as global innovators for developing new products in our chosen markets.

### **Outlook**

The business is expanding its horizons and the range of specialty products it produces, and continues to build on its reputation and credibility with global agrochemical and pharmaceutical majors and move towards higher value-added products. With Chinese manufacturers



entering some of the older product lines spaces occupied by the business, some price erosion is being experienced by the business in some of its older product lines. This is expected to continue in the next financial year as well.

The business has capitalised two new dedicated plants at Dahej which will produce new products. These will add to the revenue stream and are expected to drive growth and profitability over the next fiscal.

The business continues to work on developing new products and maintains a healthy product funnel to drive growth. To this end, the business will continue to invest in people and processes that drive R&D, as well as in production assets that commercialise technology and result in growth.

The Company continues to remain optimistic about the future potential and prospects of the Specialty Chemicals Business.

### **ENGINEERING PLASTICS**

Engineering Plastics Business comprises of products made from polymers like polyamides (N6 & N66), poly butylenethalate (PBT) and poly carbonates (PC). These products are used in



automotive market, electrical market, power tools etc. The continuous slowdown in the automotive sector and infrastructure sector posed significant challenge to the business in maintaining profitability. The business, however, is persistently focused on improving market share by leveraging existing OEM relationships and international approvals.

The business adopted a coherent strategy of enhancing the current product portfolio by developing new products, fostering long term relationships with customers and focusing on cost competitiveness to maintain growth during volatility.

### **Outlook**

The domestic market is expected to experience margin pressure due to continued slowdown. The business has strong focus on gaining a foothold in international markets and maintaining domestic leadership. In pursuit of augmenting growth in 2014-15, the business is expected to leverage its product development skills to launch new polymers and to continue developing new high-end applications.

### **Chemicals Technology Group**

Chemicals Technology Group (CTG) is actively engaged in the development of new technologies. These have been the lifeline for the growth of SRF's Specialty and Fluorochemicals business. This has been made possible by a capable team of close to 100 Scientists and Engineers located at Bhiwadi, Chennai and Gurgaon.

CTG's total manpower grew from around 155 to close to 200 during the year. The 2 R&D centers located at Bhiwadi and Chennai together filed 14 new process patents as intellectual property of the Company during the year 2013-14 taking the total number of patents filed to 39 so far. In a major development, a separate team has been created to work on futuristic platform chemistries. The Pilot Plant at Bhiwadi carried out 14 campaigns to scale up R&D processes and to provide Pilot scale quantities to different customers. The Kilo lab facility planned to cater the needs of pharma customers is under implementation and is expected to be complete by Q2 of 2014-15. Three commercial plants (two in Specialty and one in Fluorocarbons) became operational in 2013-14 at the Company's Dahej complex; while one more commercial plant will become operational in Q1 of 2014-15. Also, in order to explore futuristic technologies and expand its horizons, the team has entered into an agreement with the Institute of Chemical Technology, Mumbai and will be working with them to build capability in these areas.

### **Packaging Films Business**

FY 2013-14 was an eventful year for the Packaging Films Business. It made its foray in the international arena for the first time as the two green field projects, the BOPET (Bi-Axially Oriented Polyethylene Terephthalate) Film Plant in Thailand and the BOPP (Bi-Axially Oriented Polypropylene) Film Plant in South Africa, came on stream as planned. This increases the total



Packaging Films Business' foray in the international arena – BOPP Plant in South Africa the BOPE Plant in Thailand

BOPET film capacity of the business to 90,000 MT/annum while the BOPP film capacity stands at 25,500 MT/annum.

At international locations, the business succeeded in laying a strong foundation for a healthy working environment and unified culture, with clear focus on deploying SRF Management Way. As a result, in less than nine months, not only has the Thailand unit achieved production and sales ramp up, but is now also doing steady business in the domestic as well as export markets. On the other hand, the BOPP plant continues to progress towards full capacity utilisation, having received product approvals from all major customers in South Africa.

From the market perspective, the commodity down cycle continued resulting in unutilised capacities. As a result, global margins remained low but rupee depreciation offered some respite and helped Indian manufacturers safeguard their realisations.

Along with the smooth start up and stabilisation of the new plants, the business focused on development and commercialisation of value-added products and successfully added few new products in its portfolio.

#### **Outlook**

Being predominantly a commodity business with an inherent commodity cycle, the Packaging Films Business is again expected to face yet another challenging year with supply still far exceeding demand. However, driven by the robust FMCG growth and fast urbanisation, the domestic market is expected to grow further but pressure on export margins is likely to continue.

In view of the dynamic business environment, SRF's near term strategy would evolve around full utilisation of polyester assets and adding more of value-added products in the portfolio for maximising returns. The business would also focus on scaling up BOPP film production & domestic sales in the South African market and accelerate development of value-added products. Further, dedicated efforts to improve operational efficiency across all locations would continue to remain a focus area for the business.

#### **HUMAN RESOURCES**

The year 2013-14 was a year where HR has achieved some significant milestones with respect to organisation-wide HR programmes. Some of the important initiatives that were undertaken during the year included roll-out of SRF Values, covering all officers to begin with. Along with this, a credible consequence management system has been established, providing all employees a structured platform to raise their concerns regarding Values. An organisation-wide job evaluation exercise was also carried out.

HR Analytics was a new function that was added, which helped in reporting real time people data through HR dashboards. HR team also took some key measures in simplifying Development Dialogue (DD) system and introduced a new process for capturing the employee voice on the feedback process during the DD exercise.

Training man-hours improved by 40% from last year, with a significant increase in voluntary nominations.

Building on its existing systems, the Company designed improved methods of engaging its entry level officers. The attrition figures for officers in year ending March 2014 was 11.4% which was below manufacturing industry benchmark of 12%.

(Source – AON Hewitt Survey for Manufacturing Jan – Dec 2013)

#### **TOTAL QUALITY MANAGEMENT**

The Company is focused on creating a pipeline of new differentiated products for its customers. The Company's R&D abilities of synthesising new products have been advanced by using higher order TQM tools and analytical abilities. These have resulted in prevention of problems and production of high quality and performance products for the expanding markets.

Building on the ethos of continuous improvement, the Company continued to focus on internal efficiencies through cumulative 640 certified problem solvers, 140 successful problem solving projects and 22,000 kaizens during the year. In particular, the Company took specific projects to improve equipment reliability, plant yields, lead times for delivery to customers and

transactional efficiencies in commercial and other processes.

Overall, the Company is adding on to its strong platform of multi fold improvements which resulted in winning the Deming Prize for its Chemicals Business last year. TQM will remain SRF's Management Way as the Company builds organisational capabilities in order to achieve its business outcomes.

## INFORMATION TECHNOLOGY

SRF stabilised the new version of the ERP system and extended it globally to the international units during the year. The IT infrastructure was also integrated globally to connect all units into the SRF network and to migrate to the same set of standard applications across SRF. This has helped provide a common and consolidated view of all businesses and has helped ease operations management and reporting.

The IT solutions now cover the core area of SRF which is manufacturing. The shop-floor operations are IT enabled on the ERP, thus improving efficiencies and productivity. The biggest benefit is that the actual costing now comes from the system improving the granular accuracy in costing of products. This has helped the managers take calls on pricing of products and also to identify the profitable customer and product segments. The quality control processes now integrated in the ERP reduce the risk of poor quality ingredients entering the shop floor.

SRF management dashboards running on top of the new ERP now provide an

end-to-end view to the managers helping them track trends and take the right decisions in a timely manner.

IT security is gaining importance as the threats are getting sophisticated. SRF took some concrete steps to improve its security set up and posture to protect its systems and intellectual property.

## COMMUNITY PARTNERSHIPS

Driven by its century-old legacy of making a meaningful contribution to the society, SRF continued to contribute in the areas of health, education, affirmative actions and natural resource management on a sustainable basis. Building on its public-private-community partnership (PPCP) model, the Company's social wing, SRF Foundation, further enlarged its scope of work in the area of community development.

### Education

The year 2013-14 witnessed reforms in various aspects, the primary concern being the upgradation of government schools under the flagship initiative, **Mewat Rural Education Programme** (MREP). The programme, with a motto of '**Quality Education for All**', covers 49 primary and middle schools across 19 villages in Mewat, a backward district in Haryana, inhabited mostly by the Meo Muslims.

Under its ongoing **Support My School Programme**, the foundation in partnership with other collaborators upgraded 18 schools in Mewat with improved infrastructure facilities. Some of the amenities added included leveled playground, play materials, library, separate toilets for boys and girls and facilities for clean drinking waters.

In all, 228 teachers from 49 schools of 19 villages attended two-week training programmes during the year under **Teacher Try Science** initiative.

Continuing with its ongoing initiative to mainstream out of school girls under **Udaan** programme, the SRF Foundation enrolled more than 200 girls, who were either never introduced to school education or were early dropouts, into regular schools.

As always, the Company continued to run and manage its existing academic institutions such as The Shri Ram Schools (two in Gurgaon and one New Delhi), the Lady Shri Ram College (LSR) in Delhi and SRF Vidyalaya in Chennai.

### Vocational Skills

SRF Foundation took several new initiatives to improve the employability of people especially the younger generation from the disadvantaged communities by way of providing vocational skills.





In 2013-14, the SRF Foundation collaborated with Schneider Electric India to train the youth of the villages aged 18 to 30 in the electrical trade under the '**Basic Electrician Training Programme**'. The programme aims at providing industrial training on Electrical trade to the unemployed male covering 19 villages of Nuh Block (Mewat district) and also ensuring their placement after successful completion of training.

The SRF Foundation continued with its project **Raahat**, a unique initiative for the production of low cost Sanitary Napkin. The project provides direct employment to 5 women and helps deliver the low cost napkins to 2500 women of villages.

A total of 232 boys and girls from Nuh village were trained under the **Teach India**, a Spoken English Training Programme initiated by SRF Foundation in collaboration with **The Times of India**.

### **Health**

Various health camps ranging from medical awareness, diabetes, eye check-ups, blood donation, etc, were conducted in several production sites during the year. Besides, many HIV/AIDS Awareness events and HIV Testing were also held in all plant locations.

### **Affirmative Action**

SRF has been striving to provide access, opportunity, integration and balance platforms to the SC/ST groups in accordance with the CII code of conduct on Affirmative Action. SRF presented scholarships to 20 girls from SC/ST community to encourage them to go for higher education. NTTF trained SC/ST were engaged in operations and in new projects in SRF's various plant locations. Polytechnic/ITI pass SC/ST students are hired for the Company and also the workers from the same group are engaged on contractual/temporary jobs.

### **Natural Resource Management**

SRF through its ongoing Natural Resource Management (NRM) programme, continued to reach out to poor families in Alwar district to improve their livelihood. The Company constructed and revived many rainwater harvesting structures for ground water recharge and agricultural support. During the year, the Impact

Assessment agency has published a comprehensive compendium of hydrological study based on the project interventions and its impact on livelihood options for the rural poor.

The Company under public-private sector initiative of **SRF-IBM-State Education Department** also set up 6 **Kidsmart Centres** in rural schools in Bharuch District in Gujarat. This is the first major CSR initiative near our new production facility at Dahej.

During the year, the Chemicals Business achieved the prestigious **CII Sustainability Award** as also the **Rajasthan State level Bhamashah Award for support to elementary education** in Bhiwadi region.

### **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, Audit Committee and the management that there is a structured system for:

- close and active supervision by the Audit Committee
- business planning and review of goals achieved
- 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.

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 set up 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.

# 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.

## Board of Directors

### Composition of the Board

As on 31 March 2014, SRF's Board consisted of 9 Directors, of which four are executives of the Company (including the Chairman, who is an Executive Chairman) and five are independent. Table 1 gives the details of the Board during the year 2013-14.

Table 1: Composition of the Board of Directors of SRF

Name of Director	Category of Director	No. of other Directorships*	No. of Board-Level Committees where Chairperson or Member	
			Chairperson	Member
Mr Arun Bharat Ram	Executive Chairman, Promoter	6	-	4
Mr Ashish Bharat Ram	Executive, Promoter	6	1	2
Mr Kartik Bharat Ram	Executive, Promoter	4	1	1
Mr K Ravichandra	Executive	-	-	-
Mr Vinayak Chatterjee	Independent	1	2	1
Mr Tejpreet S Chopra	Independent	1	1	-
Mr L Lakshman	Independent	10	3	5
Mr Vellayan Subbiah	Independent	3	-	4
Mr Pramod Bhasin	Independent	3	-	2

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

\* Directorship in Foreign companies, Indian private limited companies and companies under Section 8 of the Companies Act, 2013 are not included.



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

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than the Chairman, Managing Director, Deputy Managing Director and Director (Safety & Environment) are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013.

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 2013-14, the Board of Directors met five times on 3 May 2013, 26 July 2013, 25 September 2013, 28 October 2013 and 11 February 2014. 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 2013-14**

Name of the Director	Number of Board Meetings held Under Tenure	Number of Meetings Attended	Attended Last AGM
Mr Arun Bharat Ram	5	5	Yes
Mr Ashish Bharat Ram	5	5	Yes
Mr Kartik Bharat Ram	5	5	Yes
Mr K Ravichandra	5	3	No
Mr Vinayak Chatterjee	5	5	Yes
Mr Tejpreet S Chopra	5	3	Yes
Mr L Lakshman	5	4	Yes
Mr Vellayan Subbiah	5	4	Yes
Mr Pramod Bhasin	5	3	No

### Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors of SRF Limited for financial year 2013-14 and table 4 gives details of Service Contracts

**Table 3: Remuneration Paid or Payable**

(₹/lakhs)

Name of Director	Salary & Allowances	Sitting Fees <sup>+</sup>	Perquisites	Provident Fund and Superannuation Fund <sup>®</sup>	Commission (Provided)	Total
Mr Arun Bharat Ram	162.00	-	26.02	43.74	225.00	456.76
Mr Ashish Bharat Ram	96.00	-	94.64	25.92	125.00	341.56
Mr Kartik Bharat Ram	96.00	-	84.44	25.92	125.00	331.36
Mr K Ravichandra	6.28	-	3.29	-	-	9.57
Mr Vinayak Chatterjee	-	2.70	-	-	5.00	7.70
Mr Tejpreet S Chopra	-	1.20	-	-	5.00	6.20
Mr L Lakshman	-	1.60	-	-	5.00	6.60
Mr Vellayan Subbiah	-	1.60	-	-	5.00	6.60
Mr Pramod Bhasin	-	0.60	-	-	5.00	5.60
<b>Total</b>	<b>360.28</b>	<b>7.70</b>	<b>208.39</b>	<b>95.58</b>	<b>500.00</b>	<b>1171.95</b>

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

<sup>®</sup> 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. 15.06.2013	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 Kartik Bharat Ram	5 years w.e.f 01.06.2011	3 months by either party	Nil
Mr K Ravichandra	3 years w.e.f. 01.10.2012	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 2014.

**Table 5: Equity Shares Held by Non-Executive Directors as on 31 March 2014**

Name of Director	Category	Number of Equity Shares Held
Mr Vinayak Chatterjee	Independent	-
Mr Tejpreet S Chopra	Independent	-
Mr L Lakshman	Independent	-
Mr Vellayan Subbiah	Independent	5507
Mr Pramod Bhasin	Independent	-

The Company has not issued any convertible securities to any Director

### 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 of 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 Clause 49, the minutes of the Board meetings of your Company's subsidiary companies 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 2014, the Audit Committee of SRF comprised of three Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013, as well as Clause 49 of the Listing Agreement.

During 2013-14, the Audit Committee of SRF met five times 3 May 2013, 26 July 2013, 25 September 2013, 28 October 2013 and 11 February 2014. Table 6 gives the attendance record of Directors who are members of the Audit Committee.

**Table 6: Attendance Record of Audit Committee Meetings during 2013-14**

Name of Director	Category	Number of Meetings held Under Tenure	Number of Meetings Attended
Mr Vinayak Chatterjee (Chairman)	Independent	5	5
Mr L Lakshman	Independent	5	4
Mr Vellayan Subbiah	Independent	5	4

All the members of the Audit Committee are financially literate.

Mr Anoop K Joshi, President & 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 Revised Listing Agreement with the Stock Exchanges read with Section 177 of the Companies Act, 2013. 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, remuneration and term of auditors, examination of financial statements and auditors' report thereon, review the functioning of the Whistle Blower Mechanism, review and monitor the auditor's independence and performance and effectiveness of audit process, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, wherever it is necessary, evaluation of internal financial controls and risk management systems and reviewing with the management adequacy of internal control system.

In addition, the Committee also mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;



- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

**b) Nomination and Remuneration Committee**

In order to comply with Section 178 of the Companies Act, 2013 Remuneration Committee was renamed as Nomination and Remuneration Committee and its role and scope enhanced as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity.
- Formulation of policies for remuneration to Directors, Key Managerial Personnel, Senior Management Personnel and functional heads.
- Identification and recommendation to Board of persons who are qualified to become Directors, Key Managerial Personnel, Senior Management Personnel and functional heads in accordance with the criteria laid down.
- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel, Senior Management Personnel and functional heads.
- Evaluation of the performance of independent directors and make recommendations to Board.
- Evaluation of the performance of Directors (other than independent directors).
- Evaluation of the performance of Key Managerial Personnel, Senior management personnel and functional heads as a team.

As on 31 March 2014, this Committee comprised three Directors, Mr Vinayak Chatterjee (Chairman), Mr Tejpreet Singh Chopra and Mr Vellayan Subbiah, all of whom are independent.

During 2013-14, meeting of this Committee was held on 5 April, 2013.

**c) Stakeholders Relationship Committee**

In order to comply with Section 178 (5) of the Companies Act, 2013 Shareholders'/Investors' Grievance Committee was renamed as Stakeholders Relationship Committee and scope of the Committee extended to consider and resolve the grievances of all type of security holders of the Company.

As on 31 March 2014, this Committee comprised of five Directors—three executive Directors and two non-executive Directors. The Chairman of the Committee is Mr Tejpreet Singh Chopra is, 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 2014, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 7 gives data on the shareholder/investor complaints received, and redressed, during the year 2013-14.

**Table 7: Shareholder and Investor Complaints Received and Redressed During 2013-14**

Total Complaints Received	Total Complaints Redressed	Pending as on 31 March 2014
201	201	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. 34 in the Notes to the Financial Statements
- 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**

Mr K Ravichandra, Director is retiring by rotation and being eligible, offer himself for re-appointment.

In order to comply with the provisions of Companies Act, 2013, Mr Vinayak Chatterjee, Mr L Lakshman, Mr Tejpreet Singh Chopra, Mr Vellayan Subbiah and Mr Pramod Bhasin, Independent Directors of the Company are being appointed for a term upto 31 March 2019.

Brief resume of these Directors are given in the Notice of the 43rd 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](http://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 presentations 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 8.

**Table 8: Last three AGMs of the Company**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>No. of Special Resolutions Passed</b>
2010-11	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	28 July 2011	3.30 PM	1
2011-12	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	25 July 2012	11.30 AM	1
2012-13	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	26 July 2013	3.30 PM	1

#### **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 the Clause 49 of the Listing Agreement.

##### **Adoption of Non-Mandatory Requirements**

The Company has constituted 'Nomination and Remuneration Committee' as per the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.

#### **Additional Shareholder Information**

##### **43rd Annual General Meeting**

Date: 4 August 2014

Time: 3.30 PM

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

##### **Tentative Financial Calendar for Results, 2014-15**

First Quarter	First week of August 2014
Second Quarter	Fourth week of October 2014
Third Quarter	First week of February 2015
Fourth Quarter and Annual	Second week of May 2015

### **Book Closure Date**

The Share Transfer Register of SRF will remain closed from Monday, 28 July 2014 to Monday, 4 August 2014 (both days inclusive) for the purposes of holding the Annual General Meeting.

### **Interim Dividend Payment Date**

Two interim dividends of ₹ 3 per share (30 per cent) and ₹ 7 per share (70 per cent) on the paid up capital of the Company absorbing ₹ 67.01 crores approx. (inclusive of tax) were paid on 25 November 2013 and 25 February 2014 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 2014-15. The Stock Codes are:

Bombay Stock Exchange 503806

National Stock Exchange SRF

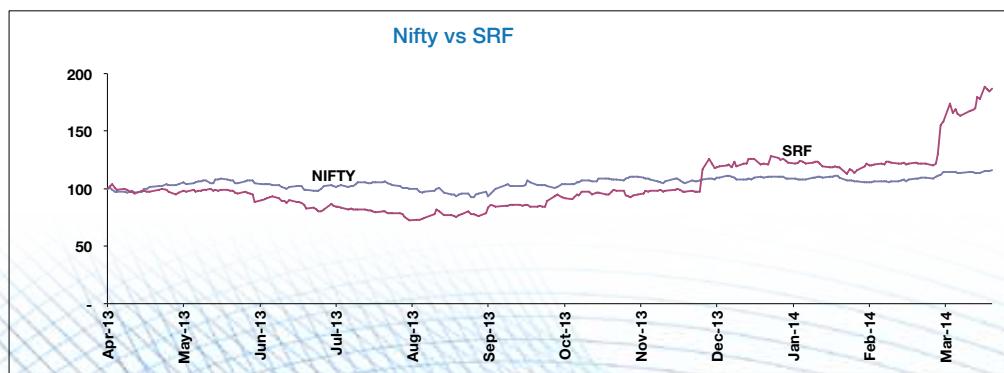
### **Stock Market Data**

Table 9 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2013-14.

**Table 9: Monthly Highs and Lows and Volumes Traded at the BSE and NSE during 2013-14**

Year 2013-14	BSE			NSE		
	High ₹)	Low ₹)	Volume (Nos)	High ₹)	Low ₹)	Volume (Nos)
April	187.50	165.65	86456	187.05	165.20	296518
May	178.95	156.00	118939	178.95	154.00	474692
June	166.00	140.00	320339	166.05	140.20	854598
July	157.20	131.20	101625	158.00	130.55	456905
August	163.65	125.55	147818	162.70	126.05	625445
September	171.00	136.25	290986	171.00	135.55	1166811
October	177.70	159.00	196132	178.00	159.05	716973
November	206.40	164.00	289438	206.80	163.00	966460
December	238.45	206.60	1234300	238.70	206.25	5336720
January	230.40	197.00	532569	230.60	197.20	1426855
February	229.90	199.65	260567	227.00	202.35	1182654
March	371.00	211.15	4309452	371.60	212.05	14381780

**Chart 1: Share prices of Nifty versus SRF Limited for the year ended 31 March 2014**



Note: Both Nifty and SRF share prices are indexed to 100 as on 1 April 2013

## Registrar and Share Transfer Agents

M/s Karvy 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 Karvy 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 Stakeholders Relationship 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 2013 to 31 March 2014 was 8474.

## 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 De-materialisation 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.

## Dematerialisation of Shares as on 31 March 2014

There were 36996 shareholders holding 55524208 shares in electronic form. This constitutes 96.70 per cent of the total paid-up share capital of the Company.

## Distribution of Shareholding as on 31 March 2014®

Table 10 gives the distribution of shares according to shareholding class, while Table 11 gives the distribution of shareholding by ownership.

