

MANAGEMENT DISCUSSION & ANALYSIS



IN THE FOLLOWING PAGES, THE MANAGEMENT WILL PROVIDE ITS PERSPECTIVE ON THE OPERATING AND FINANCIAL PERFORMANCE OF THE COMPANY DURING FY 2020- '21 AND AN OUTLOOK OF THE BUSINESS PERFORMANCE IN THE COMING YEARS.

Businesses

SRF Limited is a chemical based multi-business conglomerate engaged in the manufacturing of industrial and specialty intermediates. The company is widely recognized and well respected for its R&D capabilities globally, especially in the niche domain of chemicals. SRF Limited is a market leader in most of its business segments in India with a significant global presence. The company has operations in four countries namely, India, Thailand, South Africa, and Hungary. SRF has commercial interests in more than seventy-five countries and classifies its businesses as Technical Textiles Business (TTB), Chemicals Business (CB), Packaging Films Business (PFB), and Other Businesses.

Technical Textiles Business

FY 2020- '21 began on a difficult note with the entire country under strict lockdown restrictions to control the surge of COVID-19. This resulted in the shutdown of all TTB manufacturing plants. However, as the unlock process started, all plants re-started operations, with strict safety protocols while maintaining product quality. By the end of H1 – 2020 – '21, all TTB segments witnessed a strong revival. Increased Government spending in infra sectors, focus on personal mobility, import restrictions on Chinese tyres and container shortage resulting in higher sea freight triggered an increase in domestic demand.

Tyre Cord Fabrics

Nylon Tyre Cord Fabric segment registered strong demand from both Original Equipment (OE) and replacement sectors during H2 – 2020 – '21. Restriction in tyre imports from China led to an increase in domestic tyre production across all segments resulting in an overall growth in demand for Tyre Cord Fabrics (TCF). TCF segment also executed yarn capacity expansion and debottlenecking projects in FY 2020- '21.

Belting Fabrics

Belting Fabrics segment is a key supplier to end-user industries, namely, steel, cement, coal, and power generation. In FY 2020- '21, all these industries witnessed a de-growth, thereby resulting in pressure on margins. However, with an increased focus on Value-Added Products (VAPs) and an integrated value chain, the Business was able to increase the overall

market share and sales volume to domestic as well as export markets.

With the ongoing expansion projects and a strong portfolio of VAPs, SRF will further consolidate its position in both the domestic as well as the global market in FY 2021- '22.

Polyester Industrial Yarn

Polyester Yarn segment witnessed a strong revival in H2 FY 2020 – '21 due to increased demand from the auto segment and stronger push in infra sectors. The continued focus on increasing sales of VAPs helped keep the margins healthy, despite the Chinese continuing to dump yarn into India at very low prices.

The healthy margins trend is expected to continue in FY 2021- '22 as well.

Outlook

The Technical Textiles Business is likely to perform well in FY 2021- '22, owing to a revival in demand of all major end-user industries.

Chemicals Business

The **Chemicals Business** comprises two different product segments, namely Fluorochemicals and **Specialty Chemicals**.

Fluorochemicals

Refrigerants & Propellants and Industrial Chemicals
FY 2020- '21 was a tough year for the refrigerants market globally. Auto and air-conditioner market

declined initially, which resulted in a significant drop in refrigerant market demand along with selling prices. It was only in the latter part of the year that some revival in demand was witnessed, although the international prices remained subdued throughout the year. However, Industrial Chemicals market performed well due to the growth in pharma and agrochemicals segment. The Industrial Chemicals Business was able to maintain its market share and launched a new product- Methyl Chloride in its CMS portfolio.

Both Chemicals sites witnessed stable and safe operations during COVID-19 and nearly all the plants operated at full capacity during the second half of the year. We successfully launched our first ASHRAE product F 467A in the international market. In addition, we received the European Pharmacopoeia certificate for our Dymel® product segment, along with the addition of new customers and geographies in this space. We continue to improve our process capability and were able to develop innovative processes in existing operations and filed new patents during the year.

Overall performance for this year was lower than last year with latter half of the year being significantly better, almost reaching pre-COVID-19 levels.

Outlook

The Business is expected to do well on the back of robust GDP growth projections for major economies and India. In addition, the surge projected in domestic A/C and refrigerator production capacities in lieu of various Government policies and initiatives like the ban on pre-charged ACs imports, PLI, Atma Nirbhar Bharat or increase in personal mobility resulting in a boost to the auto sector augurs well for the Business. Furthermore, with increased spending on healthcare and favourable Government policies, the pharma and agrochemical segments will also continue to grow. Exports are also likely to remain firm with positive outlook in the US Economy, where we have already established a reasonable business share.