**Table 10: Pattern of Shareholding by Share Class as on 31 March 2014**

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	53850	92.80%	5474054	9.53%
501-1000	2341	4.03%	1760365	3.07%
1001-2000	923	1.59%	1371349	2.39%
2001-3000	286	0.49%	740084	1.29%
3001-4000	132	0.23%	472538	0.82%
4001-5000	104	0.18%	492470	0.86%
5001-10000	193	0.33%	1388650	2.42%
10001 and above	201	0.35%	45720990	79.62%
<b>Total</b>	<b>58030</b>	<b>100.00%</b>	<b>57420500</b>	<b>100.00%</b>



**Table 11: Pattern of Shareholding by Ownership as on 31 March 2014**

Category	Shareholding	
	Number of Shares Held	Shareholding %
Promoters	30075500	52.38%
Mutual Funds & UTI	6729652	11.72%
Banks, Financial Institutions, Insurance Companies	923235	1.61%
Foreign Institutional Investors	4612490	8.03%
Private Corporate Bodies	2197526	3.83%
Indian Public	11616894	20.23%
NRIs/OCBs	329047	0.57%
Others (including shares in transit)	936156	1.63%
<b>Total</b>	<b>57420500</b>	<b>100.00%</b>

<sup>®</sup> 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 2014, there were no outstanding GDRs/ADRs/Warrants or any convertible instruments

Business	Plant Locations
Technical Textiles Business	<ul style="list-style-type: none"> <li>• Manali Industrial Area, Manali, Chennai - 600 068,Tamil Nadu</li> <li>• Industrial Area, Malanpur, Distt. Bhind - 477116, Madhya Pradesh</li> <li>• Plot No. 1, SIPCOT Industrial Area Complex, Gummidiyoor, Dist. Thiruvallur - 601 201, Tamil Nadu</li> <li>• Viralimalai, Distt. Pudukkottai - 621 316, Tamil Nadu</li> <li>• Plot No. 12, Rampura, Ramnagar Road, Kashipur, Dist. Udhampur Singh Nagar - 244713, Uttarakhand</li> </ul>
Chemicals and Polymers Business	<ul style="list-style-type: none"> <li>• Village &amp; P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan</li> <li>• Manali Industrial Area, Manali, Chennai - 600 068, Tamil Nadu</li> <li>• Plot No. 14 C, Sector 9, IIE Panthagar, Distt. Udhampur Singh Nagar - 263153, Uttarakhand</li> <li>• DII/I GIDC. PCPIR, GIDC Phase II, Tal Vagra, Vill. Dahej, Dist Bharuch - 392130, Gujarat</li> </ul>
Packaging Films Business	<ul style="list-style-type: none"> <li>• Plot No. 12, Rampura, Ramnagar Road, Kashipur, Dist. Udhampur Singh Nagar - 244713, Uttarakhand</li> <li>• Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pitam Pur, Dist. Dhar - 454775, Indore, Madhya Pradesh</li> </ul>



A view of ongoing expansion projects at the SRF Chemicals Complex, Dahej, Gujarat

### 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

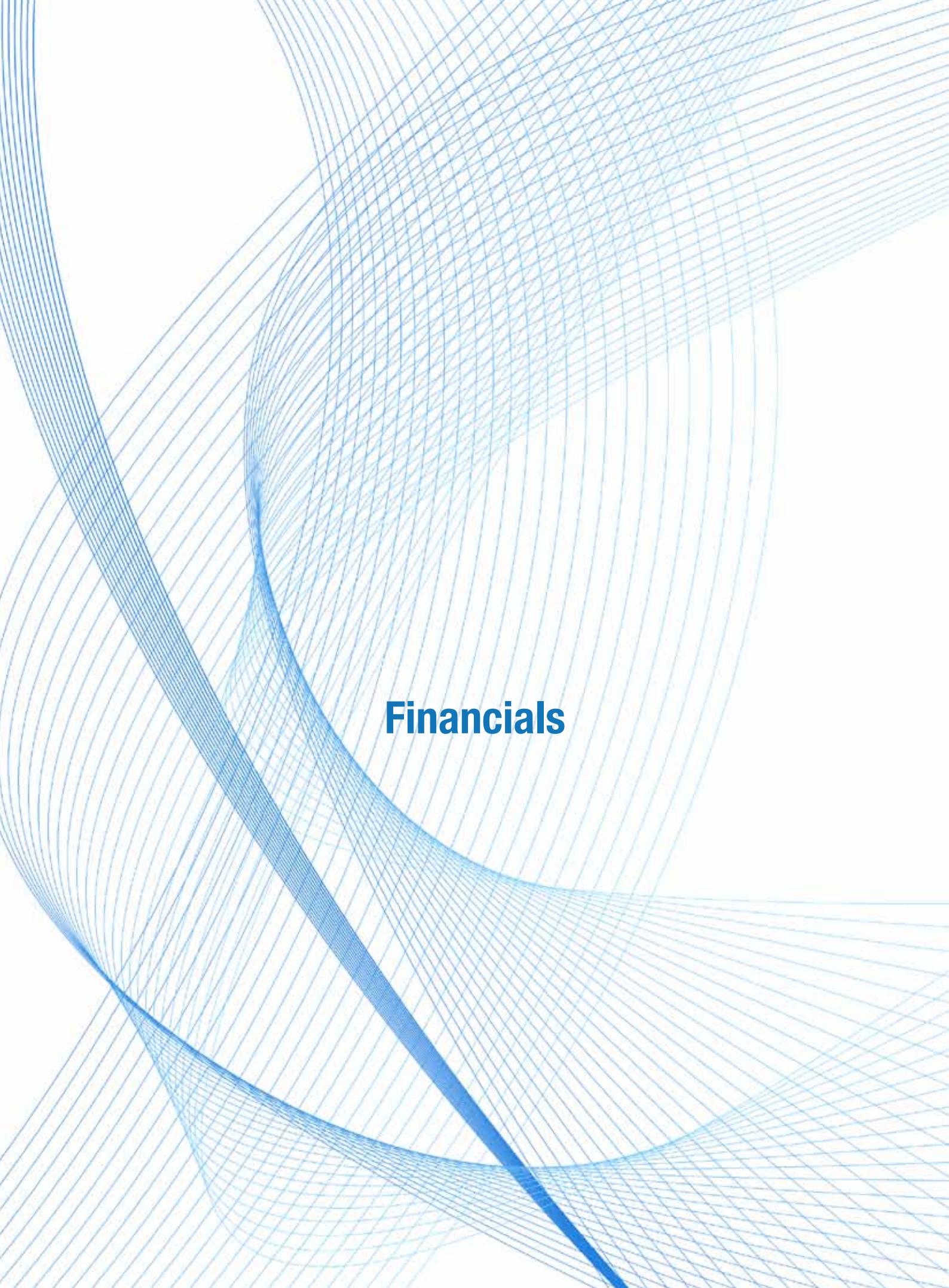
### Declaration Regarding Code of Conduct

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 2014.

**Ashish Bharat Ram**  
Managing Director

Date: **9 May 2014**

Place: **Gurgaon**

The background features a complex, abstract pattern of blue lines. These lines are thin and light blue, creating a sense of depth and motion. They form various shapes, including spirals and loops, that overlap each other. Some lines are straight, while others are curved or wavy. The overall effect is organic and dynamic, resembling a microscopic view of a cell or a complex mathematical model.

# **Financials**

# Independent Auditors' Report

## TO THE MEMBERS OF SRF LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **SRF LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 12 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

Attention is invited to Note 29(b), which sets out the position of the demand for Central Sales Tax (CST), VAT and Entry Tax aggregating to ₹ 9491 lakhs for the period from 2007 to 2013 by the Commercial Tax Department, Government of Madhya Pradesh, in respect of sales from the Company's manufacturing facility in its Special Economic Zone (SEZ) in Madhya Pradesh to the Domestic Tariff Area (DTA). The matter is sub-judice and is pending before the Hon'ble High Court of Madhya Pradesh. Basis legal opinion obtained by the Company, the Management of the Company is confident of getting relief in this matter and, accordingly, has not made any provision for the said disputed demands.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (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 Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which

continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

- (e) On the basis of the written representations received from the directors as on 31 March 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**Manjula Banerji**

Partner

(Membership No. 086423)

**Gurgaon, 9 May 2014**

## Annexure to the Independent Auditors' Report

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

- (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 Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. 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 inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for stock lying with third parties and/or goods in transit for which confirmations have been obtained/subsequent receipts have been verified in most of the cases.
  - (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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 for the purchases of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the 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.
- (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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory 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.
  - There were no undisputed amounts payable in respect of 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 in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
  - 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 31 March 2014 on account of disputes are given below:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates (various years covering the period)</b>	<b>Amount* (₹ lakhs)</b>
Central Excise Laws	Excise Duty	High Court	1996-1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1992-2007	5885.04
		Upto Commissioner (Appeals)	1992-2010	564.20
Service Tax Laws	Service Tax	High Court	2006	2.50
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005-2010	52.76
		Upto Commissioner (Appeals)	2005-2010	205.35
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004-2006	45.43
		Upto Commissioner (Appeals)	1998-2002	29.23
Sales Tax Laws	Sales Tax	High Court	2007-2013	8300.50
		Sales Tax Appellate Tribunal	1987-2008	102.28
		Upto Commissioner (Appeals)	1988-2004	77.96
Income Tax Laws	Income Tax	Supreme Court	1988-1989	113.35
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 (₹ lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994-2001	187.73
		High Court	1994-1995	118.13
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989-1995	223.61
Income Tax Laws	Income Tax	High Court	1993-1994	170.52
		Income Tax Appellate Tribunal (ITAT)	1994-1995	343.70

- (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 financial institutions, banks and 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 (xi) 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 and financial institutions 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 by the Company during the year 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 of the Company, we report that funds raised on short-term basis have, *prima facie*, 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 (xvii) 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 a previous 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 material fraud on the Company has been noticed or reported during the year.

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

**Manjula Banerji**  
Partner  
(Membership No. 086423)

**Gurgaon, 9 May 2014**

# Balance Sheet as at March 31, 2014

Particulars	Note No.	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	5843.56	5843.56
Reserves and surplus	3	210507.63	195407.68
		<b>216351.19</b>	<b>201251.24</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	84457.86	57662.34
Deferred tax liabilities (Net)	5	29002.75	25487.79
Long-term provisions	6	1353.08	1188.94
		<b>114813.69</b>	<b>84339.07</b>
<b>Current liabilities</b>			
Short-term borrowings	4	28361.43	24163.11
Trade payables	7	58266.30	43099.17
Other current liabilities	8	27253.33	32345.59
Short-term provisions	9	1474.00	735.41
		<b>115355.06</b>	<b>100343.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>446519.94</b>	<b>385933.59</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		274156.37	216572.38
Intangible assets		1843.60	1725.47
Capital work-in-progress		12138.00	21969.29
Non-current investments	11	9318.72	9261.22
Long-term loans and advances	12	7754.34	12068.52
Other non-current assets	13	386.83	230.15
		<b>305597.86</b>	<b>261827.03</b>
<b>Current assets</b>			
Current investments	11	2502.76	13513.06
Inventories	14	63116.13	49590.98
Trade receivables	15	54518.30	45256.78
Cash and Cash Equivalents	16	7463.92	7696.42
Short-term loans and advances	17	13177.15	7972.47
Other current assets	18	143.82	76.85
		<b>140922.08</b>	<b>124106.56</b>
<b>TOTAL ASSETS</b>			
		<b>446519.94</b>	<b>385933.59</b>
<b>Accompanying notes forming part of the financial statements</b>			
		1 to 49	

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartik Bharat Ram**  
Deputy Managing Director

Place: **Gurgaon**  
Date: **9 May 2014**

**Vinayak Chatterjee**  
Director

**Rajendra Prasad**  
President & Chief Financial Officer

**Anoop K Joshi**  
President & Company Secretary

# Statement of Profit & Loss for the year ended March 31, 2014

Particulars	Note No.	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>REVENUE FROM OPERATIONS</b>			
Sale of products (gross)	19	370389.82	359558.36
Less : Excise duty		30179.56	28281.32
Sale of products (net)		<b>340210.26</b>	<b>331277.04</b>
Other operating revenues	20	1504.42	977.39
		<b>341714.68</b>	<b>332254.43</b>
Other income	21	2471.42	4375.34
<b>TOTAL REVENUE</b>		<b>344186.10</b>	<b>336629.77</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	201683.79	191373.55
Purchases of traded goods	23	1601.62	901.70
(Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods	24	(476.35)	(2249.61)
Employee benefits expenses	25	23272.27	20243.52
Finance costs	26	7002.01	8464.83
Depreciation and amortisation expenses	27	19046.48	18427.59
Other expenses	28	64970.20	64208.92
<b>TOTAL EXPENSES</b>		<b>317100.02</b>	<b>301370.50</b>
<b>Profit Before Tax</b>		<b>27086.08</b>	35259.27
Tax expense			
Current tax		5490.00	7063.31
MAT credit		(2841.22)	-
Current tax relating to prior years		(635.78)	(1479.97)
Deferred tax charge		3418.54	3825.23
		<b>5431.54</b>	<b>9408.57</b>
<b>Profit After Tax</b>		<b>21654.54</b>	<b>25850.70</b>
<b>Earnings Per Share</b>	35		
Basic (₹)		37.71	45.02
Diluted (₹)		37.71	45.02
<b>Accompanying notes forming part of the financial statements</b>	1 to 49		

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board of Directors

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartik Bharat Ram**  
Deputy Managing Director

Place: **Gurgaon**  
Date: **9 May 2014**

**Vinayak Chatterjee**  
Director

**Rajendra Prasad**  
President & Chief Financial Officer

**Anoop K Joshi**  
President & Company  
Secretary

# Cash Flow Statement for the year ended March 31, 2014

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	27086.08	35259.27
Adjustments for		
Depreciation and amortisation	19087.41	18474.92
Withdrawal from revaluation reserve	(40.93)	(47.33)
Finance costs	7002.01	8464.83
Net unrealised exchange (gain)/loss	(800.00)	162.34
Provision for investments	15.20	-
Provision for doubtful trade and other receivables, loans and advances	97.79	36.36
Fixed assets discarded	134.67	168.73
Loss/(profit) on sale of fixed assets	(31.00)	(2314.97)
Interest income	(494.96)	(223.45)
Dividend on current non-trade investment	(901.72)	(647.54)
Dividend on non current investments	(100.00)	-
Net (gain)/loss on sale of current investments	(91.70)	(438.82)
<b>Operating Profit before working capital changes</b>	<b>50962.85</b>	<b>58894.34</b>
<b>Changes in Working Capital:</b>		
Adjustments for (increase)/decrease in operating assets		
Trade receivables	(9293.42)	(4490.25)
Inventories	(13525.15)	(8252.32)
Short-term loans and advances	(5270.57)	245.27
Long-term loans and advances	3023.50	(1405.20)
Other current assets	(66.97)	(2.52)
Other non-current assets	(156.68)	74.22
Adjustments for increase/(decrease) in operating liabilities		
Trade payables	15167.13	(1389.70)
Other current liabilities	1199.28	(77.19)
Short-term provisions	(60.90)	38.51
Long-term provisions	164.14	148.56
<b>Cash Generated from operations</b>	<b>42143.21</b>	<b>43783.72</b>
Net income tax paid	(4054.73)	(6270.85)
<b>Net Cash from Operating Activities (A)</b>	<b>38088.48</b>	<b>37512.87</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(53261.07)	(36890.88)
Proceeds from sale of fixed assets	477.71	2528.76
Bank balances not considered as cash and cash equivalents	(56.04)	(33.79)
Current investments not considered as cash and cash equivalents		
Purchased	(84167.19)	(84452.90)
Proceeds from sales	95269.19	84018.93
Investments in subsidiary companies	(72.70)	(189.00)
Proceeds from sale of long term trade investment	-	157.50
Interest income	467.62	199.11
Dividend on current non-trade investments	901.72	647.54
Dividend on non current investments	100.00	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(40340.76)</b>	<b>(34014.73)</b>

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	47007.00	22315.84
Repayment of long term borrowings	(34650.09)	(12073.99)
Net proceeds/(repayment) from short term borrowings	5146.63	(5279.86)
Dividends on equity share capital paid	(5696.89)	(5667.84)
Corporate dividend tax paid	(958.87)	(931.50)
Repayment of fixed deposits	(1.01)	(1.55)
Finance costs paid	(8883.03)	(7117.28)
<b>Net Cash used in/from Financing Activities (C)</b>	<b>1963.74</b>	<b>(8756.18)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(288.54)</b>	(5258.04)
<b>D=(A+B+C)</b>		
<b>Cash and Cash Equivalents at the beginning of the year (E)</b>	<b>6968.20</b>	12226.24
<b>Cash and Cash Equivalents at the close of the year G=(D+E)</b>	<b>6679.66</b>	<b>6968.20</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents as per Balance Sheet	7463.92	7696.42
Less: Bank balances not considered as Cash and Cash Equivalents	(784.26)	(728.22)
<b>Net Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)</b>	<b>6679.66</b>	<b>6968.20</b>
<b>Cash and Cash Equivalents at the end of the year comprises:</b>		
(a) Cash on hand	30.61	37.75
(b) Balances with banks		
(i) In current accounts	6649.05	6892.39
(ii) In deposit accounts	-	38.06
<b>Cash and Cash Equivalents as per AS - 3 - Cash Flow Statements</b>	<b>6679.66</b>	<b>6968.20</b>

In terms of our report attached For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells**

Chartered Accountants

**Manjula Banerji**

Partner

**Arun Bharat Ram**

Chairman

**Ashish Bharat Ram**

Managing Director

**Kartik Bharat Ram**

Deputy Managing Director

Place: **Gurgaon**

Date: **9 May 2014**

**Vinayak Chatterjee**

Director

**Rajendra Prasad**

President & Chief Financial Officer

**Anoop K Joshi**

President & Company Secretary

# Notes forming part of the Financial Statements

## for the year ended March 31, 2014

### 1. Significant accounting policies

#### (i) BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis 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 1956 Act.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except, for change in the accounting policy for fixed assets and foreign currency translation as more fully described in note 47.

#### (ii) USE OF ESTIMATES

The preparation of financial statements in conformity with the Indian GAAP 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 Company has adopted the provisions of para 46A of AS 11 "The Effect of Changes in Foreign Exchange Rates", accordingly exchange differences arising on restatement/settlement of long term foreign currency borrowings related to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such 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 recognised 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.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

**Capital Work in Progress:** Project under which tangible fixed assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

#### (iv) DEPRECIATION AND AMORTISATION

a. 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%

b. Depreciation is calculated on a pro rata basis except that, assets costing upto ₹ 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 statement of profit and loss 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 (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 over a period of ten years
- (v) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS**
- Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.
- Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.
- The exchange differences arising on settlement/restatement of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/ upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.
- 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 1 April 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 statement of profit and loss.
- Amount accumulated in Cash Flow Hedge Reserve are reclassified to the statement of profit and loss 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 statement of profit and loss.
- 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 statement of profit and loss.
- (vi) RESEARCH & DEVELOPMENT**
- Expenditure on research & 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 capitalised 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 & 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 realisable value, whichever is lower. The basis of determining the cost for various categories of inventory are as follows:
- |                                     |  |
|-------------------------------------|--|
| Stores, spares and raw materials    | - Weighted average rate  |
| Stock in trade                      |  |
| Stock in process 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 administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees' State Insurance Corporation are recognised in the statement of profit and loss.

Provision for gratuity, compensated absences, provident fund for certain category of employees administered through a recognised provident fund trust and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

#### (x) BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

#### (xi) PROVISIONS AND CONTINGENT LIABILITIES

The Company recognises 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.

#### (xii) REVENUErecognition

Sale of goods is recognised, net of returns and trade discounts on the transfer of significant risks and rewards of ownership to the buyer which generally coincides with the 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.

Other income includes interest income which is accounted on accrual basis, dividend income is accounted for when the right to receive is established.

#### (xiii) 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 therefrom.
- 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.

#### (xiv) TAXATION

- The income tax liability is provided in accordance with the provisions of the Income tax Act, 1961.
- Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.
- 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 is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

## 2. Share capital

### a) Details of share capital

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>AUTHORISED</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of ₹ 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of ₹ 100 each	1000.00	1000.00
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of ₹ 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of ₹ 100 each	20000.00	20000.00
	<b>33600.00</b>	<b>33600.00</b>

**ISSUED**

6,14,77,255 (Previous Year - 6,14,77,255) Equity Shares of ₹ 10 each	<b>6147.73</b>	<b>6147.73</b>
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**SUBSCRIBED AND PAID UP**

5,74,20,500* (Previous Year - 5,74,20,500) Equity Shares of ₹ 10 each fully paid up	<b>5742.05</b>	5742.05
Add:Forfeited shares - Amount originally paid up	<b>101.51</b>	101.51
	<b>5843.56</b>	<b>5843.56</b>

\* 3,00,00,000 equity shares (Previous year - 2,90,43,134 equity shares) held by KAMA Holdings Limited, the holding company.

**b) Reconciliation of equity shares**

	<b>Number of shares</b>	<b>Value (₹ lakhs)</b>
As at 1 April 2012	<b>57420500</b>	5742.05
Add/Less: Movement during the year	-	-
As at 31 March 2013	<b>57420500</b>	5742.05
Add/Less: Movement during the year	-	-
As at 31 March 2014	<b>57420500</b>	<b>5742.05</b>

**c) Shareholders holding more than 5% shares in the Company**

<b>Name of the shareholder</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
KAMA Holdings Limited		
No. of Shares	3,00,00,000	2,90,43,134
Percentage of Shareholding	52.25%	50.58%

**d)** The Company has bought back 1,04,64,505 equity shares in aggregate in the last five financial years.

**e) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

During the year ended 31 March 2014, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 10 per share (Previous Year - ₹ 10 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3. Reserves and surplus

	<b>As at March 31, 2014 (₹ lakhs)</b>	<b>As at March 31, 2013 (₹ lakhs)</b>
Capital reserve	21919.19	21919.19
Revaluation reserve	2920.43	2961.36
Capital redemption reserve	1048.06	1048.06
Debenture redemption reserve	-	15000.00
Special economic zone reinvestment allowance reserve	-	200.21
Cash flow hedge reserve	(108.56)	(295.82)
General reserve	52353.59	34987.93
Surplus in statement of profit and loss	132374.92	119586.75
<b>Total Reserves and Surplus</b>	<b>210507.63</b>	<b>195407.68</b>

**a) Capital reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	21919.19	21919.19
Add/Less: Movement during the year	-	-
<b>As at the end of the year</b>	<b>21919.19</b>	<b>21919.19</b>

**b) Revaluation reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	2961.36	5572.72
Less: Transferred to statement of Profit & Loss on account of depreciation	40.93	47.33
Less: Transferred to statement of Profit & Loss on account of deletion of assets	-	2564.03
<b>As at the end of the year</b>	<b>2920.43</b>	<b>2961.36</b>

**c) Capital redemption reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	1048.06	1048.06
Add/Less: Movement during the year	-	-
<b>As at the end of the year</b>	<b>1048.06</b>	<b>1048.06</b>

**d) Debenture redemption reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	15000.00	7500.00
Add: Transferred from surplus in statement of profit and loss	-	7500.00
Less: Transferred to general reserve	15000.00	-
<b>As at the end of the year</b>	<b>-</b>	<b>15000.00</b>

**e) Special economic zone reinvestment allowance reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	200.21	550.00
Less: Transferred to general reserve	200.21	349.79
<b>As at the end of the year</b>	<b>-</b>	<b>200.21</b>

**f) Cash flow hedge reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	(295.82)	(219.86)
Add: Gain/(loss) on mark to market of foreign currency derivatives	187.26	(75.96)
<b>As at the end of the year*</b>	<b>(108.56)</b>	<b>(295.82)</b>

\* net of deferred tax assets of ₹ 55.91 lakhs (Previous Year - ₹ 152.33 lakhs)

**g) General reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	34987.93	32053.07
Add: Transferred from surplus in statement of Profit & Loss	2165.45	2585.07
Add: Transferred from debenture redemption reserve	15000.00	-
Add: Transferred from Special Economic Zone reinvestment allowance reserve	200.21	349.79
<b>As at the end of the year</b>	<b>52353.59</b>	<b>34987.93</b>

**h) Surplus in statement of profit and loss**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	119586.75	110403.32
Add: Recognition of stock of Certified Emission Reductions as at 1 April 2012*	-	91.35
Add: Profit After Tax for the year	21654.54	25850.70
Less: Interim dividend	5742.05	5742.05
Less: Corporate dividend tax	958.87	931.50
Less: Transfer to general reserve	2165.45	2585.07
Less: Transfer to debenture redemption reserve	-	7500.00
<b>As at the end of the year</b>	<b>132374.92</b>	<b>119586.75</b>

\* Refer note 46

#### 4. Borrowings

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
Term loans from banks {1}	97161.19	65883.77
Less: Current maturities of long term borrowings (Refer note 8) Term Loans from Banks	(14280.29)	(9650.08)
<b>Net secured long term borrowings (a)</b>	<b>82880.90</b>	<b>56233.69</b>
<b>Unsecured</b>		
Nil (Previous year - 1500), 10.60%, listed, unsecured redeemable non-convertible debentures of Rs 10 lakhs each	-	15000.00
Term loans from banks	1576.96	1428.65
<b>Net unsecured long term borrowings (b)</b>	<b>1576.96</b>	<b>1428.65</b>
<b>Total long term borrowings (c = a + b)</b>	<b>84457.86</b>	<b>57662.34</b>

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Cash credits from banks {2(i)}	10.78	-
Term loans from banks {2(ii)}	8548.32	6249.76
	<b>8559.10</b>	<b>6249.76</b>
<b>Unsecured</b>		
Term loans from banks	19802.33	17913.35
	<b>19802.33</b>	<b>17913.35</b>
<b>Total short term borrowings (d)</b>	<b>28361.43</b>	24163.11
<b>Total borrowings (e = c + d)</b>	<b>112819.29</b>	81825.45

**Details of security of the above secured loans:**

Loan	As at 31.03.2014 (₹ lakhs)	As at 31.03.2013 (₹ lakhs)	Security
1. (i) Term loan from banks	85178.19	55027.77	<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>Out of the loans as at 1(i), term loans aggregating to ₹ 57757.69 lakhs (Previous Year - ₹ 44152.77 lakhs) are additionally secured by hypothecation of Company's moveable properties both present and future, at Panthagar in the State of Uttarakhand.</p> <p>Out of the loans as at 1(i), term loans aggregating to ₹ 26983.00 lakhs (Previous Year - ₹ 10000.00 lakhs) are to be further 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 Panthagar in the State of Uttarakhand.</p> <p>Out of the loans as at 1(i), term loans aggregating to Nil (Previous Year - ₹ 10000.00 lakhs) are to be further secured by hypothecation of Company's moveable properties, both present and future, situated at Dahej in the State of Gujarat.</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 ₹ 437.50 lakhs (Previous Year - ₹ 1688.26 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 Nil (Previous Year - ₹ 813.26 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 ₹ 35995.19 lakhs (Previous Year - ₹ 41627.77 lakhs) is additionally secured by equitable</p>

Loan	As at 31.03.2014 (₹ lakhs)	As at 31.03.2013 (₹ lakhs)	Security
			<p>mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructure) in the State of Madhya Pradesh.</p> <p>Term Loans of ₹ 35995.19 lakhs (Previous Year – ₹ 40814.51 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 1(i), the term loans aggregating to:</p> <ul style="list-style-type: none"> <li>a) ₹ 29971.45 lakhs (Previous Year – ₹ 32443.17 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.</li> <li>b) ₹ 29533.95 lakhs (Previous Year – ₹ 31568.17 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.</li> <li>c) ₹ 2200.00 lakhs (Previous Year – ₹ 3400.00 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).</li> <li>d) ₹ 2200.00 lakhs (Previous Year – ₹ 4213.26 lakhs) is 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.</li> <li>e) ₹ 29971.45 lakhs (Previous Year – ₹ 33256.43 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.</li> </ul> <p>Out of the loans as at 1(i), term loan of ₹ 46983.00 lakhs (Previous Year – ₹ 10000.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi (freehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh (save and except superstructures) and Kashipur in the State of Uttarakhand.</p>
(ii) Term loans from banks	11983.00	10856.00	Term loans from banks aggregating to ₹ 11983.00 lakhs (Previous Year – ₹ 10856.00 lakhs) are secured by hypothecation of Company's moveable properties, both present and future, situated at Dahej in the State of Gujarat.
2. (i) Cash credit/working capital demand loans	10.78	-	Secured by hypothecation of stocks, stores and book debts (current assets), 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	8548.32	6249.76	
<b>Total</b>	<b>105720.29</b>	<b>72133.53</b>	

Such hypothecation and equitable mortgage rank pari-passu between term loans from banks/other (save and except hypothecation of movable assets at Dahej in the State of Gujarat in favour of a bank as at 1(ii) above.)

## TERMS OF REPAYMENT OF LOANS

### LONG TERM BORROWINGS

Loan Category	Frequency of principal repayments	Interest rate	Amount Repayable			
			(₹ lakhs)	Up to March 31, 2015	Up to March 31, 2016	Up to March 31, 2017
Rupee term loans	Half yearly payments	10.50% to 13.00%	2793.04	2155.54	1155.54	2133.57
	Quarterly payments	10.00% to 10.60%	2500.00	10000.00	10000.00	12500.00
Foreign currency term loans	Half yearly instalments	Libor plus interest rate spread ranging from 2.10 % to 2.12%	2995.75	4793.20	2396.60	7788.95
	Quarterly instalments	Libor plus interest rate spread of 1.70%	-	1797.45	3594.90	6590.65
	One instalment a year	Libor plus interest rate spread ranging from 1.00% to 1.60%	5991.50	7568.46	5991.50	5991.50
<b>Total</b>			<b>14280.29</b>	<b>26314.65</b>	<b>23138.54</b>	<b>35004.67</b>

### SHORT TERM BORROWINGS

Short term borrowings are payable in one installment within one year with interest rates LIBOR plus interest rate spread ranging from 0.50% to 0.80%

## 5. Deferred tax liabilities and assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	28350.97	24910.15
Research and development expenditure	1604.35	1509.18
	<b>29955.32</b>	<b>26419.33</b>
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	112.60	98.29
Accrued expenses deductible on payment basis and others	839.97	833.25
	<b>952.57</b>	<b>931.54</b>
<b>Deferred tax liabilities (net)</b>	<b>29002.75</b>	<b>25487.79</b>

## 6. Long term provisions

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Employee benefits	1353.08	1188.94

## 7. Trade payables

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Acceptances	39005.54	27040.17
Trade payables		
Outstanding dues to Micro and Small enterprises	213.48	42.98
Outstanding dues to parties other than Micro and Small enterprises	19047.28	16016.02
	<b>58266.30</b>	<b>43099.17</b>

## 8. Other current liabilities

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Current maturities of long term borrowings	14280.29	24650.08
Interest accrued but not due on borrowings	417.99	315.47
Unclaimed dividend*	600.05	554.89
Unclaimed fixed deposits* (including interest)	0.74	1.75
Book Overdraft	-	66.59
Security deposits	447.54	432.07
Acceptances for fixed assets	175.28	395.17
Payables for fixed assets		
Outstanding dues to Micro and Small enterprises	465.01	16.56
Outstanding dues to parties other than Micro and Small enterprises	4714.16	727.46
Gratuity	451.73	222.56
Statutory remittances	2173.98	1871.25
Other taxes payable	1935.18	1934.96
Advances from customers	945.76	600.41
Other payables	645.62	556.37
<b>Total other current liabilities</b>	<b>27253.33</b>	<b>32345.59</b>

\* 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.

### a) 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.

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
Principal amount	642.81	55.09
Interest due thereon	35.68	4.45
Amount of payments made to suppliers beyond the appointed day during the year		
Principal amount	-	-
Interest actually paid under section 16 of MSMED	-	-
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	-	-
Interest accrued and remaining unpaid at the end of the year		
Interest accrued during the year	31.23	0.20
Interest remaining unpaid as at the end of the year	35.68	4.45
Interest remaining disallowable as deductible expenditure under the Income-tax Act, 1961	31.23	0.20

## 9. Short term provisions

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Employee Benefits	364.91	425.81
Provision for tax (net of payments)	1109.09	309.60
<b>Total</b>	<b>1474.00</b>	<b>735.41</b>

## 10. Fixed assets

Description	Gross Block			Depreciation/Amortisation			Net Block			Revaluation Amount (₹ lakhs)
	As at April 1, 2013 (₹ lakhs)	Additions 31, 2013 (note vi & ix) (₹ lakhs)	Deductions 31, 2014 (₹ lakhs)	As at March 31, 2014 (₹ lakhs)	Upto March 31, 2013 (note vi & ix) (₹ lakhs)	On disposals (₹ lakhs)	Upto March 31, 2014 (₹ lakhs)	On disposals (₹ lakhs)	As at March 31, 2013 (₹ lakhs)	
<b>TANGIBLE ASSETS</b>										
Land										
Freehold	7483.10	-	-	7483.10	-	-	-	-	7483.10	2458.00
Leasehold	10022.05	200.19	-	10222.24	-	-	-	-	10222.24	10022.05
Roads	1574.02	1116.84	2.85	2688.01	161.41	27.90	0.96	188.35	2499.66	223.51
Buildings	46396.63	12228.93	286.10	58339.46	10040.92	1695.35	34.69	11701.58	46637.88	13.72
Plant and machinery	281870.23	61732.71	1132.41	342470.53	123964.64	15838.61	951.25	138852.00	203618.53	216.14
Furniture and fixtures	2308.93	329.56	130.91	2507.58	1201.23	129.36	79.10	1251.49	1256.09	9.06
Office Equipment	2909.37	523.65	137.47	3295.55	1956.56	285.19	128.83	2112.92	1182.63	-
Vehicles	2379.53	446.33	312.35	2513.51	1046.72	436.43	225.88	1257.27	1256.24	1332.81
<b>Sub-total</b>	<b>354943.86</b>	<b>76578.21</b>	<b>2002.09</b>	<b>429519.98</b>	<b>138371.48</b>	<b>18412.84</b>	<b>1420.71</b>	<b>155363.61</b>	<b>274156.37</b>	<b>216572.38</b>
<b>INTANGIBLE ASSETS</b>										
Goodwill	368.94	-	-	368.94	147.59	43.45	-	191.04	177.90	221.35
Trade Marks	1139.70	-	-	1139.70	484.37	113.58	-	597.95	541.75	655.33
Technical Knowhow	914.81	-	-	914.81	403.20	106.82	-	510.02	404.79	511.61
Software	1445.77	792.70	-	2238.47	1108.59	410.72	-	1519.31	719.16	337.18
<b>Sub-total</b>	<b>3869.22</b>	<b>792.70</b>	<b>-</b>	<b>4661.92</b>	<b>2143.75</b>	<b>674.57</b>	<b>-</b>	<b>2818.32</b>	<b>1843.60</b>	<b>1725.47</b>
<b>Total</b>	<b>358813.08</b>	<b>77370.91</b>	<b>2002.09</b>	<b>434181.90</b>	<b>140515.23</b>	<b>19087.41</b>	<b>1420.71</b>	<b>158181.93</b>	<b>275999.97</b>	<b>2920.43</b>
Previous year	309430.58	536241.99	4242.49	358813.08	123352.42	18474.92	1312.11	140515.23	218297.85	2961.36
Capital work-in-progress									12138.00	21969.29
									288137.97	240267.14

Notes to fixed assets

- (i) Amount of borrowing cost capitalised to fixed assets/capital work in progress during the year ₹ 1983.54 lakhs (Previous Year - ₹ 1637.32 lakhs),

(ii) 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.

(iii) 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 29 below).

(iv) 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.

(v) The execution of lease deed of land in respect of 904910 sq. mtrs. (Previous Year 904910 sq. mtrs.) of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat.

(vi) Capital expenditure incurred during the year includes ₹ 782.92 lakhs (Previous Year - ₹ 360.39 lakhs) on account of research and development. Depreciation for the year includes depreciation on assets deployed in research and development as per note 32 below.

(vii) Capital work in progress includes pre-operative expenses ₹ 161.05 lakhs (Previous Year - ₹ 4083.85 lakhs),

(viii) The revaluation of fixed assets was carried out in the year ended 31 March 2005.

(ix) Refer Note 47

**10. Fixed assets (contd.)**

Description	Gross Block			Depreciation/Amortisation			Net Block		Revaluation Amount As at March 31, 2013 (₹ lakhs)
	As at April 1, 2012	Additions	Dedu- ctions	As at March 31, 2013	Upto March 31, 2012 (₹ lakhs)	For the year (₹ lakhs)	On disposals (₹ lakhs)	Upto March 31, 2013 (₹ lakhs)	
<b>Tangible assets</b>									
Land									
Freehold	9837.51	213.88	2568.29	7483.10	-	-	-	7483.10	9837.51
Leasehold	7817.54	2204.51	-	10022.05	-	-	-	10022.05	7817.54
Roads	1123.19	455.52	4.69	1574.02	136.96	25.31	0.86	161.41	1412.61
Buildings	40806.63	5667.67	77.67	46396.63	8740.00	1332.88	31.96	10040.92	36355.71
Plant and machinery	239256.52	43572.32	958.61	281870.23	108898.76	15869.96	804.08	123964.64	157905.59
Furniture and fixtures	2063.39	254.38	8.84	2308.93	1076.78	127.65	3.20	1201.23	1107.70
Office Equipment	2823.65	304.58	218.86	2909.37	1881.10	253.66	178.20	1956.56	952.81
Vehicles	2010.02	775.04	405.53	2379.53	914.62	398.36	266.26	1046.72	1332.81
<b>Sub-total</b>	<b>305738.45</b>	<b>53447.90</b>	<b>4242.49</b>	<b>354943.86</b>	<b>121648.22</b>	<b>18007.82</b>	<b>1284.56</b>	<b>138371.48</b>	<b>216572.38</b>
<b>Intangible Assets</b>									
Goodwill	368.94	-	-	368.94	110.70	36.89	-	147.59	221.35
Trade Marks	1139.70	-	-	1139.70	370.40	113.97	-	484.37	655.33
Technical Knowhow	914.81	-	-	914.81	296.22	106.98	-	403.20	511.61
Software	1268.68	177.09	-	1445.77	926.88	209.26	27.55	1108.59	337.18
<b>Sub-total</b>	<b>3692.13</b>	<b>177.09</b>	<b>-</b>	<b>3869.22</b>	<b>1704.20</b>	<b>467.10</b>	<b>27.55</b>	<b>2143.75</b>	<b>1725.47</b>
<b>Total</b>	<b>309430.58</b>	<b>53624.99</b>	<b>4242.49</b>	<b>358813.08</b>	<b>123352.42</b>	<b>18474.92</b>	<b>1312.11</b>	<b>140515.23</b>	<b>218297.85</b>
Previous year	288698.46	21922.60	1190.48	309430.58	108061.37	16205.89	914.84	123352.42	21969.29
Capital-work-in-progress									41426.46
									240267.14
									227504.62

## 11. Investments

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

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>NON-CURRENT INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>		
<b>Trade investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
42,21,535 (Previous Year - 42,21,535) Equity shares of ₹ 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
<b>Investments in subsidiaries – unquoted</b>		
32,54,184 (Previous Year - 32,54,184) Equity shares of ₹ 100 each fully paid up of SRF Transnational Holdings Limited (A wholly owned subsidiary)	1472.57	1472.57
Less : Amount written off	<u>(1472.57)</u>	<u>(1472.57)</u>
8,000 (Previous Year - 8,000) Equity shares of ₹ 100 each fully paid up of SRF Properties Limited (A wholly owned subsidiary)	589.56	589.56
45,002 (Previous Year - 20,002) Equity shares of USD(\$) 1 each fully paid up of SRF Fluor Private Limited (A wholly owned subsidiary)	24.28	9.08
25,000 Equity shares allotted during the year		
Less : Provision for diminution in value	<u>(24.28)</u>	<u>(9.08)</u>
33,25,000 (Previous Year - 28,00,000) Equity shares of ₹ 10 each fully paid up of SRF Holiday Home Limited (A wholly owned subsidiary)	332.50	280.00
5,25,000 Equity shares allotted during the year		
1,28,920 (Previous Year - 1,28,920) Equity shares of Euro 100 each fully paid up of SRF Global BV (A wholly owned subsidiary)	7959.51	7959.51
50,000 (Previous Year - 50,000) equity shares of ₹ 10 each fully paid up of SRF Energy Limited (A wholly owned subsidiary)	5.00	5.00
50,000 (Previous Year - 50,000) equity shares of ₹ 10 each fully paid up of SRF Fluorochemicals Limited (A wholly owned subsidiary)	5.00	5.00
<b>Other investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
50,000 (Previous Year - Nil ) Equity Share of ₹ 10 Each Vaayu Renewable Energy (Tapti) Private Limited	5.00	-
6,70,000 (Previous Year - 6,70,000) Equity shares of ₹ 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less : Provision for diminution in value	<u>(11.69)</u>	<u>(11.69)</u>
<b>Total Non-current investments (long term investments)</b>	<b>9318.72</b>	<b>9261.22</b>
Aggregate amount of long term unquoted investments (net of provision)	9318.72	9261.22
Aggregate provision for diminution in value of long term investments	1508.54	1493.34

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>CURRENT INVESTMENTS</b>		
<b>Investments in mutual funds</b>		
<b>Quoted</b>		
Nil (Previous year - 50,00,000) Units of ₹ 10 each of Kotak FMP - Series 84 - Growth	-	500.00
Nil (Previous year - 1,40,702) Units of ₹ 1424.55 each of Canara Robeco Liquid Fund - Growth	-	2004.37
Nil (Previous Year - 1,96,38,906) Units of ₹ 15.28 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	-	3000.00
Nil (Previous Year - 13,70,254) Units of ₹ 218.94 each of ICICI Prudential Flexible Income Fund - Growth	-	3000.00
Nil (Previous Year - 1,60,71,916) Units of ₹ 18.67 each of Kotak Floater Long Term - Growth	-	3000.00
Nil (Previous Year - 1,00,41,577) Units of ₹ 20.00 each of HDFC Floating Rate Fund - Growth	-	2008.69
50,00,000 Units (Previous Year - Nil) of ₹ 10 each ICICI Prudential FMP Series 73 - 392 Days Plan F Regular Plan Cumulative	500.00	-
1,00,00,000 Units (Previous Year - Nil) of ₹ 10 each SBI Debt Fund Series- A 11 385 Days - Regular - Growth	1000.00	-
68,304 Units (Previous year - Nil ) of ₹ 1468.06 each of Baroda Pioneer Liquid Fund - Plan A - Growth	1002.76	-
<b>Total current investments</b>	<b>2502.76</b>	<b>13513.06</b>
Aggregate amount of current quoted investments	2502.76	13513.06
Market value of current quoted investments	2514.25	13565.58

## 12. Long term loans and advances

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Capital advances	382.08	4541.32
Security deposits*#	2375.52	2418.87
Loans and advances to related parties	963.18	851.31
Loans to employees	472.34	448.18
Prepaid expenses	15.96	21.56
MAT credit entitlement	2841.22	-
CENVAT/Service tax/VAT recoverable	528.65	3660.43
Other loans and advances		
Unsecured - considered good	175.39	126.85
- considered doubtful	9.95	9.95
Less : Provision for doubtful advances	(9.95)	(9.95)
<b>Total long term loans and advances</b>	<b>7754.34</b>	<b>12068.52</b>

\* Security deposits includes ₹ 1043.14 lakhs (Previous year - ₹ 1046.00 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.

# Refer note 34

**Loans and advances to related parties include:**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Loan to SRF Global BV	898.73	814.20
Interest receivable from SRF Global BV	64.45	37.11
<b>Total</b>	<b>963.18</b>	<b>851.31</b>

### 13. Other non-current assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Unamortised upfront fees on loans	386.83	230.15
<b>Total other non-current assets</b>	<b>386.83</b>	<b>230.15</b>

### 14. Inventories

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Raw materials	24616.87	16382.48
Raw materials in transit	12578.31	8761.36
Stock-in-process	6524.79	7999.47
Stock-in-process in transit	134.28	87.98
Finished goods	10663.14	9493.65
Finished goods in transit	1395.00	714.76
Stock of traded goods	83.36	19.58
Stores and spares	7097.88	6118.41
Stores and spares in transit	17.99	-
Stock of Certified Emission Reductions	4.51	13.29
<b>Total inventories</b>	<b>63116.13</b>	<b>49590.98</b>

- a) Raw materials, stock-in-process, finished goods and stock of traded goods are valued at lower of cost and net realisable value.
- b) Stores and spares are valued at cost or under.

### 15. Trade receivables

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured – considered good	-	4.33
Unsecured – considered doubtful	309.39	281.50
Less : Provision for doubtful receivables	309.39	285.83
	309.39	281.50
	-	4.33
Other trade receivables		
Unsecured – considered good	54518.30	45252.45
<b>Total trade receivables</b>	<b>54518.30</b>	<b>45256.78</b>

### 16. Cash and cash equivalents

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Cash in hand	30.61	37.75
Balance with banks on		
Current accounts	6649.05	6892.39
Deposit accounts	-	38.06
	6679.66	6968.20
In earmarked accounts		
Margin money	184.21	173.33
Unclaimed dividend accounts	600.05	554.89
<b>Total cash and bank balances</b>	<b>7463.92</b>	<b>7696.42</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 - Cash Flow Statements is	6679.66	6968.20

## 17. Short-term loans and advances

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Loans to employees	434.60	333.57
Loans and advances to related parties		
Unsecured - considered good	1190.30	557.69
- considered doubtful	6.56	6.56
Less : Provision for doubtful advances	(6.56)	(6.56)
	<u>1190.30</u>	557.69
Deposits with customs and excise authorities	304.03	147.13
Security deposits	64.18	83.63
Claims recoverable	1757.31	2343.00
CENVAT/Service tax/VAT recoverable	7611.78	3027.48
Advance to suppliers	973.39	771.38
Prepaid expenses	692.51	572.61
Other loans and advances		
Unsecured - considered good	149.05	135.98
- considered doubtful	293.68	279.45
Less : Provision for doubtful advances	(293.68)	(279.45)
<b>Total short-term loans and advances</b>	<b>13177.15</b>	7972.47

**Loans and advances to related parties includes:**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
SRF Overseas Limited	12.42	15.82
SRF Industries (Thailand) Limited	405.75	211.06
SRF Industex Belting (Pty) Limited	171.14	111.30
SRF Fluor Private Limited		
Unsecured - considered doubtful	6.56	6.56
Less : Provision for doubtful advances	(6.56)	(6.56)
	-	-
SRF Global BV	116.22	19.69
SRF Flexipak (South Africa) (Pty) Limited	483.91	199.82
Shri Educare Limited	0.86	-
<b>Total loans and advances to related parties</b>	<b>1190.30</b>	557.69

## 18. Other current assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Unamortised upfront fees on loans	143.82	76.85
<b>Total other current assets</b>	<b>143.82</b>	76.85

## 19. Sale of products\*

	Year ended March 31, 2014		Year ended March 31, 2013	
	Quantity (MT)	Value (₹ lakhs)	Quantity (MT)	Value (₹ lakhs)
<b>Manufactured</b>				
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	12024.29	23543.50	11443.49	22280.26
Nylon Tyre Cord Fabric/Polyester tyre cord fabric/Industrial Yarn Fabric	49880.15	157421.39	49313.16	143792.28
Laminated Fabric#	496.62	15011.25	556.59	16603.15
Nylon/PBT/PC Compounding Chips	9340.32	17604.44	8943.79	16565.11
Fluorochemicals & Allied Products **	12056.46	18610.65	10756.32	44875.69
HFC 134a	3281.42	11292.24	2822.27	11603.23
Gypsum (By Product)	37236.80	393.04	36443.80	324.48
Hydrochloric Acid (By Product)	66712.57	926.73	69633.31	589.71
Chloromethanes	23403.03	6700.32	24189.07	5914.33
Fluorospecialties Chemicals	2873.94	44345.21	2341.13	28259.82
Packaging Films	50910.08	70481.34	54127.75	66765.02
Waste/Others		2434.17		1003.14
		<b>368764.28</b>		<b>358576.22</b>
<b>Traded goods</b>		<b>1625.54</b>		<b>982.14</b>
<b>Sale of products (gross)</b>		<b>370389.82</b>		<b>359558.36</b>
Less: Excise Duty		30179.56		28281.32
<b>Sale of products (net)</b>		<b>340210.26</b>		<b>331277.04</b>

\* Net of sales returns and damaged stocks, etc

\*\* Includes sales of Certified Emission Reductions of Nil (Previous Year – ₹ 26269.15 lakhs)

# quantity in Lakhs SQM

## 20. Other operating revenues

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Claims	40.87	46.31
Export incentives	126.70	21.30
Scrap sales	746.91	756.08
Other operating income	589.94	153.70
<b>Total other operating revenues</b>	<b>1504.42</b>	<b>977.39</b>

## 21. Other income

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Dividend on current investments	901.72	647.54
Profit on sale of current investments	91.70	438.82
Dividend on non current investments	100.00	-
Provision/Liabilities no longer required written back	171.83	198.22
Profit on sale of fixed assets	31.00	2314.97
Interest income		
• from customers	15.32	21.23
• on loans and deposits	101.41	58.10
• on others*	378.23	144.12
Other non-operating income	680.21	552.34
<b>Total other income</b>	<b>2471.42</b>	<b>4375.34</b>

\* Includes income tax deducted at source ₹ 14.95 lakhs (Previous Year - ₹ 14.29 lakhs)

**22. a) Cost of materials consumed**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Opening stock of Raw Materials	25143.84	20757.99
Add : Purchase of Raw Materials	<u>213735.13</u>	195759.40
	<b>238878.97</b>	216517.39
Less : Closing Stock of Raw Materials	37195.18	25143.84
<b>Cost of materials consumed</b>	<b>201683.79</b>	<b>191373.55</b>

**22. b) Raw material consumption**

	Year ended March 31, 2014		Year ended March 31, 2013	
	Quantity (MT)	Value (₹ lakhs)	Quantity (MT)	Value (₹ lakhs)
Caprolactam	39615.98	61065.04	39447.30	57028.36
Fluorospar	23462.65	5559.08	21880.76	6997.85
Sulphuric Acid	26604.34	1062.37	25760.29	1207.71
Chlorine	54251.48	2044.92	43682.05	601.20
Methanol	12903.27	3642.07	13686.06	2897.26
Caustic Soda	2089.50	294.22	2513.59	396.74
Trichloro Ethylene	4532.84	2340.92	3956.94	1997.10
Nylon yarn/fabric		58748.14		53147.43
Polyester Chips	28195.84	24135.37	30649.76	25155.93
PTA	20322.85	14052.03	29458.40	18442.68
MEG	8050.45	5434.99	11585.72	6732.36
Fabric *	551.14	4000.23	616.99	4252.22
Others		19304.41		12516.71
<b>Total</b>		<b>201683.79</b>		<b>191373.55</b>

\* quantity in Lakhs SQM

**23. Purchase of traded goods**

	Year ended March 31, 2014		Year ended March 31, 2013	
	Quantity (MT)	Value (₹ lakhs)	Quantity (MT)	Value (₹ lakhs)
Yarn	490.00	1065.25	277.09	565.32
Refrigerant gases	32.71	100.90	103.03	318.55
Packaging films	160.56	200.33	-	-
Others		235.14		17.83
<b>Total</b>		<b>1601.62</b>		<b>901.70</b>

**24. a) (Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Opening Stock		
Stock-in-Process	8087.45	6270.12
Finished goods	10208.41	9370.58
Traded goods	19.58	25.90
Stock of Certified Emission Reductions*	13.29	135.22
	<b>18328.73</b>	<b>15801.82</b>
Stock produced during trial run		
Finished goods	-	277.30
	<b>-</b>	<b>277.30</b>
Closing Stock		
Stock-in-Process	6659.07	8087.45
Finished goods	12058.14	10208.41
Traded goods	83.36	19.58
Stock of Certified Emission Reductions	4.51	13.29
	<b>18805.08</b>	<b>18328.73</b>
(Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods		
Stock-in-Process	1428.38	(1817.33)
Finished goods	(1849.73)	(560.53)
Traded goods	(63.78)	6.32
Stock of Certified Emission Reductions	8.78	121.93
	<b>(476.35)</b>	<b>(2249.61)</b>

\* Refer note 46

**b) Opening and Closing Stock of Finished Goods**

	As at March 31, 2014		As at March 31, 2013		As at March 31, 2013	
	Closing Quantity (MT)	Stock Value (₹ lakhs)	Closing Quantity (MT)	Stock Value (₹ lakhs)	Opening Quantity (MT)	Stock Value (₹ lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	625.53	1246.33	632.43	1116.45	535.60	1367.32
Nylon Tyre Cord Fabric/Polyester Tyre cord fabric/Industrial Yarn Fabric*	882.99	2325.85	1315.56	2947.29	1227.94	2797.81
Laminated Fabric#	6.45	224.69	4.57	161.64	1.84	58.65
Nylon/PBT/PC Compounding Chips	221.02	364.79	294.41	441.98	195.80	310.75
Fluorochemicals & Allied Products	2208.07	1792.95	1292.48	1448.12	435.72	514.89
HFC-134a	276.15	720.59	292.75	814.65	262.32	775.26
Hydrofluoric Acid (Anhydrous)	238.23	213.54	207.07	98.54	254.78	207.64
Chloromethanes**	1165.42	275.63	2087.90	299.01	2102.55	459.42
Fluorospecialities Chemicals	592.18	2764.59	312.61	1695.21	274.62	1600.28
Packaging Films	1550.93	1627.32	1094.93	1182.10	1236.38	1232.93
Certified Emission Reductions##	30449.00	4.51	30449.00	13.29	-	-
Others		501.86		3.42		45.63
<b>Total</b>		<b>12062.65</b>		<b>10221.70</b>		<b>9370.58</b>

\* includes yarn in process of conversion into fabric

\*\* includes chloromethanes in process of conversion into refrigerant gases

# quantity in lakhs SQM

## quantity in Nos.

**c) Inventory of Stock in Process**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	1681.47	1355.16
Nylon Tyre Cord Fabric/Polyester tyre cord fabric/Industrial Yarn Fabric	1476.75	2748.34
Nylon Chips	981.33	281.71
Coated/laminated fabrics	321.05	50.10
Refrigerant gases	15.37	197.90
Fluorospecialities and allied products	805.13	743.33
Packaging films	1289.19	2034.23
Others	88.78	676.68
<b>Total</b>	<b>6659.07</b>	<b>8087.45</b>

**25. Employee benefits expenses**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Salaries, wages, bonus, etc	18518.53	16290.14
Contribution to provident and other funds	1724.74	1460.31
Workmen and staff welfare expenses	3029.00	2493.07
<b>Total employee benefits expenses</b>	<b>23272.27</b>	<b>20243.52</b>

**26. Finance costs**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Interest expenses		
On debentures and loans for fixed period	2425.90	3540.03
Cash Credit and others	1745.92	2043.85
Other borrowing costs	865.68	952.26
Net (gain)/loss on foreign currency transactions and translation (considered as finance cost)	1964.51	1928.69
<b>Total finance costs</b>	<b>7002.01</b>	<b>8464.83</b>

**27. Depreciation and amortisation expenses**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Depreciation on tangible assets (Refer note 10)	18412.84	18007.82
Amortisation on intangible assets (Refer note 10)	674.57	467.10
Less : Transfer from revaluation reserve (Refer note 3(b))	(40.93)	(47.33)
<b>Net depreciation and amortisation expense</b>	<b>19046.48</b>	<b>18427.59</b>

## 28. Other expenses

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Stores and Spares consumed (excluding ₹ 5019.44 lakhs (Previous Year - ₹ 3677.16 lakhs) charged to repairs and maintenance)	2820.81	3515.35
Power and Fuel	34940.13	33653.43
Rent	999.77	1163.27
Repairs and Maintenance		
- Buildings	258.51	241.87
- Plant and machinery	6781.00	5266.00
- Other Maintenance	1791.75	1619.53
Insurance	796.71	799.06
Rates and taxes	370.97	400.74
Freight	6826.41	7124.54
Professional and legal charges	1395.34	1855.48
Contract conversion charges	355.25	392.86
Travel	1152.20	939.36
Directors' sitting fees	7.70	9.90
Selling commission	739.51	886.77
Increase/(decrease) in excise duty on closing stock	(240.85)	332.03
Provision for doubtful debts/advances	42.23	17.60
Bad debts/advances written off	55.56	18.76
Fixed assets discarded	134.67	168.73
Provision for investments	15.20	-
Auditors' Remuneration (net of service tax input credit)		
- Audit Fees	45.00	45.00
- For limited review of unaudited financial results	30.00	30.00
- For corporate governance, consolidated financial statements and other certificates	15.80	11.45
- For tax audit	8.50	8.50
Exchange currency fluctuation	581.61	1631.34
Miscellaneous expenses*	5046.42	4077.35
<b>Total other expenses</b>	<b>64970.20</b>	<b>64208.92</b>

\* Includes ₹ 50 lakhs (Previous Year - Nil) donation paid to a political party 'Bharatiya Janata Party'

## 29. Contingent liabilities not provided for

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

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Excise duty, customs duty and service tax*®	6182.32	6290.11
Sales Tax and entry tax (refer note 'b' below)**®	9615.65	9602.63
Income Tax****	676.63	778.79
Stamp Duty*****	2881.55	2881.55
Others ***	940.73	576.39

\* Amount deposited ₹ 455.85 lakhs (Previous year - ₹ 448.69 lakhs)

\*\* Amount deposited ₹ 16.60 lakhs (Previous Year - ₹ 9.75 lakhs)

\*\*\* Amount deposited ₹ 8.00 lakhs (Previous Year - ₹ 8.00 lakhs)

\*\*\*\* Amount deposited ₹ 162.41 lakhs (Previous year - ₹ 501.65 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 ₹ 30300 lakhs and levied a stamp duty of ₹ 2372.50 lakhs and imposed a penalty of ₹ 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 ₹ 2776.18 lakhs and not the entire undertaking valued at ₹ 30300 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 29 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 ₹ 2064.30 lakhs (Previous Year - ₹ 2064.30 lakhs) and ₹ 38.00 lakhs (Previous Year - ₹ 38.00 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. The Company had received demand notices from the Commercial Tax Department, Government of Madhya Pradesh ("State Government") for payment of Central Sales Tax (CST), Value Added Tax (VAT) and Entry Tax aggregating to ₹ 9491 lakhs (including interest and penalty) for the period from 2007 to 2013 in respect of sales from its manufacturing facility in Special Economic Zone (SEZ) in Madhya Pradesh to the Domestic Tariff Area (DTA).

In terms of the Policy of the Government of Madhya Pradesh and Madhya Pradesh SEZ Act, 2003, the Unit was exempt from local state taxes and levies. The Company has paid Additional Countervailing Duty (ACVD), to counter balance CST/VAT, aggregating to ₹ 4831 lakhs for the period from 2007 to 2013 on sales from the SEZ to the DTA under the Customs laws pursuant to the Special Economic Zone Act 2005, MP SEZ Act, 2003 and the Policy of Centre and Madhya Pradesh State. The Company had filed a writ petition before the Indore Bench of the Hon'ble High Court of Madhya Pradesh ("Court") against the said demands.

The Company contended that while State is demanding local taxes, the Centre in its reply has stated that ACVD is payable and therefore this amounts to double taxation.

The Court has directed the State Government not to take any coercive steps for recovery of demand.

The matter is sub judice and is listed for further proceedings on 12 May 2014. The Management of the Company, based on the facts of the case and opinion received by the Company from legal experts, is confident of getting a relief in the matter from the Court and, accordingly, has not made any provision for the said disputed demands.

- c. Liability on account of Bank Guarantees ₹ 445.74 lakhs (Previous Year – ₹ 823.82 lakhs)

- d. Guarantees given to banks for repayment of financial facilities availed by wholly owned subsidiaries are as below:

Name of the subsidiary	Currency	Guarantee amount as at		Loan outstanding against the guarantee as at	
		31.03.2014 In Millions	31.03.2013 In Millions	31.03.2014 In Millions	31.03.2013 In Millions
SRF Flexipak (South Africa) (Pty) Limited	Euro	3.50	3.50	-	0.14
	USD	46.00	46.00	40.00	19.50
	USD	19.49	19.49	2.79	6.19
	USD	14.95	14.95	3.95	-
SRF Global BV	USD	-	20.00	-	20.00
	USD	-	18.00	-	3.82
	USD	16.50	16.50	3.50	-
	USD	10.00	10.00	-	-
	USD	23.00	23.00	20.00	20.00
	USD	23.00	23.00	20.00	20.00
	USD	23.00	-	20.00	-
SRF Industries (Thailand) Limited	USD	52.00	52.00	45.00	36.00
	Euro	-	23.00	-	1.72
	THB	403.24	-	310.13	-

- e. Guarantees given to banks for repayment of financial facilities availed by others – ₹ 250.00 lakhs (Previous Year – ₹ 250.00 lakhs). Outstanding amount as at the year-end is ₹ 99.99 lakhs (Previous Year – ₹ 66.69 lakhs).

- f. The Company has been served with show cause notices regarding certain transactions as to why additional customs/excise duty amounting to ₹ 369.15 lakhs (Previous year - ₹ 266.79 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.

**30.** 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 31 March 2014 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* (₹ lakhs)
Central Excise Laws	Excise Duty	High Court	1996-1997	213.79
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1992-2007	5885.04
		Upto Commissioner (Appeals)	1992-2010	564.20
Service Tax Laws	Service Tax	High Court	2006	2.50
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2005-2010	52.76
		Upto Commissioner (Appeals)	2005-2010	205.35
Customs Laws	Customs Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2004-2006	45.43
		Upto Commissioner (Appeals)	1998-2002	29.23
		High Court	2007-2013	8300.50
Sales Tax Laws	Sales Tax	Sales Tax Appellate Tribunal	1987-2008	102.28
		Upto Commissioner (Appeals)	1988-2004	77.96
Income Tax Laws	Income Tax	Supreme Court	1988-1989	113.35
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* (₹ lakhs)
Central Excise Laws	Excise Duty	Supreme Court	1994-2001	187.73
		High Court	1994-1995	118.13
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	1989-1995	223.61
Income Tax Laws	Income Tax	High Court	1993-1994	170.52
		Income Tax Appellate Tribunal (ITAT)	1994-1995	343.70

### 31. Capital and other commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 5283.16 lakhs (Previous Year - ₹ 16989.76 lakhs).

Further, the Company is to make the following investments:

- i) Capital expenditure projects for Packaging Films Business in South Africa and Thailand – ₹ Nil (Previous Year – USD 33.06 million i.e. equivalent to ₹ 17944.97 lakhs).
- ii) SRF Holiday Home Limited – ₹ 72.50 lakhs (Previous Year – ₹ 120.00 lakhs)

The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments/contracts, which may have a material impact on the financial statements.

## 32. Research & development expenses

The details of research and development expenditure of ₹ 3837.02 lakhs (Previous Year - ₹ 3137.31 lakhs) included in notes 22 to 28 above are as under:-

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Capital Expenditure	782.92	360.59
Revenue Expenditure	<u>3054.10</u>	2776.72
<b>Total</b>	<b>3837.02</b>	<b>3137.31</b>

The details of revenue expenditure incurred on research and development is as below:

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Cost of materials consumed	128.82	37.68
Salaries and wages	1072.00	925.02
Contribution to provident and other funds	86.19	67.33
Workmen and staff welfare expenses	119.13	129.69
Stores and Spares consumed	340.33	287.86
Power and Fuel	191.48	125.43
Rent	39.09	30.16
Repairs and Maintenance		
- Buildings	53.33	16.39
- Plant and machinery	224.83	189.90
- Other Maintenance	81.46	86.97
Insurance	13.09	9.47
Rates and taxes	2.85	3.18
Travel	74.88	53.30
Professional and legal charges	78.51	65.59
Depreciation and amortisation expenses	502.93	513.39
Miscellaneous	45.18	235.36
	<b>3054.10</b>	<b>2776.72</b>

## 33. Managerial remuneration

### (i) (a) Chairman/Managing Director/Deputy Managing Director/Whole time Director

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Salary and allowances	360.28	322.52
Contribution to Provident and Superannuation Funds	95.58	85.86
Value of Perquisites	208.39	161.05
Commission (Provided)	475.00	475.00
<b>SUB-TOTAL</b>	<b>1139.25</b>	<b>1044.43</b>

### (b) Non-Executive Directors

Commission (Provided)	25.00	29.94
Directors' Sitting Fees	7.70	9.90
<b>SUB-TOTAL</b>	<b>32.70</b>	<b>39.84</b>
<b>TOTAL</b>	<b>1171.95</b>	<b>1084.27</b>

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

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Profit before taxation	27086.08	35259.27
<b>Add:</b>		
Wealth tax	12.83	13.66
Managerial Remuneration including commission	1171.95	1084.27
Loss on sale/write off of assets as per accounts	190.23	187.49
Provision for Doubtful Debts/Advances/investments	57.43	17.60
<b>Sub Total</b>	<b>1432.44</b>	<b>1303.02</b>
<b>Less:</b>		
Profit on sale of fixed assets as per accounts	31.00	2314.97
Dividend on non - current investments	100.00	-
Dividend on current investments	901.72	647.54
Profit on sale of current investments	91.70	438.82
Excess Provision written back	171.83	198.22
<b>Sub Total</b>	<b>1296.25</b>	<b>3599.55</b>
<b>Profit as per section 349 of the Companies Act, 1956</b>	<b>27222.27</b>	<b>32962.74</b>
Maximum remuneration as commission and/or salary including perquisites @ 10% of net profit of ₹ 27222.27 lakhs (Previous Year - ₹ 32962.74 lakhs) which can be paid to Managing Directors/Whole time Directors under section 309 of the Companies Act, 1956	2722.23	3296.27
<b>Remuneration paid to Managing Directors/Whole Time Directors</b>	<b>1139.25</b>	<b>1044.43</b>
Maximum commission payable to Non-Executive Directors @ 1% of net profit of ₹ 27222.27 lakhs (Previous Year ₹ 32962.74 lakhs) under section 309 of the Companies Act, 1956	272.22	329.62
<b>Commission payable/paid to Non-Executive Directors</b>	<b>25.00</b>	<b>29.94</b>

**34. 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 and fellow subsidiaries) (a)	By virtue of control (Holding Company) (b)	Key Management Personnel and their relatives (c)	Enterprises over which (c) have significant influence (d)
<b>Fellow subsidiaries with effect from 3 August 2012</b> <ul style="list-style-type: none"> <li>• KAMA Realty (Delhi) Limited</li> <li>• Shri Educare Limited</li> <li>• Shri Educare Maldives Private Limited</li> <li>• KHL Investments Limited</li> </ul> <b>Subsidiaries</b> <ul style="list-style-type: none"> <li>• SRF Overseas Limited</li> <li>• SRF Transnational Holdings Limited</li> <li>• SRF Properties Limited</li> <li>• SRF Holiday Home Limited</li> <li>• SRF Energy Limited</li> <li>• SRF Fluorochemicals Limited</li> <li>• SRF Fluor Private Limited</li> <li>• SRF Global BV</li> <li>• SRF Industries (Thailand) Limited</li> <li>• SRF Industex Belting (Pty) Limited</li> <li>• SRF Flexipak (South Africa) (Pty) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• KAMA Holdings Limited with effect from 3 August 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Arun Bharat Ram, Chairman</li> <li>• Mr Ashish Bharat Ram, Managing Director</li> <li>• Mr Kartik Bharat Ram, Deputy Managing Director</li> <li>• Mr K Ravichandra, Whole Time Director</li> <li>• Late Mrs Manju Bharat Ram, wfe of Mr Arun Bharat Ram</li> </ul>	<ul style="list-style-type: none"> <li>• KAMA Holdings Limited became holding company on 3 August 2012</li> <li>• KAMA Realty (Delhi) Limited became fellow subsidiary on 3 August 2012</li> <li>• Shri Educare Limited became fellow subsidiary on 3 August 2012</li> <li>• Shri Educare Maldives Private Limited became fellow subsidiary on 3 August 2012</li> <li>• KHL Investments Limited became fellow subsidiary on 3 August 2012</li> <li>• SRF Foundation</li> <li>• Karm Farms Private Limited</li> <li>• Srishti Westend Greens Farms Private Limited</li> </ul>

**B TRANSACTIONS WITH RELATED PARTIES REFERRED TO IN NOTE 34A ABOVE**

(₹ lakhs)

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
<b>Purchase of goods from</b>								
• SRF Overseas Limited	23.69	66.73						
• SRF Industries (Thailand) Limited	58.75	39.38						
• SRF Industex Belting (Pty) Limited	1.46	-						
<b>Sale of goods to</b>								
• SRF Overseas Limited	2603.04	5265.49						
• SRF Industries (Thailand) Limited	3112.72	1518.66						
• SRF Industex Belting (Pty) Limited	4722.54	3845.25						
<b>Purchase of fixed assets from</b>								
• SRF Industex Belting (Pty) Limited	-	0.44						
• SRF Overseas Limited	1560.63	-						
<b>Sale of fixed assets to</b>								
• SRF Industries (Thailand) Limited	3.43	-						
<b>Rendering of services to</b>								
• SRF Overseas Limited	30.19	31.25						
• SRF Global BV	93.21	75.30						
• SRF Flexipak (South Africa) (Pty) Limited	136.84	80.57						
• SRF Industries (Thailand) Limited	261.29	205.54						
• SRF Industex Belting (Pty) Limited	72.03	54.53						
<b>Management contracts including for deputation of employees to</b>								
• KAMA Holdings Limited	-	6.25						
<b>Rent paid to</b>								
• SRF Properties Limited	19.80	19.20						
• Kama Realty (Delhi) Limited	645.30	427.80					-	213.90
• Karm Farms Private Limited							30.00	30.00
• Srishti Westend Greens Farms Private Limited							30.00	30.00
• Mrs Manju Bharat Ram						-	18.00	
• Mr Arun Bharat Ram						24.00	6.00	
• Mr Ashish Bharat Ram						2.40	2.00	
• Mr Kartik Bharat Ram						2.40	2.00	

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
	(₹ lakhs)							
<b>Managerial Remuneration paid to</b>								
• Mr Arun Bharat Ram					456.76	493.30		
• Mr Ashish Bharat Ram					341.56	286.16		
• Mr Kartik Bharat Ram					331.36	257.47		
• Mr K Ravichandra					9.57	7.50		
<b>Interest income on ICDs/loans from</b>								
• SRF Global BV	23.79	23.69						
<b>Reimbursement of expenses from</b>								
• SRF Overseas Limited	3.41	1.82						
• SRF Industries (Thailand) Limited	164.12	83.03						
• SRF Industex Belting (Pty) Limited	55.15	51.62						
• SRF Global BV	2.36	1.06						
• SRF Properties Limited	-	2.29						
• SRF Flexipak (South Africa) (Pty) Limited	129.90	73.86						
• KAMA Holdings Limited			0.07	0.54			-	7.18
• Shri Educare Limited	0.86	0.56					-	0.15
<b>Reimbursement of expenses paid</b>								
• SRF Industries (Thailand) Limited	13.51	-						
• SRF Industex Belting (Pty) Limited	-	4.16						
• SRF Overseas Limited	18.68	14.36						
• Shri Educare Limited	-	4.27						
<b>Loans/deposits given to (including exchange fluctuation)</b>								
• SRF Global BV	84.53	51.15						
<b>Increase in security deposit to</b>								
• Mr Ashish Bharat Ram					-	0.60		
• Mr Kartik Bharat Ram					-	0.60		
<b>Donations to</b>								
• SRF Foundation							-	25.00
<b>Dividend received</b>								
• SRF Properties Limited	100.00	-						
<b>Investments made in</b>								
• SRF Holiday Home Limited	52.20	189.00						
• SRF Fluor Private Limited	15.20	-						
<b>Investments provided for</b>								
• SRF Fluor Private Limited	15.20	-						

(₹ lakhs)

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
<b>Guarantees given</b>								
• SRF Industries (Thailand) Limited In Millions USD	-	52.00						
In Millions Euro	-	23.00						
In Millions THB	403.24	-						
• SRF Global B.V. In Million USD	23.00	56.00						
• SRF Flexipak (South Africa) (Pty) Limited In Million USD	-	80.44						

**Balances outstanding as at the year-end:-**

(₹ lakhs)

Nature of Transactions	(a) As at		(b) As at		(c) As at		(d) As at	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
<b>Receivables</b>								
• SRF Overseas Limited	12.42	970.64						
• SRF Industries (Thailand) Limited	933.72	286.55						
• SRF Industex Belting (Pty) Limited	1385.57	1379.64						
• SRF Flexipak (South Africa) (Pty) Limited	483.91	199.82						
• Shri Educare Limited	0.86	-						
• SRF Global BV	116.22	19.69						
• SRF Fluor Private Limited	6.56	6.56						
Less: Provision for receivables	(6.56)	(6.56)						
<b>Payables</b>								
• SRF Overseas Limited	1574.88	14.32						
• SRF Industries (Thailand) Limited	13.51	-						
• SRF Industex Belting (Pty) Limited	3.51	222.85						
<b>Commission Payable</b>								
• Mr Arun Bharat Ram			225.00	225.00				
• Mr Ashish Bharat Ram			125.00	125.00				
• Mr Kartik Bharat Ram			125.00	125.00				
<b>Loans given outstanding</b>								
• SRF Global BV	898.73	814.20						
<b>Interest outstanding</b>								
• SRF Global BV	64.45	37.11						
<b>Security Deposits outstanding</b>								
• KAMA Realty (Delhi) Limited	330.00	330.00						
• Karm Farms Private Limited					310.00	310.00		
• Srishti Westend Greens Farms Private Limited					310.00	310.00		

<b>Nature of Transactions</b>	<b>(a) As at</b>		<b>(b) As at</b>		<b>(c) As at</b>		<b>(d) As at</b>		<b>(₹ lakhs)</b>
	<b>31.03. 2014</b>	<b>31.03. 2013</b>	<b>31.03. 2014</b>	<b>31.03. 2013</b>	<b>31.03. 2014</b>	<b>31.03. 2013</b>	<b>31.03. 2014</b>	<b>31.03. 2013</b>	
• Mr Arun Bharat Ram					<b>12.00</b>	12.00			
• Mr Ashish Bharat Ram					<b>0.60</b>	0.60			
• Mr Kartik Bharat Ram					<b>0.60</b>	0.60			
<b>Equity Investment outstanding</b>									
• SRF Transnational Holdings Limited	<b>1472.57</b>	1472.57							
Less : Amount written off	<b>(1472.57)</b>	(1472.57)							
• SRF Properties Limited	<b>589.56</b>	589.56							
• SRF Holiday Home Limited	<b>332.50</b>	280.00							
• SRF Energy Limited	<b>5.00</b>	5.00							
• SRF Flurochemicals Limited	<b>5.00</b>	5.00							
• SRF Global BV	<b>7959.51</b>	7959.51							
• SRF Fluor Private Limited	<b>24.28</b>	9.08							
Less: Provision for investment	<b>(24.28)</b>	(9.08)							
<b>Guarantees outstanding</b>									
• SRF Industries (Thailand) Limited									
In Million USD	<b>52.00</b>	52.00							
In Million Euro	-	23.00							
In Million THB	<b>403.24</b>	-							
• SRF Global B.V.									
In Millions USD	<b>95.50</b>	110.50							
• SRF Flexipak (South Africa) (Pty) Limited									
In Million Euro	<b>3.50</b>	3.50							
In Million USD	<b>80.44</b>	80.44							

### 35. Earnings per share

	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Profit after tax (₹ lakhs)	<b>21654.54</b>	25850.70
Weighted average number of equity shares outstanding (Nos.)	<b>57420500</b>	57420500
Basic and diluted earnings per share in rupees (₹) (face value – ₹ 10 per share)	<b>37.71</b>	45.02

### 36. Employee benefits

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

#### i) Defined contribution plans

- a) Superannuation fund
- b) Provident fund administered through Regional Provident Fund Commissioner
- c) Employees' State Insurance Corporation

The expenses incurred on account of the above benefits have been included in Note 25 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

#### ii) Defined benefit plans

- a) Gratuity

- b) Compensated absences – earned leaves
- c) Provident fund for certain category of employees administered through a recognised provident fund trust

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:-

	<b>Gratuity (Funded)</b>		<b>Compensated Absences – earned leaves (Unfunded)</b>	
	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Discount rate (per annum)	8.50%	8.00%	8.50%	8.00%
Future salary increase	7.50%	7.00%	7.50%	7.00%
Expected rate of return on plan assets	8.00%	8.00%	-	-
In service mortality	IALM (2006-08)	IALM (1994-96)	IALM (2006-08)	IALM (1994-96)
Retirement age	58 years	58 years	58 years	58 years
Withdrawal rates				
• up to 30 years	10.00	3.00	10.00	3.00
• up to 44 years	5.00	2.00	5.00	2.00
• above 44 years	2.00	1.00	2.00	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

	<b>Gratuity (Funded)</b>		<b>Compensated Absences – earned leaves (Unfunded)</b>	
	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Present value of obligation as at the beginning of the year	3242.03	2799.81	1370.04	1168.29
Current service cost	289.57	260.16	189.87	169.56
Interest cost	259.36	223.99	109.60	93.46
Benefits paid	(236.40)	(118.20)	(227.12)	(133.09)
Actuarial loss/(gain)	(17.98)	76.27	62.81	71.82
<b>Present value of obligation as at the end of the year</b>	<b>3536.58</b>	<b>3242.03</b>	<b>1505.20</b>	<b>1370.04</b>

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

	<b>Gratuity (Funded)</b>	
	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Fair value of plan assets at the beginning of the year	3019.47	2543.90
Estimated return on plan assets	236.52	203.51
Employers' contribution	113.51	331.94
Benefits paid	(236.40)	(118.20)
Actuarial gain/(loss) on plan assets	(48.25)	58.32
<b>Plan assets at the end of the year</b>	<b>3084.85</b>	<b>3019.47</b>

#### Composition of Plan Assets:

HDFC Group unit linked plan Fund	99.32%	97.40%
Others including bank balances	0.02%	1.91%
Government of India Securities	0.66%	0.69%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**Reconciliation of fair value of assets and obligations**

(₹ lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Present value of obligation as at the year end	3536.58	3242.03	1505.20	1370.04
Fair value of plan assets	3084.85	3019.47	-	-
Net assets/(liability) recognised in the balance sheet	(451.73)	(222.56)	(1505.20)	(1370.04)
Current	(451.73)	(222.56)	(286.42)	(321.94)
Non Current	-	-	(1218.78)	(1048.10)

**Expenses recognised in the statement of profit and loss.**

(₹ lakhs)

	Gratuity (Funded)		Compensated Absences – earned leaves (Unfunded)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Current service cost	289.57	260.16	189.87	169.56
Interest cost	259.36	223.99	109.60	93.46
Expected return on planned assets	(236.52)	(203.51)	-	-
Actuarial loss/(gain)	30.27	17.95	62.81	71.82
<b>Total expense</b>	<b>342.68</b>	<b>298.59</b>	<b>362.28</b>	<b>334.84</b>

**Gratuity****Net Assets/(Liabilities) recognised in the Balance Sheet**

(₹ lakhs)

As on	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Present value of obligation	3536.58	3242.03	2799.81	2449.43	1974.51
Fair Value of Plan Assets	3084.85	3019.47	2543.90	1987.32	1888.48
Net Assets/(Liability)	(451.73)	(222.56)	(255.91)	(462.11)	(86.03)

**Experience on actuarial Gain/(Loss) for Benefit Obligation and Plan Assets**

(₹ lakhs)

Year ended	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
On Plan Present value of obligation	36.18	(62.28)	(283.00)	658.67	(143.83)
On Plan Assets	(48.25)	58.32	2.70	(34.96)	51.02

**Compensated absences – earned leaves****Net Liabilities recognised in the Balance Sheet**

(₹ lakhs)

As on	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Present value of obligation	1505.20	1370.04	1168.29	1021.92	798.22
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(1505.20)	(1370.04)	(1168.29)	(1021.92)	(798.22)

**Experience on actuarial Gain/(Loss) for Benefit Obligation**

(₹ lakhs)

Year ended	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
On Plan Present value of obligation	(37.97)	(65.98)	(77.43)	(149.82)	(19.08)
On Plan Assets	-	-	-	-	-

The Company's best estimate of the contribution expected to be paid in the next year is ₹ 474.37 lakhs (Previous Year - ₹ 583.13 lakhs) for gratuity and ₹ 344.93 lakhs (Previous Year - ₹ 380.34 lakhs) for leave encashment.

#### **Long Term Retention Pay**

The Company has a Long Term Retention Pay Plan. 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 which commenced from financial year 2010-11 subject to achievement of certain performance ratings. Based on actuarial valuation, the Company has accrued ₹ 212.79 lakhs (Previous Year - ₹ 244.71 lakhs) towards this plan till 31 March 2014.

	As at March 31, 2014	As at March 31, 2013
Current	78.49	103.87
Non Current	134.30	140.84
<b>Total</b>	<b>212.79</b>	<b>244.71</b>

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 1 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**

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 recognised 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. This plan is considered as a Defined Contribution Plan. 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 and these are considered as Defined Benefit Plans accounted for on the basis of an actuarial valuation. The details of the valuation are as below:

#### **Actuarial assumptions – Provident Fund**

	Year ended March 31, 2014	Year ended March 31, 2013
Discount rate (per annum)	8.75%	8.50 %
In service mortality	IALM (2006 - 08)	IALM (1994-96)
Retirement age	58 years	58 years

<b>Reconciliation of Projected Benefit Obligation</b>	<b>March 31, 2014 (₹ lakhs)</b>	<b>March 31, 2013 (₹ lakhs)</b>
Projected benefit obligation at beginning of year	5168.71	4412.66
Current service cost	333.28	292.19
Interest cost	452.26	375.07
Contributions by plan participants/employees	452.24	402.35
Actuarial (gain)/loss due to interest guarantee	160.07	31.65
Benefits paid	(404.90)	(443.77)
Settlements	-	98.56
<b>Projected benefit obligation at end of year</b>	<b>6161.66</b>	<b>5168.71</b>

<b>Reconciliation of Plan Assets</b>	<b>March 31, 2014 (₹ lakhs)</b>	<b>March 31, 2013 (₹ lakhs)</b>
Plan asset at beginning of year	5169.64	4427.22
Expected return on plan asset	452.34	376.31
Employer contribution	333.27	292.19
Plan participants/employee contribution	452.24	402.36
Benefit payments	(404.90)	(443.77)
Asset gain/(loss)	161.05	16.77
Settlements	-	98.56
Ending asset at fair value	6163.64	5169.64

<b>Amounts Recognised in the Balance Sheet</b>	<b>March 31, 2014 (₹ lakhs)</b>	<b>March 31, 2013 (₹ lakhs)</b>
Projected benefit obligation at end of year	6161.66	5168.71
Fair value of assets as at end of year	6163.64	5169.64
Funded status asset/(liability)	1.98	0.93
Liability Recognised in Balance Sheet	- *	- *

\* there is surplus in the fund, so the value is taken as zero.

<b>Expense to be recognised in the statement of profit and loss of the Company</b>	<b>March 31, 2014 (₹ lakhs)</b>	<b>March 31, 2013 (₹ lakhs)</b>
Company Contribution to the Provident Fund	333.28	292.19
<b>Total</b>	<b>333.28</b>	<b>292.19</b>

## 37. 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**

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>Segment Revenue</b>		
a) Technical Textiles Business (TTB)		
External sales	180473.80	166787.18
Inter-segment sales	548.92	299.64
<b>Total</b>	<b>181022.72</b>	<b>167086.82</b>
b) Chemicals and Polymers Business (CPB)		
External sales	95612.61	103477.91
Inter-segment sales	14.13	19.67
<b>Total</b>	<b>95626.74</b>	<b>103497.58</b>
c) Packaging Films Business (PFB)		
External sales	65628.27	61989.34
Inter-segment sales	126.46	88.07
<b>Total</b>	<b>65754.73</b>	<b>62077.41</b>
<b>Total Segment revenue</b>	<b>342404.19</b>	<b>332661.81</b>
Less: Inter-segment revenue	689.51	407.38
<b>Net Sales/Income from Operations</b>	<b>341714.68</b>	<b>332254.43</b>
Add: Unallocable Income	2471.42	4375.34
<b>Total Revenue</b>	<b>344186.10</b>	<b>336629.77</b>
<b>Segment Results</b>		
<b>(Profit/(Loss) before finance costs and tax from each segment)</b>		
a) Technical Textiles Business (TTB)	16745.56	11236.94
b) Chemicals and Polymers Business (CPB)	19129.59	34653.10
c) Packaging Films Business (PFB)	2414.62	329.06
<b>Total Segment results</b>	<b>38289.77</b>	<b>46219.10</b>
Less: i) Finance Costs	7002.01	8464.83
Less: ii) Other Unallocable expenses net of income	4201.68	2495.00
<b>Profit Before Tax</b>	<b>27086.08</b>	<b>35259.27</b>
Less: Provision for taxation	5431.54	9408.57
<b>Profit After Tax</b>	<b>21654.54</b>	<b>25850.70</b>
<b>Capital Expenditure (other than capital advances)</b>		
a) Technical Textiles Business (TTB)	3442.69	2942.32
b) Chemicals and Polymers Business (CPB)	61177.31	28524.83
c) Packaging Films Business (PFB)	797.17	865.58
d) Unallocated	2122.45	1835.09
<b>Total</b>	<b>67539.62</b>	<b>34167.82</b>
<b>Depreciation</b>		
a) Technical Textiles Business (TTB)	8214.64	9051.50
b) Chemicals and Polymers Business (CPB)	7221.94	5973.37
c) Packaging Films Business (PFB)	2837.71	2903.07
d) Unallocated	772.19	499.65
<b>Total</b>	<b>19046.48</b>	<b>18427.59</b>

**Other information**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Segment Assets</b>		
a) Technical Textiles Business (TTB)	148236.97	146738.08
b) Chemicals and Polymers Business (CPB)	209042.38	143007.60
c) Packaging Films Business (PFB)	56462.18	53586.66
<b>Total</b>	<b>413741.53</b>	<b>343332.34</b>
Add: Unallocable Assets	29857.98	39639.89
<b>Total Assets</b>	<b>443599.51</b>	<b>382972.23</b>
<b>Segment Liabilities</b>		
a) Technical Textiles Business (TTB)	34835.00	28188.77
b) Chemicals and Polymers Business (CPB)	17626.10	7707.40
c) Packaging Films Business (PFB)	16736.64	13114.76
<b>Total</b>	<b>69197.74</b>	<b>49010.93</b>
Add: Unallocable Liabilities	4868.68	3708.10
<b>Total Liabilities</b>	<b>74066.42</b>	<b>52719.03</b>
<b>Segment Capital Employed (Segment assets less segment liabilities)</b>		
a) Technical Textiles Business (TTB)	113401.97	118549.31
b) Chemicals and Polymers Business (CPB)	191416.28	135300.20
c) Packaging Films Business (PFB)	39725.54	40471.90
<b>Total</b>	<b>344543.79</b>	<b>294321.41</b>
Add: Unallocable assets less liabilities	24989.30	35931.79
<b>Total Capital Employed</b>	<b>369533.09</b>	<b>330253.20</b>

**B. Geographical Segments**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Revenue</b>		
Within India	245764.40	227775.77
Outside India	98421.70	108854.00
<b>Total Revenue</b>	<b>344186.10</b>	<b>336629.77</b>

**38. Foreign currency exposure**

SRF has three diverse businesses with transactions both in the nature of imports and exports. This provides a natural hedge against the exchange rate fluctuations. As per the board mandated policy, hedging is done the basis of net exposure. Further, with respect to volatility in interest rates, certain hedging transactions are entered into by the Company. Various kind of instruments are used for hedging which are mandated as per regulatory requirements and board guidelines.

The details of category-wise quantitative data about derivative instruments as at 31 March 2014 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (In Millions) As at		Amount (₹ lakhs) As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
USD/INR buy forward	1	-	Forward buy contract	-	10.00	-	5991.50	-
Interest Rate Swap	3	3	Conversion of Floating LIBOR to Fixed Rate	Conversion of Floating LIBOR to Fixed Rate	40.00	45.00	23966.00	24426.00

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Foreign Currency (in millions)	Amount (₹ lakhs)	Foreign Currency (in millions)	Amount (₹ lakhs)
Term Loans – USD	92.63	55500.46	84.13	45665.91
PCFC - USD	24.00	14379.60	26.50	14384.20
Buyer's Credits - USD	13.32	7979.55	18.02	9778.91
Loan given including interest- USD	1.61	963.18	1.57	851.31

### 39. 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 two to ten years. As at 31 March 2014, the future minimum lease payments under non-cancellable operating leases as set out below: -

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
• Not later than one year	605.70	724.83
• Later than one year and not later than five years	2170.43	2438.27
• Later than five years	-	353.33
Lease rent recognised in the statement of profit and loss.	999.77	1163.27

### 40. Installed capacity per annum

	UNIT	As at March 31, 2014	As at March 31, 2013
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	MT	68040	68040
Nylon Tyre Cord Fabric/Industrial Yarn Fabric/Polyester Tyre Cord Fabric	MT	64210	64210
Laminated Fabric	Lakhs SQM	900	900
Nylon/PBT/PC Compounding Chips	MT	14500	14500
Fluorochemicals & Allied Products	MT	57500	57500
HFC-134a	MT	17500	5000
Hydrofluoric Acid (Anhydrous)	MT	32000	12000
Gypsum (By product)	MT	44550	44550
Hydrochloric Acid (By Product)	MT	77220	77220
Chloromethanes	MT	40000	40000
Fluorospecialties Chemicals	MT	12625	12005
Packaging Films	MT	71623	59500

#### 41. Actual production

	UNIT	As at March 31, 2014	As at March 31, 2013
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord @/ Twine®	MT	12017.39	11540.32
Nylon Tyre Cord Fabric/Industrial Yarn Fabric/Polyester Tyre Cord Fabric	MT	49447.58	49400.78
Laminated Fabric	Lakhs SQM	498.50	559.32
Nylon/PBT/PC Compounding Chips®	MT	9266.93	9042.40
Fluorochemicals & Allied Products®	MT	12972.05	11632.90
HFC-134a®	MT	3264.82	2852.70
Gypsum (By Product)	MT	37307.89	36452.30
Hydrochloric Acid (By Product)	MT	66723.15	69659.22
Chloromethanes®	MT	22480.55	24174.42
Fluorospecialties Chemicals®	MT	3153.51	2379.12
Packaging Films	MT	51366.08	54003.89

Installed capacity is as certified by management

® Excludes captive consumption

#### 42. Value of imports on CIF basis

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Raw Materials	102843.30	84905.62
Stores and Spares	1363.91	1076.96
Capital Goods	3690.96	2790.59

#### 43. Expenditure in foreign currency

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Interest	1423.62	1532.08
Technical know-how and Technician's fees	96.05	424.18
Travel and Conveyance	216.98	156.11
Selling Commission	242.00	482.02
Lease rental	146.57	145.53
Legal and Professional	172.25	342.88
Sales Promotion/Market Research	28.53	0.55
Investments Provided/Written Off	15.20	-
Purchase of raw material in foreign currency*	17882.71	13685.45
Others	477.67	488.84

\* Pertains only with respect to purchases in foreign currency by SEZ unit from Domestic Tariff Area

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

	Year ended March 31, 2014		Year ended March 31, 2013	
	%	(₹ lakhs)	%	(₹ lakhs)
Raw Materials				
Imported	51.09	103043.80	47.66	91211.72
Indigenous	48.91	98639.99	52.34	100161.83
	<b>100.00</b>	<b>201683.79</b>	<b>100.00</b>	<b>191373.55</b>
Stores and Spares				
Imported	12.52	981.68	11.47	824.67
Indigenous	87.48	6858.57	88.53	6367.84
	<b>100.00</b>	<b>7840.25</b>	<b>100.00</b>	<b>7192.51</b>

#### 45. Earnings in foreign exchange

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Export of goods calculated on FOB Value	97535.35	108354.60
Interest	27.34	42.86
Service fee including recovery of actual expenses incurred	859.01	456.54

- 46.** In the previous year, pursuant to the adoption of Guidance Note on Accounting for Self-Generated Certified Emission Reductions (CER) effective 1 April 2012, the stock of CER as on 1 April 2012 has been recognised at cost amounting to ₹ 135.22 lakhs, net of tax of ₹ 43.87 lakhs, by adjusting 'Surplus in statement of profit and loss' by ₹ 91.35 lakhs.
- 47.** The Company had opted to apply the provisions under paragraph 46A of Accounting Standard (AS) - 11 "The Effects of Changes in Foreign Exchange Rates" with effect from 1 April 2013. Accordingly, exchange difference of ₹ 4872.23 lakhs, arising on all long term monetary items relating to acquisition of depreciable assets are added to the cost of Fixed Assets/Capital Work in Progress and will be depreciated over the balance useful life of the assets. The unamortised portion carried forward as at 31 March 2014 is ₹ 4514.50 lakhs. As a result of such change, the net profit after tax for the year is higher by ₹ 2297.53 lakhs.
- 48.** The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions as well as specified domestic transactions. Based on the transfer pricing regulations/policy, the transfer pricing study for the year ended 31 March 2014 is to be conducted on or before due date of the filing of return and the Company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.
- 49.** Previous year's figures have been regrouped/reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartik Bharat Ram**  
Deputy Managing Director

Place: **Gurgaon**  
Date: **9 May 2014**

**Vinayak Chatterjee**  
Director

**Rajendra Prasad**  
President & Chief Financial Officer

**Anoop K Joshi**  
President & Company Secretary

# Independent Auditors' Report

## TO THE BOARD OF DIRECTORS OF SRF LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SRF LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 3 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 12 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Emphasis of Matter

Attention is invited to Note 29(b), which sets out the position of the demand for Central Sales Tax (CST), VAT and Entry Tax aggregating to ₹ 9491 lakhs for the period from 2007 to 2013 by the Commercial Tax Department, Government of Madhya Pradesh, in respect of sales from the Company's manufacturing facility in its Special Economic Zone (SEZ) in Madhya Pradesh to the Domestic Tariff Area (DTA). The matter is sub-judice and is pending before the Hon'ble High Court of Madhya Pradesh. Basis legal opinion obtained by the Company, the Management of the Company is confident of getting relief in this matter and, accordingly, has not made any provision for the said disputed demands.

Our opinion is not qualified in respect of this matter.

### Other Matter

We did not audit the financial statements/financial information of subsidiaries viz., SRF Overseas Limited, SRF Industries (Thailand) Limited, SRF Industex Belting (Pty) Limited, SRF Flexipak (South Africa) (Pty) Limited, SRF Transnational Holdings Limited, SRF Properties Limited, SRF Fluor Private Limited, SRF Holiday Home Limited, SRF Global BV, SRF Energy Limited and SRF Fluorochemicals Limited whose financial statements reflect total assets (net) of ₹ 118078 lakhs as at 31 March 2014, total revenues of ₹ 72173 lakhs and net cash outflows amounting to ₹ 10619 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 015125N)

**Manjula Banerji**

Partner

(Membership No. 086423)

**Gurgaon, 9 May 2014**

# Consolidated Balance Sheet as at March 31, 2014

Particulars	Note No.	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	5843.56	5843.56
Reserves and surplus	3	200821.78	191049.16
		<b>206665.34</b>	<b>196892.72</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	171261.64	109614.23
Deferred tax liabilities	5	32498.43	26480.17
Long-term provisions	6	1717.73	1702.77
		<b>205477.80</b>	<b>137797.17</b>
<b>Current liabilities</b>			
Short-term borrowings	4	31990.40	24254.85
Trade payables	7	78860.68	51817.97
Other current liabilities	8	27147.72	47113.41
Short-term provisions	9	1713.51	1028.67
		<b>139712.31</b>	<b>124214.90</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>551855.45</b>	<b>458904.79</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		352300.47	231326.33
Intangible assets		2478.69	2360.56
Capital work-in-progress		11211.68	56537.81
Goodwill on consolidation		296.40	296.40
Non-current investments	11	1011.54	976.53
Deferred tax assets	12	4980.88	1451.36
Long-term loans and advances	13	7201.38	15006.30
Other non-current assets	14	863.40	832.94
		<b>380344.44</b>	<b>308788.23</b>
<b>Current assets</b>			
Current investments	11	2648.02	14146.33
Inventories	15	74640.29	56322.55
Trade receivables	16	69149.11	50868.93
Cash and Cash Equivalents	17	8245.87	19097.46
Short-term loans and advances	18	16048.50	9462.71
Other current assets	19	779.22	218.58
		<b>171511.01</b>	<b>150116.56</b>
<b>TOTAL ASSETS</b>			
<b>Accompanying notes forming part of the consolidated financial statements</b>			
	1 to 40		<b>551855.45</b>
In terms of our report attached <b>For Deloitte Haskins &amp; Sells</b> Chartered Accountants			
For and on behalf of the Board of Directors			
<b>Manjula Banerji</b> Partner	<b>Arun Bharat Ram</b> Chairman	<b>Ashish Bharat Ram</b> Managing Director	<b>Kartik Bharat Ram</b> Deputy Managing Director
Place: Gurgaon Date: 9 May 2014	Vinayak Chatterjee Director	Rajendra Prasad President & Chief Financial Officer	Anoop K Joshi President & Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31, 2014

Particulars	Note No.	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Revenue from Operations</b>			
Sale of products (gross)		429447.74	405174.63
Less : Excise Duty		30179.56	28281.33
Sale of products (net)		399268.18	376893.30
Other operating revenues	20	2537.85	1401.21
		401806.03	378294.51
Other Income	21	2354.64	4199.87
<b>TOTAL REVENUE</b>		<b>404160.67</b>	<b>382494.38</b>
<b>Expenses</b>			
Cost of materials consumed	22	242088.64	217089.51
Purchases of traded goods	23	1601.62	901.70
(Increase)Decrease in inventories of finished goods, stock-in-process and traded goods	24	(3966.01)	(2362.72)
Employee benefits expenses	25	31101.16	26642.80
Finance costs	26	9611.82	9980.30
Depreciation and amortisation expenses	27	22474.62	20887.53
Other expenses	28	80451.54	74597.53
<b>TOTAL EXPENSES</b>		<b>383363.39</b>	<b>347736.65</b>
<b>Profit Before Tax</b>		<b>20797.28</b>	<b>34757.73</b>
Tax expense			
Current tax		5512.03	7117.23
MAT Credit		(2841.22)	-
Current tax relating to prior years		(586.87)	(1479.97)
Deferred tax charge		2467.48	3825.31
		4551.42	9462.57
<b>Profit After Tax</b>		<b>16245.86</b>	<b>25295.16</b>
Earnings Per Share	33		
Basic (₹)		28.29	44.05
Diluted (₹)		28.29	44.05
<b>Accompanying notes forming part of the consolidated financial statements</b>		1 to 40	

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of the Board of Directors

**Manjula Banerji**  
Partner

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartik Bharat Ram**  
Deputy Managing Director

Place: **Gurgaon**  
Date: **9 May 2014**

**Vinayak Chatterjee**  
Director

**Rajendra Prasad**  
President & Chief Financial Officer

**Anoop K Joshi**  
President & Company Secretary

# Consolidated Cash Flow Statement

for the year ended 31, 2014

Particulars	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	20797.28	34757.73
Adjustments for		
Depreciation and amortisation	22515.55	26050.92
Impairment of fixed assets	91.62	718.08
Withdrawal from Revaluation Reserve	(40.93)	(5163.39)
Finance Costs	9611.82	9980.30
Net unrealised exchange (gain)/loss	(800.00)	162.34
Provision for doubtful trade and other receivables, loans and advances	97.79	36.90
Fixed assets discarded	134.67	168.73
Loss/(Profit) on sale of fixed assets	(78.40)	(2314.97)
Dividend on current non-trade investment	(912.38)	(653.16)
Interest Income	(526.03)	(263.26)
Net (gain)/ loss on sale of current investments	(91.70)	(438.82)
<b>Operating Profit before working capital changes</b>	<b>50799.29</b>	<b>63041.40</b>
<b>Changes in Working Capital:</b>		
Adjustments for (increase)/decrease in operating assets		
Trade receivables	(18312.07)	(2532.65)
Inventories	(18317.74)	(7437.71)
Short-term loans and advances	(6647.44)	(320.07)
Long-term loans and advances	3407.69	(1446.18)
Other current assets	(56.99)	(68.02)
Other non-current assets	(30.46)	(509.77)
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	27042.71	(1342.15)
Other current liabilities	1016.76	(1633.21)
Short-term provisions	(110.10)	194.75
Long-term provisions	14.96	647.18
<b>Cash Generated from operations</b>	<b>38806.61</b>	<b>48593.57</b>
Net income tax (paid)/refund	(4134.47)	(6324.03)
<b>Net Cash from Operating Activities (A)</b>	<b>34672.14</b>	<b>42269.54</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(79953.00)	(70417.81)
Proceeds from sale of fixed assets	984.55	2974.90
Bank balances not considered as cash and cash equivalents	276.26	(48.45)
Current investments not considered as cash and cash equivalents		
Purchased	(84216.13)	(85249.48)
Proceeds from sales	95806.14	84963.20
Purchase of long term investments	(35.01)	(503.90)
Proceeds from sale of long term trade investments	-	157.50
Interest income	526.03	263.26
Dividend on current non-trade investments	912.38	653.16
<b>Net Cash used in Investing Activities (B)</b>	<b>(65698.78)</b>	<b>(67207.62)</b>

**C CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from long term borrowings	<b>78761.95</b>	80124.04
Repayment of long term borrowings	(48339.42)	(21553.32)
Net Proceeds/(repayment) from short term borrowings	<b>8683.86</b>	(13103.21)
Dividends on equity share capital paid	(5696.89)	(5667.84)
Corporate dividend tax paid	(975.86)	(931.50)
Repayment of fixed deposits	(1.01)	(1.55)
Finance costs paid	(11981.32)	(8887.37)
<b>Net Cash used in/from Financing Activities ( C)</b>	<b>20451.31</b>	<b>29979.25</b>
<b>Net increase in Cash and Cash Equivalents D=(A+B+C)</b>	<b>(10575.33)</b>	<b>5041.17</b>
<b>Cash and Cash Equivalents at the beginning of the year ( E)</b>	<b>18036.94</b>	<b>12995.77</b>
<b>Cash and Cash Equivalents at the close of the year F=(D+E)</b>	<b>7461.61</b>	<b>18036.94</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash and Cash Equivalents as per Balance Sheet	<b>8245.87</b>	19097.46
Less: Bank balances not considered as Cash and Cash Equivalents	(784.26)	(1060.52)
<b>Net Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements)</b>	<b>7461.61</b>	<b>18036.94</b>
<b>Cash and Cash Equivalents at the end of the year comprises:-</b>		
(a) Cash on hand	<b>44.41</b>	42.39
(b) Balances with banks		
(i) In current accounts	<b>7417.20</b>	17250.05
(ii) In deposit accounts	-	744.50
<b>Cash and Cash Equivalents as per AS - 3 - Cash Flow Statements</b>	<b>7461.61</b>	<b>18036.94</b>

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Manjula Banerji**  
Partner**Arun Bharat Ram**  
Chairman**Ashish Bharat Ram**  
Managing Director**Kartik Bharat Ram**  
Deputy Managing DirectorPlace: **Gurgaon**  
Date: **9 May 2014****Vinayak Chatterjee**  
Director**Rajendra Prasad**  
President & Chief Financial Officer**Anoop K Joshi**  
President & Company Secretary

# Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

## 1. Significant accounting policies

### (i) BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis 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 1956 Act.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except, for change in the accounting policy for fixed assets and foreign currency translation as more fully described in note 38.

#### a) Principles of consolidation:

The consolidated financial statements relate to SRF Limited ('the Company') and its subsidiary companies. The consolidated financial statements

#### 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, 2014	Proportion of ownership as at March 31, 2013
<b>Indian Subsidiaries</b>			
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%
<b>Foreign Subsidiaries</b>			
SRF Fluor Private Limited	Mauritius	100%	100%
SRF Global BV	Netherlands	100%	100%
SRF Overseas Limited ('SRFO') (100% subsidiary of SRF Global BV)	British Virgin Islands	100%	100%
SRF Industries (Thailand) Limited (100% subsidiary of SRF Global BV)	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (100% subsidiary of SRF Global BV)	Republic of South Africa	100%	100%
SRF Flexipak (South Africa) (Pty) Limited (100% subsidiary of SRF Global BV)	Republic of South Africa	100%	100%

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 unrealised 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 recognised in the financial statements as goodwill.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

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.

The Company owns 26.32% (Previous year – Nil) in Vaayu Renewable Energy (Tapti) Private Limited and the same has not been considered for the purposes of consolidation, since the Company does not exercise significant influence over Vaayu Renewable Energy (Tapti) Pvt. Ltd.

#### **(ii) USE OF ESTIMATES**

The preparation of financial statements in conformity with the Indian GAAP 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 Company has adopted the provisions of para 46A of AS 11 "The Effect of Changes in Foreign Exchange Rates", accordingly exchange differences arising on restatement /settlement of long term foreign currency borrowings related to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such 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 recognised 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.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

**Capital Work in Progress:** Project under which tangible fixed assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

#### **(iv) DEPRECIATION AND AMORTISATION**

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 ₹ 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 statement of profit and loss 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 AND TRANSLATIONS**

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

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve".

The exchange differences arising on settlement/restatement of long term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period/upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

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 1 April 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 statement of profit and loss.

Amount accumulated in Cash Flow Hedge Reserve are reclassified to statement of profit and loss 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 statement of profit and loss.

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 statement of profit and loss.

**(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 capitalised 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 realisable value, whichever is lower. The basis of determining the cost for various categories of inventory are as follows:

Stores, spares and raw materials	-	Weighted average rate
Stock in trade		
Stock in process 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 administered through Regional Provident Fund Commissioner, Superannuation Fund and Employees' State Insurance Corporation are recognised in the statement of profit and loss.

Provision for gratuity, compensated absences, provident fund for certain category of employees administered through a recognised provident fund trust and long term retention pay are determined on an actuarial basis at the end of the year and charged to revenue each year.

The employee benefits of employees of the subsidiary companies incorporated outside India are accounted for as per the requirements of their local laws.

#### **(x) BORROWING COSTS**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

#### **(xi) PROVISIONS AND CONTINGENT LIABILITIES**

The Company recognises 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.

#### **(xii) REVENUErecognition**

Sale of goods is recognised, net of returns and trade discounts on the transfer of significant risks and rewards of ownership to the buyer which generally coincides with the 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.

Other income include interest income which is accounted on accrual basis, dividend income is

accounted for when the right to receive is established.

#### **(xiii) 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 there from.
- 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.

#### **(xiv) TAXATION**

- a. Current taxes are determined based on the respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.
- b. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.
- c. 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 is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised 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 realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

## **2. Share capital**

#### **a) Details of share capital**

	<b>As at March 31, 2014 (₹ lakhs)</b>	<b>As at March 31, 2013 (₹ lakhs)</b>
<b>AUTHORISED</b>		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of ₹ 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of ₹ 100 each	1000.00	1000.00

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of ₹ 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of ₹ 100 each	20000.00	20000.00
	<b>33600.00</b>	<b>33600.00</b>
<b>ISSUED</b>		
6,14,77,255 (Previous Year - 6,14,77,255) Equity Shares of ₹ 10 each	<b>6147.73</b>	<b>6147.73</b>
<b>SUBSCRIBED AND PAID UP</b>		
5,74,20,500* (Previous Year - 5,74,20,500) Equity Shares of ₹ 10 each fully paid up	5742.05	5742.05
Add:Forfeited shares - Amount originally paid up	101.51	101.51
	<b>5843.56</b>	<b>5843.56</b>

\* 3,00,00,000 equity shares (Previous year - 2,90,43,134 equity shares) held by KAMA Holdings Limited, the holding company.

**b) Reconciliation of equity shares**

	Number of shares	Value (₹ Lakhs)
As at 1 April 2012	57420500	5742.05
Add: Movement during the year	-	-
As at 31 March 2013	57420500	5742.05
Add: Movement during the year	-	-
As at 31 March 2014	<b>57420500</b>	<b>5742.05</b>

**c) Shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2014	As at March 31, 2013
<b>KAMA Holdings Limited</b>		
No. of shares	3,00,00,000	29,043,134
Percentage of shareholding	52.25%	50.58%

**d)** The Company has bought back 1,04,64,505 equity shares in aggregate in the last five financial years.

**e) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

During the year ended March 31, 2014, the amount of interim dividend recognised as distributions to equity shareholders was ₹ 10 per share (Previous Year - ₹ 10 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3. Reserves and surplus

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Capital reserve	22979.64	22979.64
Revaluation reserve	2920.43	2961.36
Capital redemption reserve	1048.08	1048.08
Debtenture redemption reserve	-	15000.00
Special economic zone reinvestment allowance reserve	-	200.21
Cash flow hedge reserve	(108.56)	(367.09)
Foreign currency translation reserve	1725.41	1698.34
General reserve	52355.65	35052.93
Surplus in statement of profit and loss	119901.13	112475.69
<b>Total reserves and surplus</b>	<b>200821.78</b>	<b>191049.16</b>

**a) Capital Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	22979.64	22979.64
Add/Less: Movement during the year	-	-
<b>As at the end of the year</b>	<b>22979.64</b>	<b>22979.64</b>

**b) Revaluation Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	2961.36	10173.41
Less: Transferred to statement of profit and loss on account of depreciation	40.93	5163.39
Less: Transferred to statement of profit and loss on account of deletion of assets	-	2564.03
Add: Transferred from Foreign currency translation reserve	-	515.37
<b>As at the end of the year</b>	<b>2920.43</b>	<b>2961.36</b>

**c) Capital Redemption Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	1048.08	1048.08
Add/Less: Movement during the year	-	-
<b>As at the end of the year</b>	<b>1048.08</b>	<b>1048.08</b>

**d) Debenture Redemption Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	15000.00	7500.00
Add: Transferred from surplus in statement of profit and loss	-	7500.00
Less: Transferred to general reserve	15000.00	-
<b>As at the end of the year</b>	<b>-</b>	<b>15000.00</b>

**e) Special Economic Zone Reinvestment Allowance Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	200.21	550.00
Less: Transferred to general reserve	200.21	349.79
<b>As at the end of the year</b>	<b>-</b>	<b>200.21</b>

**f) Cash Flow Hedge Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	(367.09)	(220.54)
Add: Gain/(loss) on mark to market of foreign currency derivatives	258.53	(146.55)
<b>As at the end of the year *</b>	<b>(108.56)</b>	<b>(367.09)</b>

\* net of deferred tax assets of ₹ 55.91 lakhs (Previous year - ₹ 179.19 lakhs)

**g) Foreign Currency Translation Reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	1698.34	1313.06
Add: Effect of foreign exchange rate variations during the year	27.07	900.65
Less: Transferred to revaluation reserve	-	515.37
<b>As at the end of the year</b>	<b>1725.41</b>	<b>1698.34</b>

#### **h) General reserve**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	35052.93	32108.07
Add: Transferred from surplus in statement of profit and loss	2102.51	2595.07
Add: Transferred from debenture redemption reserve	15000.00	-
Add: Transferred from Special Economic Zone reinvestment allowance reserve	200.21	349.79
<b>As at the end of the year</b>	<b>52355.65</b>	<b>35052.93</b>

#### **i) Surplus in statement of profit and loss**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
As at the beginning of the year	112475.69	103857.80
Add: Recognition of stock of Certified Emission Reductions as at 1 April 2012*	-	91.35
Add: Profit after tax for the year	16245.86	25295.16
Less: Interim dividend	5742.05	5742.05
Less: Corporate dividend tax	975.86	931.50
Less: Transfer to general reserve	2102.51	2595.07
Less: Transfer to debenture redemption reserve	-	7500.00
<b>As at the end of the year</b>	<b>119901.13</b>	<b>112475.69</b>

\* Refer note 37

### **4. Borrowings**

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
Term loans		
from banks {1}	97161.19	66909.03
from others {2}	50854.78	30239.89
	<b>148015.97</b>	<b>97148.92</b>
Less: Current maturities of long term borrowings		
(Refer Note 8)		
Term loans		
from banks	(14280.29)	(10675.34)
from others	-	(10856.00)
<b>Net secured long term borrowings (a)</b>	<b>133735.68</b>	<b>75617.58</b>
<b>Unsecured</b>		
Nil (Previous year - 1500), 10.60%, listed, unsecured Redeemable Non-convertible debentures of ₹ 10 lakhs each	-	15000.00
Term loans from banks	37525.96	33996.65
	<b>37525.96</b>	<b>48996.65</b>
Less: Current maturities of long term borrowings (refer note 8)		
Nil (Previous year - 1500), 10.60%, listed, unsecured Redeemable Non-convertible debentures of ₹ 10 lakhs each	-	(15000.00)
<b>Net unsecured long term borrowings (b)</b>	<b>37525.96</b>	<b>33996.65</b>
<b>Net long term borrowings (c=a+b)</b>	<b>171261.64</b>	<b>109614.23</b>
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Cash credits from banks {3(i), 3(iv) & 3(v)}	449.24	91.74
Term loans from banks {3(ii)}	8548.32	6249.76
	<b>8997.56</b>	<b>6341.50</b>

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Unsecured</b>		
Term loans		
from banks	22482.68	17913.35
from others	510.16	-
	<b>22992.84</b>	<b>17913.35</b>
<b>Total short term borrowings (d)</b>	<b>31990.40</b>	<b>24254.85</b>
<b>Total borrowings (e=c+d)</b>	<b>203252.04</b>	<b>133869.08</b>

**Details of security of the above secured loans:**

Loan	As at 31.03.2014 (₹ lakhs)	As at 31.03.2013 (₹ lakhs)	Security
1. (i) Term loan from banks	85178.19	55027.77	<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>Out of the loans as at 1(i), term loans aggregating to ₹ 57757.69 lakhs (Previous Year – ₹ 44152.77 lakhs) are additionally secured by hypothecation of Company's moveable properties both present and future, situated at Pantnagar in the State of Uttarakhand.</p> <p>Out of the loans as at 1(i), term loans aggregating to ₹ 26983.00 lakhs (Previous Year – ₹ 10000.00 lakhs) are to be further 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 1(i), term loans aggregating to Nil (Previous Year – ₹ 10000.00 lakhs) are to be further secured by hypothecation of Company's moveable properties, both present and future, situated at Dahej in the State of Gujarat.</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 ₹ 437.50 lakhs (Previous Year – ₹ 1688.26 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 Nil (Previous Year – ₹ 813.26 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 ₹ 35995.19 lakhs (Previous Year – ₹ 41627.77 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructure) in the State of Madhya Pradesh.</p>

<b>Loan</b>	<b>As at 31.03.2014 (₹ lakhs)</b>	<b>As at 31.03.2013 (₹ lakhs)</b>	<b>Security</b>
			<p>Term Loans of ₹ 35995.19 lakhs (Previous Year – ₹ 40814.51 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 1(i), the term loans aggregating to:</p> <ul style="list-style-type: none"> <li>a) ₹ 29971.45 lakhs (Previous Year – ₹ 32443.17 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.</li> <li>b) ₹ 29533.95 lakhs (Previous Year – ₹ 31568.17 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.</li> <li>c) ₹ 2200.00 lakhs (Previous Year – ₹ 3400.00 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).</li> <li>d) ₹ 2200.00 lakhs (Previous Year – ₹ 4213.26 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.</li> <li>e) ₹ 29971.45 lakhs (Previous Year – ₹ 33256.43 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.</li> </ul> <p>Out of the loans as at 1(i), term loans of ₹ 46983.00 lakhs (Previous Year – ₹ 10000.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai and Gummidi poondi (freehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh (save and except superstructures) and Kashipur in the State of Uttarakhand.</p>
(ii) Term loans from banks	11983.00	10856.00	Term loans from banks aggregating to ₹ 11983.00 lakhs (Previous Year - ₹ 10856.00 lakhs) are secured by hypothecation of Company's moveable properties, both present and future, situated at Dahej in the State of Gujarat.
(iii) Term Loan from banks	-	1025.26	Bank loan in SRF Industries (Thailand) Limited of Nil (Previous Year – THB 55.30 million) from Bank of Ayudhya, Thailand is secured by mortgage on the land, building and machineries and pledge of Company's leasehold right.
2. (i) Term Loan from others	27036.04	19654.50	Term loan in SRF Industries (Thailand) Limited of USD 45.00 million (Previous Year – USD 36.00 million) from International Finance Corporation, Washington is secured by mortgage on the land, building and machineries and pledge of Company's leasehold right.
(ii) Term Loan from Others	23818.74	10585.39	Term loan in SRF Flexipak (South Africa) (Pty) Ltd. of USD 40.00 million (Previous Year- USD 19.50 million) from International Financial Corporation, Washington is secured by continuing covering mortgage bond over the land and general notarial bond over the property of the Company.

Loan	As at 31.03.2014 (₹ lakhs)	As at 31.03.2013 (₹ lakhs)	Security
3. (i) Cash credit/ working capital demand loans	10.78	-	Secured by hypothecation of stocks, stores and book debts (current assets), 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	8548.32	6249.76	
(iii) Cash credit/ working capital demand loans	-	60.17	Bank loans and overdrafts in SRF Overseas Limited are secured by the assignment of insurance policies on inventories on pari-passu basis and trade receivables are subject to a floating charge for working capital facilities granted to the Company on pari-passu basis.
(iv) Cash credit/ working capital demand loans	117.15	31.57	Bank overdraft and trust receipt payable in SRF Industries (Thailand) Limited are secured by the mortgage of buildings and machineries and the pledge of the Company's leasehold rights.
(v) Trust receipt payable	321.31	-	
<b>Total</b>	<b>157013.53</b>	<b>103490.42</b>	

In respect of SRF Limited, the hypothecation and equitable mortgage rank pari-passu between term loans from banks/ others (save and except hypothecation of moveable assets at Dahej in the State of Gujarat in favour of a bank as at 1 (ii) above).

## TERMS OF REPAYMENT OF LOANS

### LONG TERM BORROWINGS

Loan Category	Frequency of principal repayments	Interest rate	Amount Repayable (₹ lakhs)			
			Up to March 31, 2015	Up to March 31, 2016	Up to March 31, 2017	From 2017 to 2023
Rupee term loans	Half yearly payments	10.50% to 13.00%	2793.04	2155.54	1155.54	2133.57
	Quarterly Payments	10.00% to 10.60%	2500.00	10000.00	10000.00	12500.00
Foreign currency term loans	Half yearly instalments	Libor plus interest rate spread ranging from 2.10 % to 2.70%	2995.75	21555.94	8978.75	47281.83
	Quarterly instalments	Libor plus interest rate spread of 1.70%	-	1797.45	3594.90	6590.65
	One instalment a year	Libor plus interest rate spread ranging from 1.00% to 2.75%	5991.50	19551.47	17974.50	5991.50
	<b>Total</b>		<b>14280.29</b>	<b>55060.40</b>	<b>41703.69</b>	<b>74497.55</b>

### SHORT TERM BORROWINGS

Short term borrowings are payable in one installment within one year with interest rates LIBOR plus interest rate spread ranging from 0.50% to 2.78%

## 5. Deferred tax liabilities

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Deferred tax liabilities</b>		
Difference between book and tax depreciation	30894.08	24970.99
Research and development expenditure and others	1604.35	1509.18
<b>Total deferred tax liabilities</b>	<b>32498.43</b>	<b>26480.17</b>

## 6. Long term provisions

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Employee benefits	1717.73	1702.77
<b>Total long term provisions</b>	<b>1717.73</b>	<b>1702.77</b>

## 7. Trade payables

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Acceptances	46317.97	27264.04
Trade payables		
Outstanding dues to Micro and Small enterprises	213.48	42.98
Outstanding dues to parties other than Micro and Small enterprises	32329.23	24510.95
<b>Total trade payables</b>	<b>78860.68</b>	<b>51817.97</b>

## 8. Other current liabilities

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Current maturities of long term borrowings	14280.29	36531.34
Interest accrued but not due on borrowings	1035.62	593.10
Unclaimed dividend*	600.05	554.89
Unclaimed fixed deposits* (including interest)	0.74	1.75
Book Overdraft	-	66.59
Security deposits	476.69	443.77
Acceptances for fixed assets	175.28	395.17
Payables for fixed assets		
Outstanding dues to Micro and Small enterprises	465.01	16.56
Outstanding dues to parties other than Micro and Small enterprises	3150.11	1850.01
Gratuity	451.73	222.56
Statutory remittances	3180.81	2640.81
Other taxes payable	1935.18	1935.20
Advances from customers	1393.52	659.75
Other payables	2.69	1201.91
<b>Total other current liabilities</b>	<b>27147.72</b>	<b>47113.41</b>

\*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.

## 9. Short term provisions

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Employee Benefits	604.36	714.46
Provision for tax (net of payments)	1109.15	314.21
<b>Total short term provisions</b>	<b>1713.51</b>	<b>1028.67</b>

## 10. Fixed assets

Description	Gross Block			Depreciation/ Amortisation						Net Block	Re-valuation Amount		
	As at April 1, 2013	Additions (note x)	Translation Adjustment/ Net Revaluation	Asset Held for Sale (note ix)	As at March 31, 2014	Upto March 31, 2013	For the year (note x)	Translation Adjustment	On disposals	Impairment losses recognised in Consolidated Statement of Profit and Loss	Asset Held for Sale (note ix)	Upto March 31, 2014	As at March 31, 2013
<b>TANGIBLE ASSETS</b>													
Land													
Freehold	11320.16	200.19	-	(71.97)	-	-	11248.19	-	-	-	-	11248.19	11320.16
Leasehold	10022.05	2087.52	(3.85)	2.85	-	10222.24	-	-	-	-	-	10222.24	10022.05
Roads	2287.53	59854.73	25232.64	237.69	3136.50	811902.46	4368.35	916.00	52.64	(4.23)	0.96	963.45	223.51
Buildings	59854.73	378836.82	115488.11	198.65	6352.40	488171.18	215365.37	18227.17	2335.86	181.78	34.69	2632.85	13.72
Plant and machinery								626.17	5713.93	76.27	-	228883.96	41627.56
Furniture and fixtures	2599.41	610.41	2.08	130.91	-	3080.99	1466.14	140.27	1.89	79.10	6.39	1535.59	216.14
Office Equipment	3703.82	825.88	8.93	139.15	-	4399.48	2676.34	340.20	5.71	128.83	8.96	2902.38	9.06
Vehicles	2529.40	446.33	(1.52)	314.07	-	2660.14	1176.57	441.93	(1.44)	227.15	-	1389.91	1270.23
<b>Sub-Total</b>	<b>471153.92</b>	<b>144891.08</b>	<b>370.01</b>	<b>7225.48</b>	<b>3136.50</b>	<b>600953.03</b>	<b>239827.59</b>	<b>21840.98</b>	<b>809.88</b>	<b>6184.66</b>	<b>91.62</b>	<b>2632.85</b>	<b>253752.56</b>
													<b>231326.33</b>
													<b>2920.43</b>
<b>INTANGIBLE ASSETS</b>													
Goodwill	1004.04	-	-	-	-	1004.04	147.59	43.45	-	-	-	191.04	856.45
Trade Marks	1139.70	-	-	-	-	1139.70	484.37	113.58	-	-	-	597.95	655.33
Technical Knowhow	914.81	-	-	-	-	914.81	403.20	106.82	-	-	-	510.02	404.79
Software	1445.78	792.70	-	-	-	2238.48	1108.61	410.72	-	-	-	1519.33	511.61
<b>Sub-Total</b>	<b>4504.33</b>	<b>792.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5297.03</b>	<b>2143.77</b>	<b>674.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2818.34</b>	<b>337.17</b>
<b>Grand Total</b>	<b>475658.25</b>	<b>145683.78</b>	<b>370.01</b>	<b>7225.48</b>	<b>3136.50</b>	<b>611350.06</b>	<b>22515.55</b>	<b>809.88</b>	<b>6184.66</b>	<b>91.62</b>	<b>2632.85</b>	<b>256570.90</b>	<b>354779.16</b>
Previous year	414630.88	54420.41	11371.34	4764.38	-	475658.25	207129.20	265050.92	9461.02	1387.86	718.08	-	241971.36
Capital-work-in-progress													2961.36
													<b>365990.84</b>
													<b>29024.70</b>

### Notes to fixed assets

- The amount of borrowing cost capitalised to fixed assets/ capital work in progress during the year ₹ 2812.02 lakhs (Previous Year - ₹ 2874.38 lakhs)
- 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. Conveyancing of buildings and other superstructures located at Company's plant at Malarpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 29 below).
- 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.
- The execution of lease deed of land in respect of 904910 sq. mtrs. (Previous Year 904910 sq. mtrs.) of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending. Out of the above, formal possession of 175057 sq. mtrs. is yet to be received from Gujarat Industrial Development Corporation at Dahej, Gujarat.
- Capital work in progress includes pre-operative expenses ₹ 161.05 lakhs (Previous Year - ₹ 6463.21 lakhs).
- The revaluation of fixed assets of the SRF Limited was carried out in the year ended March 31, 2005 and of SRF Industries (Thailand) Limited has been done in financial year ended March 31, 2011.
- SRF Overseas Limited has charged an impairment of ₹ 91.62 Lakhs (Previous Year - ₹ 718.08 Lakhs) on fixed assets. The same is based on the estimated value in use.
- Assets retired from active use and held for sale aggregating to ₹ 503.65 lakhs (gross block of 3136.50 lakhs less accumulated depreciation of ₹ 2632.85 lakhs) has been reclassified in note no. 19 under the head "Other current assets".
- Refer Note 38

## 10. Fixed assets (contd.)

Description	Gross Block			Depreciation/ Amortisation			Net Block	Re-valuation Amount	
	As at April 1, 2012	Additions	Translation Adjustment/ Net Disposals	As at March 31, 2013	Upto March 31, 2012	For the year	Translation Adjustment	On disposals	
				Revaluation					
	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)
<b>TANGIBLE ASSETS</b>									
Land									
Freehold	13793.97	213.88	33.01	2720.70	11320.16	-	-	-	11320.16
Leasehold	7817.54	2204.51	-	-	10022.05	-	-	-	10022.05
Roads	1759.35	455.52	77.35	4.69	2287.53	814.61	40.16	62.09	916.00
Buildings	52942.69	5667.67	1322.04	77.67	59854.73	15391.79	1912.35	778.33	31.96
Plant and machinery	325952.73	44322.73	9820.96	1259.60	378836.82	184322.24	22812.47	8509.44	815.45
Furniture and fixtures	2320.37	258.54	23.34	8.84	2599.41	1311.25	130.49	27.05	3.24
Office Equipment	3518.02	335.45	71.27	220.92	3703.82	2504.52	279.97	67.13	179.44
Vehicles	2198.97	785.02	17.37	471.96	2529.40	1080.57	408.38	16.98	329.36
<b>Sub-Total</b>	<b>410303.64</b>	<b>54243.32</b>	<b>11371.34</b>	<b>4764.38</b>	<b>471153.92</b>	<b>205424.98</b>	<b>25583.82</b>	<b>9461.02</b>	<b>1360.31</b>
									<b>718.08</b>
									<b>231326.33</b>
									<b>204878.66</b>
									<b>2961.36</b>
<b>INTANGIBLE ASSETS</b>									
Goodwill	1004.04	-	-	-	1004.04	110.70	36.89	-	147.59
Trade Marks	1139.70	-	-	-	1139.70	370.40	113.97	-	484.37
Technical Knowhow	914.81	-	-	-	914.81	296.22	106.98	-	403.20
Software	1268.69	177.09	-	-	1445.78	926.90	209.26	27.55	1108.61
<b>Sub-Total</b>	<b>4327.24</b>	<b>177.09</b>	-	-	<b>4504.33</b>	<b>1704.22</b>	<b>467.10</b>	<b>-</b>	<b>2143.77</b>
<b>Grand Total</b>	<b>414630.88</b>	<b>54420.41</b>	<b>11371.34</b>	<b>4764.38</b>	<b>475658.25</b>	<b>207129.20</b>	<b>26050.92</b>	<b>9461.02</b>	<b>1387.86</b>
Previous year	378824.37	25980.62	11184.79	1358.90	414630.88	175543.45	24043.04	8501.55	958.84
Capital work-in-progress									
									56537.81
									10173.41
									207129.20
									56537.81
									41747.60
									290224.70
									<b>249249.28</b>

## 11. Investments

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

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>NON-CURRENT INVESTMENTS</b>		
<b>LONG-TERM INVESTMENTS</b>		
<b>Trade investments</b>		
<b>Investments in equity instruments</b>		
<b>Unquoted</b>		
42,21,535 (Previous Year - 42,21,535) Equity shares of ₹ 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
<b>Other investments</b>		
<b>Investments in equity instruments</b>		
<b>Quoted</b>		
2,901 (Previous Year - 2,901) shares of ₹ 10 each fully paid up of Mawana Sugars Limited	0.48	0.48
<b>Unquoted</b>		
50,000 (Previous Year Nil) Equity Share of ₹ 10 Each Vaayu Renewable Energy (Tapti) Private Limited	5.00	-
6,70,000 (Previous Year - 6,70,000) Equity shares of ₹ 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less : Provision for diminution in value	<u>(11.69)</u>	<u>(11.69)</u>
	-	-
1,19,000 (Previous Year - 1,19,000) Equity shares of ₹ 10 each fully paid up of SB Packaging Limited	49.98	49.98
Less : Provision for diminution in value	<u>(49.98)</u>	<u>(49.98)</u>
	-	-
<b>Investments in debt instruments</b>		
<b>Quoted</b>		
17,500 (Previous Year - 17,500) bonds of ₹ 1136.59 each fully paid up of HUDCO 8.20% Tax Free Bonds, 2027	198.90	198.90
<b>Investments in mutual funds</b>		
<b>Quoted</b>		
3,90,665 (Previous Year - 3,90,665) Units of ₹ 12.80 each of DWS Gilt Fund- Growth	50.00	50.00
1,87,571 (Previous Year - 1,87,571) Units of ₹ 26.66 each of HDFC Income Fund- Growth	50.00	50.00
3,62,500 (Previous Year - 3,62,500) Units of ₹ 13.80 each of IDFC Dynamic Bond Fund- Growth	50.00	50.00
1,48,993 (Previous Year - 1,48,993) Units of ₹ 33.56 each of Kotak Bond Scheme Plan A- Growth	50.00	50.00
<b>Investment in Private Equity Fund</b>		
<b>Fully paid investments</b>		
<b>Unquoted</b>		
6,250 (Previous Year - 6,250) Units of ₹ 1000 each of TVS Shriram Growth Fund Scheme 1B	62.50	62.50
<b>Partly paid investments</b>		
<b>Unquoted</b>		
2,50,000 (Previous Year - 2,50,000) Units of ₹ 100 each, partly paid up to the extent of ₹ 25 each (Previous Year - ₹ 25 each) of Asian Healthcare Fund	62.50	62.50
10,00,100 (Previous Year - 10,00,100) Units of ₹ 10 each (partly paid up to the extent of ₹ 6 each) (Previous Year - ₹ 3 each) of ICICI Prudential Venture Capital Fund	60.01	30.00
<b>Total Non-current investments</b>	<b>1011.54</b>	<b>976.53</b>

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Aggregate amount of long term quoted investments	399.38	399.38
Aggregate amount of long term unquoted investments (net of provision)	612.16	577.15
Aggregate provision for diminution in value of long term investments	61.67	61.67
Market value of long term quoted investments	381.88	387.94
<b>CURRENT INVESTMENTS</b>		
<b>Investments in mutual funds</b>		
<b>Quoted</b>		
Nil (Previous year - 50,00,000) Units of ₹ 10 each of Kotak FMP - Series 84 - Growth	-	500.00
Nil (Previous year - 1,40,702 Units) of ₹ 1424.55 each of Canara Robeco Liquid Fund - Growth	-	2004.37
Nil (Previous Year - 1,96,38,906 Units) of ₹ 15.28 each of Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth	-	3000.00
Nil (Previous Year - 13,70,254 Units) of ₹ 218.94 each of ICICI Prudential Flexible Income Fund - Growth	-	3000.00
Nil (Previous Year - 1,60,71,916 Units) of ₹ 18.67 each of Kotak Floater Long Term - Growth	-	3000.00
Nil (Previous Year - 10,041,577 Units) of ₹ 20.00 each of HDFC Floating Rate Fund - Growth	-	2008.69
50,00,000 Units (Previous Year - Nil) of ₹ 10 each ICICI Prudential FMP Series 73 - 392 Days Plan F Regular Plan Cumulative	500.00	-
1,00,00,000 Units (Previous Year - Nil) of ₹ 10 each SBI Debt Fund Series- A 11 385 Days - Regular - Growth	1000.00	-
68,304 Units (Previous year - Nil ) of ₹ 1468.06 each of Baroda Pioneer Liquid Fund - Plan A - Growth	1002.76	-
4,891 (Previous Year - Nil) Units of ₹ 1000 each of DSP Blackrock Liquidity Fund-Weekly Dividend	48.95	-
2,38,190 (Previous Year - 13,22,929) Units of ₹ 40.60 each of Kotak Gilt Investment	96.31	536.05
<b>CURRENT INVESTMENTS</b>		
<b>Investments in mutual funds</b>		
<b>Unquoted</b>		
Nil units (Previous year - 37,170) of ₹ 100.09 each of Birla Sun Life Saving fund retail - Daily dividend reinvestment	-	37.21
Nil units (Previous year - 5,993) of ₹ 1001.28 each of SBI ultra short term fund - Retail plan - Daily dividend	-	60.01
<b>Total current investments</b>	<b>2648.02</b>	<b>14146.33</b>
Aggregate amount of current quoted investments	2648.02	14049.11
Aggregate amount of current unquoted investments	-	97.22
Market value of current quoted investments	2659.54	14103.57
Net asset value/ repurchase price of units of mutual funds- unquoted	-	97.22

## 12. Deferred tax assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Deferred tax assets</b>		
Provision for bad and doubtful debts	278.94	98.29
Accrued expenses deductible on payment	3435.97	1221.94
Brought forward business losses *	1265.97	131.13
<b>Total deferred tax assets</b>	<b>4980.88</b>	<b>1451.36</b>

\* 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.

### 13. Long term loans and advances

(Unsecured considered goods, unless otherwise stated)

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Capital advances	708.43	7946.88
Security deposits*#	2445.85	2709.75
Loans to employees	478.08	466.16
Prepaid expenses	15.96	87.20
MAT credit entitlement	2841.22	-
Cenvat/Service tax/VAT recoverable	528.65	3660.43
Other loans and advances		
Unsecured - considered good	183.19	135.88
- considered doubtful	9.95	9.95
Less : Provision for doubtful advances	(9.95)	(9.95)
<b>Total long term loans and advances</b>	<b>7201.38</b>	<b>15006.30</b>

\* Security deposits includes ₹ 1128.61 lakhs (Previous year - ₹ 1056.85 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.

# Refer note 32

### 14. Other non-current assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Unamortised upfront fees on loans	863.40	832.94
<b>Total other non-current assets</b>	<b>863.40</b>	<b>832.94</b>

### 15. Inventories

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Raw materials	26787.29	18421.72
Raw materials in transit	14351.26	9506.52
Stock-in-process	10566.61	9926.89
Stock-in-process in transit	134.28	87.98
Finished goods	12757.05	10371.35
Finished goods in transit	1554.05	714.76
Stock of traded goods	83.36	19.58
Stores and spares	8383.89	7260.46
Stores and spares in transit	17.99	-
Stock of Certified Emission Reductions	4.51	13.29
<b>Total inventories</b>	<b>74640.29</b>	<b>56322.55</b>

a) Raw materials, stock-in-process, finished goods and stock of traded goods are valued at lower of cost and net realisable value.

b) Stores and spares are valued at cost or under.

### 16. Trade receivables

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured – considered good	-	4.33
Unsecured – considered doubtful	309.39	281.50
Less : Provision for doubtful debts	309.39	285.83
Other trade receivables	309.39	281.50
Unsecured – considered good	-	4.33
<b>Total trade receivables</b>	<b>69149.11</b>	<b>50864.60</b>
	<b>69149.11</b>	<b>50868.93</b>

## 17. Cash and cash equivalents

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Cash in hand	44.41	42.39
Balance with banks on		
Current accounts	7417.20	17250.05
Deposit accounts	-	744.50
	<u>7461.61</u>	<u>18036.94</u>
In earmarked accounts		
Margin money	184.21	505.63
Unclaimed dividend accounts	600.05	554.89
<b>Total cash and bank equivalents</b>	<b>8245.87</b>	<b>19097.46</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS - 3 - Cash Flow Statements is	<b>7461.61</b>	<b>18036.94</b>

## 18. Short-term loans and advances

(Unsecured considered goods, unless otherwise stated)

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Loans to employees	548.84	426.36
Loans and advances to related parties	0.86	-
Deposits with customs and excise authorities	311.90	150.84
Security deposits	420.20	98.12
Advance Income tax	40.73	36.48
Claims recoverable	2566.58	2343.75
CENVAT/Service tax/VAT recoverable	8331.33	4762.96
Advance to suppliers	1077.90	789.37
Prepaid expenses	847.42	669.21
Other loans and advances		
Unsecured - considered good	1902.74	185.62
- considered doubtful	293.68	279.45
Less : Provision for doubtful advances	(293.68)	(279.45)
<b>Total short-term loans and advances</b>	<b>16048.50</b>	<b>9462.71</b>

**Loans and advances to related parties includes:**

Name of related parties	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Shri Educare Limited	0.86	-
<b>Total loans and advances to related parties</b>	<b>0.86</b>	<b>-</b>

## 19. Other current assets

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Unamortised upfront fees on loans	275.57	217.52
Asset Held for Sale	503.65	-
Interest accrued on bonds	-	1.06
<b>Total other current assets</b>	<b>779.22</b>	<b>218.58</b>

## 20. Other operating revenues

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Claims	40.87	46.31
Export incentives	126.70	21.30
Scrap sales	1666.46	1179.89
Other operating income	703.82	153.71
<b>Total other operating revenues</b>	<b>2537.85</b>	<b>1401.21</b>

**21. Other income**

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Dividend on current investments	912.38	653.16
Profit on sale of current investments	91.70	438.82
Provision/Liabilities no longer required written back	231.48	219.14
Profit on sale of fixed assets	78.40	2314.97
Interest income		
from customers	15.32	21.23
on loans and deposits	80.05	36.45
on others*	430.66	205.57
Other non-operating income	514.65	310.53
<b>Total other operating income</b>	<b>2354.64</b>	<b>4199.87</b>

\* includes income-tax deducted at source ₹ 19.52 lakhs (previous year ₹ 19.43 lakhs)

**22. Cost of materials consumed**

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Opening stock of Raw Materials	27928.24	24649.72
Add : Purchase of Raw Materials	255298.95	220368.03
	<b>283227.19</b>	<b>245017.75</b>
Less : Closing Stock of Raw Materials	41138.55	27928.24
<b>Cost of materials consumed</b>	<b>242088.64</b>	<b>217089.51</b>

**23. Purchase of traded goods**

	Year ended March 31, 2014 Quantity (MT)	Year ended March 31, 2014 Value (₹ lakhs)	Year ended March 31, 2013 Quantity (MT)	Year ended March 31, 2013 Value (₹ lakhs)
Yarn	490.00	1065.25	277.09	565.32
Refrigerant gases	32.71	100.90	103.03	318.55
Polyester films	160.56	200.33	-	-
Others		235.14		17.83
<b>Total</b>		<b>1601.62</b>		<b>901.70</b>

**24. (Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods**

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Opening Stock		
Stock-in-Process	10014.87	8406.14
Finished goods	11086.11	9926.57
Traded goods	19.58	25.90
Stock of Certified Emission Reductions*	13.29	135.22
	<b>21133.85</b>	<b>18493.83</b>
Stock produced during trial run		
Finished goods	-	277.30
	-	<b>277.30</b>
Closing Stock		
Stock-in-Process	10700.89	10014.87
Finished goods	14311.10	11086.11
Traded goods	83.36	19.58
Stock of Certified Emission Reductions	4.51	13.29
	<b>25099.86</b>	<b>21133.85</b>
(Increase)\Decrease in inventories of finished goods, stock-in-process and traded goods		
Stock-in-Process	(686.02)	(1608.73)
Finished goods	(3224.99)	(882.24)
Traded goods	(63.78)	6.32
Stock of Certified Emission Reductions	8.78	121.93
	<b>(3966.01)</b>	<b>(2362.72)</b>

\*Refer note 37

## 25. Employee benefits expenses

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Salaries, wages, bonus, etc	25323.11	21948.02
Contribution to provident and other funds	2371.21	1968.84
Workmen and staff welfare expenses	3406.84	2725.94
<b>Total employee benefit expenses</b>	<b>31101.16</b>	<b>26642.80</b>

## 26. Finance costs

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Interest expenses		
On debentures and loans for fixed period	3877.99	4558.15
Cash Credit and others	2474.44	2047.79
Other borrowing costs	1294.88	1445.67
Net (gain)/loss on foreign currency transactions and translation (considered as finance cost)	1964.51	1928.69
<b>Total finance costs</b>	<b>9611.82</b>	<b>9980.30</b>

## 27. Depreciation and amortisation expenses

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Depreciation on tangible assets (Refer note 10)	21840.98	25583.82
Amortisation on intangible assets (Refer note 10)	674.57	467.10
Less : Transfer from revaluation reserve (Refer note 3(b))	(40.93)	(5163.39)
<b>Net depreciation and amortisation expenses</b>	<b>22474.62</b>	<b>20887.53</b>

## 28. Other expenses

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Stores and Spares consumed	4222.72	4621.68
Power and Fuel	41885.24	38859.15
Rent	1926.16	2073.71
Repairs and Maintenance		
Buildings	268.04	260.80
Plant and machinery	6879.86	5501.40
Other Maintenance	2495.13	1905.54
Insurance	1169.10	1049.89
Rates and taxes	484.08	502.52
Freight	8581.50	8278.76
Professional and legal charges	1830.98	2109.33
Contract conversion charges	355.25	392.86
Travel	1439.19	1076.47
Directors' sitting fees	17.30	18.76
Selling commission	893.41	974.27
Increase/(decrease) in excise duty on closing stock	(240.85)	332.03
Provision for doubtful debts/advances	42.23	17.60
Bad debts/advances written off	55.56	19.30
Fixed assets discarded	134.67	168.73
Impairment of Fixed Assets	91.62	718.08
Auditors' Remuneration (net of service tax input credit)		
Audit Fees	92.88	88.35
For limited review of unaudited financial results	30.00	30.00
For corporate governance, consolidated financial statements and other certificates	19.93	11.45
For tax audit	8.50	8.50
Exchange currency fluctuation	1718.21	914.92
Miscellaneous expenses*	6050.83	4663.43
<b>Total other expenses</b>	<b>80451.54</b>	<b>74597.53</b>

\* Includes ₹ 50 lakhs (Previous Year - Nil) donation paid to a political party 'Bharatiya Janata Party'

## 29. Contingent liabilities not provided for

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

	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
Excise duty, customs duty and service tax*®	6182.32	6290.11
Sales Tax and entry tax (refer note 'b' below)**®	9615.65	9602.63
Income Tax****	676.63	778.79
Stamp Duty*****	2881.55	2881.55
Others ***	940.73	576.39

\* Amount deposited ₹ 455.85 lakhs (Previous year - ₹ 448.69 lakhs)

\*\* Amount deposited ₹ 16.60 lakhs (Previous Year - ₹ 9.75 lakhs)

\*\*\* Amount deposited ₹ 8.00 lakhs (Previous Year - ₹ 8.00 lakhs)

\*\*\*\* Amount deposited ₹ 162.41 lakhs (Previous year - ₹ 501.65 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 ₹ 30300 lakhs and levied a stamp duty of ₹ 2372.50 lakhs and imposed a penalty of ₹ 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 ₹ 2776.18 lakhs and not the entire undertaking valued at ₹ 30300 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 29 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 ₹ 2064.30 lakhs (Previous Year - ₹ 2064.30 lakhs) and ₹ 38.00 lakhs (Previous Year - ₹ 38.00 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. The Company had received demand notices from the Commercial Tax Department, Government of Madhya Pradesh ("State Government") for payment of Central Sales Tax (CST), Value Added Tax (VAT) and Entry Tax aggregating to ₹ 9491 lakhs (including interest and penalty) for the period from 2007 to 2013 in respect of sales from its manufacturing facility in Special Economic Zone (SEZ) in Madhya Pradesh to the Domestic Tariff Area (DTA).

In terms of the Policy of the Government of Madhya Pradesh and Madhya Pradesh SEZ Act, 2003, the Unit was exempt from local state taxes and levies. The Company has paid Additional Countervailing Duty (ACVD), to counter balance CST/VAT, aggregating to ₹ 4831 lakhs for the period from 2007 to 2013 on sales from the SEZ to the DTA under the Customs laws pursuant to the Special Economic Zone Act 2005, MP SEZ Act, 2003 and the Policy of Centre and Madhya Pradesh State. The Company had filed a writ petition before the Indore Bench of the Hon'ble High Court of Madhya Pradesh ("Court") against the said demands.

The Company contended that while State is demanding local taxes, the Centre in its reply has stated that ACVD is payable and therefore this amounts to double taxation.

The Court has directed the State Government not to take any coercive steps for recovery of demand.

The matter is sub judice and is listed for further proceedings on 12 May 2014. The Management of the Company, based on the facts of the case and opinion received by the Company from legal experts, is confident of getting a relief in the matter from the Court and, accordingly, has not made any provision for the said disputed demands.

- c. Liability on account of Bank Guarantees ₹ 869.44 lakhs (Previous Year - ₹ 1142.36 lakhs).
- d. Guarantees given to banks for repayment of financial facilities availed by others ₹ 250.00 lakhs (Previous Year - 250.00 lakhs). Outstanding amount as at the year-end is ₹ 99.99 lakhs (Previous Year - ₹ 66.69 lakhs).
- e. The Company has been served with show cause notices regarding certain transactions as to why additional customs/excise duty amounting to ₹ 369.15 lakhs (Previous year - ₹ 266.79 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.

## 30. Capital and other commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 5283.16 lakhs (Previous Year - ₹ 23529.88 lakhs).

Further, the Company has entered into following contribution agreements:

- (i) 2,50,000 units (previous year - 2,50,000 units) of ₹ 100 each out of which the Company has to make further investment of ₹ 75 (previous year - ₹ 75) per unit aggregating to ₹ 187.50 Lakhs (previous year - ₹ 187.50 Lakhs) in Asian Healthcare Fund Investment Trust.

- (ii) 10,00,100 units (previous year – 10,00,100 units) of ₹ 10 each out of which the Company has to make further investment of ₹ 4 (previous year - ₹ 7) per unit aggregating to ₹ 40.00 Lakhs (previous year - ₹ 70.00 Lakhs) in ICICI Prudential Venture Capital Fund.

The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments/contracts, which might have material impact on the financial statements.

### 31. Managerial remuneration

#### (a) Chairman/Managing Director/Deputy Managing Director/Whole time Director

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
Salary and Allowances	361.48	323.72
Contribution to Provident and Superannuation Funds	95.58	85.86
Value of Perquisites	208.39	161.05
Commission (Provided)	475.00	475.00
<b>Sub-Total</b>	<b>1140.45</b>	<b>1045.63</b>

#### (b) Non-Executive Directors

Commission (Provided)	25.00	29.94
Professional Consultancy	7.48	8.84
Directors' Sitting Fees	17.30	18.76
<b>Sub-Total</b>	<b>49.78</b>	<b>57.54</b>
<b>Total</b>	<b>1190.23</b>	<b>1103.17</b>

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.

### 32. 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 (Fellow subsidiaries) (a)	By virtue of control (Holding Company) (b)	Key Management Personnel and their relatives (c)	Enterprises over which (c) have significant influence (d)
<b>Fellow subsidiaries with effect from 3 August 2012</b> <ul style="list-style-type: none"> <li>• KAMA Realty (Delhi) Limited</li> <li>• Shri Educare Limited</li> <li>• Shri Educare Maldives Private Limited</li> <li>• KHL Investments Limited</li> </ul>	<ul style="list-style-type: none"> <li>• KAMA Holdings Limited with effect from 3 August 2012</li> </ul>	<ul style="list-style-type: none"> <li>• Mr Arun Bharat Ram, Chairman</li> <li>• Mr Ashish Bharat Ram, Managing Director</li> <li>• Mr Kartik Bharat Ram, Deputy Managing Director</li> <li>• Mr K Ravichandra, Whole Time Director</li> <li>• Late Mrs Manju Bharat Ram, wife of Mr Arun Bharat Ram</li> <li>• Mr T L Raman, Whole Time Director</li> </ul>	<ul style="list-style-type: none"> <li>• KAMA Holdings Limited became holding company on 3 August 2012</li> <li>• KAMA Realty (Delhi) Limited became fellow subsidiary on 3 August 2012</li> <li>• Shri Educare Limited became fellow subsidiary on 3 August 2012</li> <li>• Shri Educare Maldives Private Limited became fellow subsidiary on 3 August 2012</li> <li>• KHL Investments Limited became fellow subsidiary on 3 August 2012</li> <li>• Srishti Westend Greens Farms Private Limited</li> <li>• Karm Farms Private Limited</li> <li>• SRF Foundation</li> </ul>

**B TRANSACTIONS WITH RELATED PARTIES REFERRED TO IN NOTE 32A ABOVE**

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
<b>Management contracts including for deputation of employees to</b>								
• KAMA Holdings Limited			-	6.25				
<b>Rent paid to</b>								
• Kama Realty (Delhi) Limited	645.30	427.80					-	213.90
• Karm Farms Private Limited							30.00	30.00
• Srishti Westend Greens Farms Private Limited							30.00	30.00
• Mrs Manju Bharat Ram					-	18.00		
• Mr Arun Bharat Ram					24.00	6.00		
• Mr Ashish Bharat Ram					2.40	2.00		
• Mr Kartik Bharat Ram					2.40	2.00		
<b>Managerial Remuneration paid to</b>								
• Mr Arun Bharat Ram					456.76	493.30		
• Mr Ashish Bharat Ram					341.56	286.16		
• Mr Kartik Bharat Ram					331.36	257.47		
• Mr K Ravichandra					9.57	7.50		
• Mr T L Raman					1.20	1.20		
<b>Reimbursement of expenses from</b>								
• KAMA Holdings Limited		0.07	0.54				-	7.18
• SRF Foundation								
• Shri Educare Limited	0.86	0.56					-	0.15
<b>Reimbursement of expenses paid</b>								
• Shri Educare Limited	-	4.27						
<b>Increase in security deposit to</b>								
• Mr Ashish Bharat Ram					-	0.60		
• Mr Kartik Bharat Ram					-	0.60		
<b>Donations to</b>								
• SRF Foundation							-	25.00

**Balances outstanding as at the year end:-**

Nature of Transactions	(a) As at		(b) As at		(c) As at		(d) As at	
	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013	31.03. 2014	31.03. 2013
<b>Receivables</b>								
• Shri Educare Limited	0.86	-						
<b>Commission Payable</b>								
• Mr Arun Bharat Ram					225.00	225.00		
• Mr Ashish Bharat Ram					125.00	125.00		
• Mr Kartik Bharat Ram					125.00	125.00		
<b>Security Deposits outstanding</b>								
• KAMA Realty (Delhi) Limited	330.00	330.00						
• Karm Farms Private Limited							310.00	310.00
• Srishti Westend Greens Farms Private Limited							310.00	310.00
• Mr Arun Bharat Ram					12.00	12.00		
• Mr Ashish Bharat Ram					0.60	0.60		
• Mr Kartik Bharat Ram					0.60	0.60		

### 33. Earnings per share

	Year ended March 31, 2014	Year ended March 31, 2013
Profit After Tax (₹ lakhs)	16245.86	25295.16
Weighted average number of equity shares outstanding (Nos.)	57420500	57420500
Basic and diluted earnings per share in rupees (₹) (face value – ₹ 10 per share)	28.29	44.05

### 34. 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

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>Segment Revenue</b>		
a) Technical Textiles Business (TTB)		
External sales	218019.19	212827.26
Inter-segment sales	548.92	299.64
<b>Total</b>	<b>218568.11</b>	<b>213126.90</b>
b) Chemicals and Polymers Business (CPB)		
External sales	95612.61	103477.91
Inter-segment sales	14.13	19.67
<b>Total</b>	<b>95626.74</b>	<b>103497.58</b>
c) Packaging Films Business (PFB)		
External sales	88174.23	61989.34
Inter-segment sales	126.46	88.07
<b>Total</b>	<b>88300.69</b>	<b>62077.41</b>
<b>Total Segment revenue</b>	<b>402495.54</b>	<b>378701.89</b>
Less: Inter Segment revenue	689.51	407.38
<b>Net Sales/Income from Operations</b>	<b>401806.03</b>	<b>378294.51</b>
Add: Unallocable Income	2354.64	4199.87
<b>Total Revenue</b>	<b>404160.67</b>	<b>382494.38</b>

	Year ended March 31, 2014 (₹ lakhs)	Year ended March 31, 2013 (₹ lakhs)
<b>Segment Results</b>		
<b>(Profit/(Loss) before finance costs and tax from each segment)</b>		
a) Technical Textiles Business (TTB)	16305.51	12341.15
b) Chemicals and Polymers Business (CPB)	19129.59	34653.10
c) Packaging Films Business (PFB)	(496.88)	601.37
<b>Total Segment results</b>	<b>34938.22</b>	<b>47595.62</b>
Less: i) Finance Costs	9611.82	9980.30
Less: ii) Other Unallocable expenses net of income	4529.12	2857.59
<b>Total Profit Before Tax</b>	<b>20797.28</b>	<b>34757.73</b>
Less: Provision for taxation	4551.42	9462.57
<b>Profit After Tax</b>	<b>16245.86</b>	<b>25295.16</b>
<b>Capital Expenditure (other than capital advances)</b>		
a) Technical Textiles Business (TTB)	2662.11	3648.78
b) Chemicals and Polymers Business (CPB)	61177.31	28524.83
c) Packaging Films Business (PFB)	34527.79	35201.92
d) Unallocated	1990.44	1835.09
<b>Total</b>	<b>100357.65</b>	<b>69210.62</b>
<b>Depreciation</b>		
a) Technical Textiles Business (TTB)	9101.18	11509.39
b) Chemicals and Polymers Business (CPB)	7221.94	5973.37
c) Packaging Films Business (PFB)	5378.77	2904.55
d) Unallocated	772.73	500.22
<b>Total</b>	<b>22474.62</b>	<b>20887.53</b>
<b>Other Information:</b>		
	As at March 31, 2014 (₹ lakhs)	As at March 31, 2013 (₹ lakhs)
<b>Segment Assets</b>		
a) Technical Textiles Business (TTB)	173979.68	172110.30
b) Chemicals and Polymers Business (CPB)	209042.38	143007.60
c) Packaging Films Business (PFB)	144418.31	104533.61
<b>Total</b>	<b>527440.37</b>	<b>419651.51</b>
Add: Unallocable Assets	16513.77	34840.56
<b>Total Assets</b>	<b>543954.14</b>	<b>454492.07</b>
<b>Segment Liabilities</b>		
a) Technical Textiles Business (TTB)	44562.12	39134.66
b) Chemicals and Polymers Business (CPB)	17626.10	7707.40
c) Packaging Films Business (PFB)	30272.66	15170.61
<b>Total</b>	<b>92460.88</b>	<b>62012.67</b>
Add: Unallocable Liabilities	2698.47	3118.81
<b>Total Liabilities</b>	<b>95159.35</b>	<b>65131.48</b>
<b>Segment Capital Employed</b>		
<b>(Segment assets less segment liabilities)</b>		
a) Technical Textiles Business (TTB)	129417.56	132975.64
b) Chemicals and Polymers Business (CPB)	191416.28	135300.20
c) Packaging Films Business (PFB)	114145.65	89363.00
<b>Total</b>	<b>434979.49</b>	<b>357638.84</b>
Add : Unallocable assets less liabilities	13815.30	31721.75
<b>Total Capital Employed</b>	<b>448794.79</b>	<b>389360.59</b>

**B. Geographical Segments**

	Year ended March 31,2014 (₹ lakhs)	Year ended March 31,2013 (₹ lakhs)
<b>Revenue</b>		
Within India	265468.82	247938.53
Outside India	<u>138691.85</u>	134555.85
<b>Total</b>	<b>404160.67</b>	<b>382494.38</b>
<b>Carrying Amount of Segment Assets</b>		
Within India	429863.57	370129.77
Outside India	<u>114090.57</u>	84362.30
<b>Total</b>	<b>543954.14</b>	<b>454492.07</b>
<b>Addition to Fixed Assets and Intangible Assets</b>		
Within India	66384.58	34167.82
Outside India	<u>33973.07</u>	35042.80
<b>Total</b>	<b>100357.65</b>	<b>69210.62</b>

**35. Foreign currency exposure**

SRF has three diverse businesses with transactions both in the nature of imports and exports. This provides a natural hedge against the exchange rate fluctuations. As per the board mandated policy, hedging is done on basis of net exposure. Further, with respect to volatility in interest rates, certain hedging transactions are entered into by the Company. Various kind of instruments are used for hedging which are mandated as per regulatory requirements and board guidelines.

The details of category-wise quantitative data about derivative instruments as at 31 March 2014 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at	Foreign Currency (In Millions) As at		Amount (₹ lakhs) As at		
	31.03.2014	31.03.2013		31.03.2013	31.03.2014	31.03.2014	31.03.2013	
Interest Rate Swap	3	3	Conversion of Floating LIBOR to Fixed Rate	Conversion of Floating LIBOR to Fixed Rate	40	45	23966.00	24426.00
EUR/USD	-	4	-	Sales	-	0.09	-	64.02
USD/ZAR Range forward	-	2	-	Hedging exposure for borrowing in Foreign currency	-	6.00	-	3256.80
USD/ZAR Vanilla forward	-	1	-	Hedging exposure for borrowing in Foreign currency	-	2.00	-	1085.60
USD/EUR Vanilla forward	-	2	-	Hedge against Euro denominated capital equipment purchases	-	11.83	-	6423.18
USD/INR Buy	1	-	Forward Buy contract	-	10	-	5991.50	-
Interest Rate Options	1	-	Capping the floating interest rate	-	20	-	11983.00	-

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

<b>Particulars</b>	<b>As at March 31, 2014</b>		<b>As at March 31, 2013</b>	
	<b>Foreign Currency (in millions)</b>	<b>Amount ₹ lakhs)</b>	<b>Foreign Currency (in millions)</b>	<b>Amount ₹ lakhs)</b>
Term Loans - USD	177.63	106355.24	139.63	75791.31
PCFC - USD	24.00	14379.60	26.50	14384.20
Buyer's Credits - USD	13.32	7979.55	18.02	9778.91

### 36. 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 two to ten years. As at 31 March 2014, the future minimum lease payments under non-cancellable operating leases as set out below: -

	<b>Year ended March 31, 2014 ₹ lakhs)</b>	<b>Year ended March 31, 2013 ₹ lakhs)</b>
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	1946.24	1510.20
- Later than one year and not later than five years	7268.82	6045.66
- Later than five years	1044.47	1668.62
Lease rent recognised in the statement of profit and loss	1926.16	2073.71

**37.** In the previous year, pursuant to the adoption of Guidance Note on Accounting for Self-Generated Certified Emission Reductions (CER) effective 1 April 2012, the stock of CER as on April 1, 2012 has been recognised at cost amounting to ₹ 135.22 lakhs net of tax of ₹ 43.87 lakhs by adjusting 'Surplus in statement of profit and loss' by ₹ 91.35 lakhs

**38.** The Company had opted to apply the provisions under paragraph 46A of Accounting Standard (AS) - 11 "The Effects of Changes in Foreign Exchange Rates" with effect from 1 April 2013. Accordingly, exchange difference of ₹ 9777.25 lakhs arising on all long term monetary items relating to acquisition of depreciable assets are added to the cost of Fixed Assets/ Capital Work in Progress and will be depreciated over the useful life of the assets. The unamortised portion carried forward as at 31 March 2014 is ₹ 9223.63 lakhs. As a result of such change, the net profit after tax for the year is higher by ₹ 5851.70 lakhs.

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

#### Indian Subsidiaries

<b>S. No.</b>	<b>Particulars</b>	<b>SRF Holiday Home Limited ₹ lakhs)</b>	<b>SRF Transnational Holdings Limited ₹ lakhs)</b>	<b>SRF Properties Limited ₹ lakhs)</b>
(a)	Financial year of the subsidiary	March 31, 2014	March 31, 2014	March 31, 2014
(b)	Extent of holding	100%	100%	100%
(c)	Capital	332.50	3254.18	8.00
(d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(5.19)	(2090.61)	23.04
(e)	Total Assets (Fixed Assets + Current Assets)	327.36	434.29	31.41
(f)	Total Liabilities (Debts + Current Liabilities)	0.05	0.36	0.37
(g)	Details of Investment (except in case of investment in subsidiaries)	-	729.64	-
(h)	Turnover (Including Other Income)	-	77.81	26.07
(i)	Profit/(Loss) Before Taxation	(0.08)	65.69	24.94
(j)	Add/(Less): Provision for Taxation	-	(21.34)	(4.39)
(k)	Profit/(Loss) After Taxation	(0.08)	44.35	20.55
(l)	Proposed Dividend	-	-	-

S. No.	Particulars	SRF Energy Limited ₹ lakhs)	SRF Fluorochemicals Limited ₹ lakhs)
(a)	Financial year of the subsidiary	March 31, 2014	March 31, 2014
(b)	Extent of holding	100%	100%
(c)	Capital	5.00	5.00
(d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(0.75)	(0.75)
(e)	Total Assets (Fixed Assets + Current Assets)	4.30	4.30
(f)	Total Liabilities (Debts + Current Liabilities)	0.05	0.05
(g)	Details of Investment (except in case of investment in subsidiaries)	-	-
(h)	Turnover (Including Other Income)	-	-
(i)	Profit/(Loss) Before Taxation	(0.07)	(0.07)
(j)	Add/(Less): Provision for Taxation	-	-
(k)	Profit/(Loss) After Taxation	(0.07)	(0.07)
(l)	Proposed Dividend	-	-

#### Foreign Subsidiaries

S. No.	Particulars	SRF Global BV#		SRF Flexipak (South Africa)(Pty) Limited# (subsidiary of SRF Global BV)	
		USD	₹ lakhs)	Rand	₹ lakhs)
(a)	Financial year of the subsidiary		March 31, 2014		March 31, 2014
(b)	Extent of holding		100%		100%
(c)	Capital	18315664	10973.83	100	0.01
(d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(598753)	(358.74)	(63791383)	(3609.95)
(e)	Total Assets (Fixed Assets + Current Assets)	53099093	31814.32	704256495	39853.88
(f)	Total Liabilities (Debts + Current Liabilities)	65479587	39232.09	768047778	43463.82
(g)	Details of Investment (except in case of investment in subsidiaries)	*	*	-	-
(h)	Turnover (Including Other Income)	1624967	973.60	76942903	4354.20
(i)	Profit/(Loss) Before Taxation	(640601)	(383.82)	(65730447)	(3719.69)
(j)	Add/(Less): Provision for Taxation	24438	14.64	(12943818)	(732.62)
(k)	Profit/(Loss) After Taxation	(665039)	(398.46)	(52786629)	(2987.07)
(l)	Proposed Dividend	-	-	-	-

\* Investment in subsidiary USD 30097405 (Equivalent to ₹ 18032.86 lakhs)

S. No.	Particulars	SRF Overseas Limited# (subsidiary of SRF Global BV)		SRF Industries (Thailand) Limited# (subsidiary of SRF Global BV)	
		AED	₹ lakhs)	Baht	₹ lakhs)
(a)	Financial year of the subsidiary		March 31, 2014		March 31, 2014
(b)	Extent of holding		100%		100%
(c)	Capital	84049966	13710.23	100000300	1844.01
(d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	(62414968)	(10181.13)	280989900	5181.45
(e)	Total Assets (Fixed Assets + Current Assets)	25520866	4162.96	3761074434	69354.21
(f)	Total Liabilities (Debts + Current Liabilities)	3885868	633.86	3380084234	62328.75

<b>S. No.</b>	<b>Particulars</b>	<b>SRF Overseas Limited# (subsidiary of SRF Global BV)</b>		<b>SRF Industries (Thailand) Limited# (subsidiary of SRF Global BV)</b>	
		<b>AED</b>	<b>(₹ lakhs)</b>	<b>Baht</b>	<b>(₹ lakhs)</b>
(g)	Details of Investment (except in case of investment in subsidiaries)	-	-	-	-
(h)	Turnover (Including Other Income)	39497146	6442.77	2597423193	47896.48
(i)	Profit/(Loss) Before Taxation	(11847233)	(1932.52)	(349311550)	(6441.30)
(j)	Add/(Less): Provision for Taxation	-	-	-	-
(k)	Profit/(Loss) After Taxation	(11847233)	(1932.52)	(349311550)	(6441.30)
(l)	Proposed Dividend	-	-	-	-

<b>S. No.</b>	<b>Particulars</b>	<b>SRF Industex Belting (Pty) Limited# (subsidiary of SRF Global BV)</b>		<b>SRF Fluor Private Limited#</b>	
		<b>Rand</b>	<b>(₹ lakhs)</b>	<b>USD</b>	<b>(₹ lakhs)</b>
(a)	Financial year of the subsidiary		March 31, 2014		March 31, 2014
(b)	Extent of holding		100%		100%
(c)	Capital	13320202	753.79	45002	26.96
(d)	Reserves and Surplus (adjusted for debit balance in statement of profit and loss, wherever applicable)	252289	14.28	(57053)	(34.18)
(e)	Total Assets (Fixed Assets + Current Assets)	80166018	4536.60	1352	0.81
(f)	Total Liabilities (Debts + Current Liabilities)	66593527	3768.53	13403	8.03
(g)	Details of Investment (except in case of investment in subsidiaries)	-	-	-	-
(h)	Turnover (Including Other Income)	177539390	10046.95	-	-
(i)	Profit/(Loss) Before Taxation	(3104308)	(175.67)	(4148)	(2.49)
(j)	Add/(Less): Provision for Taxation	(981205)	(55.53)	-	-
(k)	Profit/(Loss) After Taxation	(2123103)	(120.14)	(4148)	(2.49)
(l)	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 = ₹ 16.31
- (ii) 1 USD = ₹ 59.92
- (iii) 1 Baht = ₹ 1.84
- (iv) 1 Rand = ₹ 5.66

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

For and on behalf of the Board of Directors

**Arun Bharat Ram**  
Chairman

**Ashish Bharat Ram**  
Managing Director

**Kartik Bharat Ram**  
Deputy Managing Director

Place: **Gurgaon**  
Date: **9 May 2014**

**Vinayak Chatterjee**  
Director

**Rajendra Prasad**  
President & Chief Financial Officer

**Anoop K Joshi**  
President & Company Secretary





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**Corporate Office**

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