Overall, the Business is expected to improve its performance with better capacity utilization and commissioning of new plants like CMS in the latter half of the year 2021- '22, sales ramp-up of AHCL and other cost improvement initiatives including supply chain stabilization along with keeping a close watch on how the macro scenario moves. The Business

BOTH CHEMICALS SITES WITNESSED STABLE AND SAFE OPERATIONS DURING COVID- 19 AND NEARLY ALL THE PLANTS OPERATED AT FULL CAPACITY DURING THE SECOND HALF OF THE YEAR. WE SUCCESSFULLY LAUNCHED OUR FIRST ASHRAE PRODUCT F 467A IN THE INTERNATIONAL MARKET.



will focus on maintaining its market share of F 134a, F 32, F 125, HFC Blends and Methylene Chloride, aside from its ongoing efforts to pursue growth in Industrial Chemicals with the addition of new products in its portfolio.

Specialty Chemicals Business

The Specialty Chemicals Business maintained its growth momentum during the year. COVID-19 related interruptions affected the Business mostly in the first quarter of the FY. The Business received support from the market despite the global pandemic. We focused on the customers' key products and their developmental project requirements, while at the same time ensuring that the production capacities were optimally utilized during the year.

Both the sites managed production despite COVID-19 induced manpower challenges. This ensured continuity of customers' supply chain. The Business captured the market opportunities and translated them into



commercial propositions. The agility demonstrated in supplying some critical and complex intermediates was acknowledged by our customers and we were also bestowed the 'Syngenta Supplier Award 2020 for Performance' during the year.

The Business continues to remain focused on agrochemical and pharmaceutical space, where we collaborate with major global innovators for process development, commercialization, and production of complex new age molecules having downstream application in agrochemical and pharmaceutical segments.

During the year, the Business launched several new agrochemical and pharma intermediates and remained steadfast on its 'Innovation and Technology Leadership' journey. The production capacity of several products was enhanced significantly at both the sites. Three new dedicated plants were also commissioned

during FY 2020 – '21. The Business made continual investment towards cleaner and leaner operations, in line with further strengthening its sustainability initiatives. All these measures have further enhanced the positioning of the Business in its ability to deliver complex specialty products and related intermediates.

Outlook

The Business continues to engage with global innovators to develop new-age products in our chosen markets and strives to serve its customers despite the ongoing challenges posed by the pandemic. The Business, supported by its customers, is expected to continue showcasing its ability to supply critical intermediates and meet customers' emerging needs. The Business will continue in its efforts to deliver better value to its customers as it remains committed to invest in emerging and futuristic technologies, while having a strong focus on operational excellence to sustain growth.



Chemicals Technology Group

The Chemicals Technology Group (CTG) has been continually augmenting its capabilities and helping in driving the technology curve for the Fluorochemicals and Specialty Chemicals Businesses.

CTG has been developing a variety of new technologies and platforms to bolster SRF into next level of technology play. CTG is actively supporting both the Specialty Chemicals and the Fluorochemical Businesses gain prominence in their respective Business areas.

CTG has enabled the Business growth in Fluorinated molecules where it holds over three decades of manufacturing expertise. CTG is now increasingly engaged in the development of complex non-Fluorinated intermediates. With more-and-more complex products being introduced by the Business in the market and to meet further challenging chemistries and complex needs of customers, it is imperative to boost CTG's capabilities and support systems. The R&D and scale-up facilities

at Bhiwadi are being augmented to achieve this. SRF will continue to invest in CTG, which has been dedicatedly working on enhancing SRF's technology development capabilities by developing more efficient and sustainable processes. CTG is envisaged to facilitate the Businesses in their journey of Innovation and Technology Leadership, which is key in driving sustainable growth at SRF.

The two dedicated R&D facilities, engineering lab and pilot plant facilities, employing many scientists and engineers work together to achieve the innovation and technology leadership at SRF. SRF continues to invest in R&D for creating propositions for the future and Capital and Revenue expenditures of more than ₹ 100 Cr. were spent during FY 2020- '21.

CTG worked on more than 50 molecules and 80% products were successfully taken up for process development. Around 15 molecules were taken up for the scale-up studies and were commercially produced in multipurpose and dedicated plants.

In FY 2020- '21, CTG filed thirty-six patents taking the total count to three hundred and nine patents filed so far. Twenty-three patents were granted in FY 2020- '21 taking the total count of patents granted to the company to ninety-three.

Packaging Films Business

FY 2020- '21 has been a good year for the Packaging Films Business (PFB). This Business is a part of the essential goods value chain and hence was able to operate its plants during the nationwide lockdown. Increased demand for food packaging accompanied by the hard work and passion of the team contributed towards the larger goal of 'Easy To Do Business With (ETDBW)' and helped the Business achieve its best-ever performance.

All plants maximized their production, keeping costs under control and creating their own benchmarks. We could achieve an output of almost 2,50,000 MT during the year while sustaining the best-in-industry cost structures. In our journey of adding more VAPs in our portfolio, the Business launched fourteen new products and the overall VAP sales grew by more than 20% over previous year. Our team worked relentlessly to start the new BOPET film plant at Thailand, making it the first-ever remote commissioning of a film line anywhere in the world. Subsequently, the team also commissioned and operationalized the new BOPET film line in Hungary and a resin plant in Thailand amidst severe travel restrictions, limiting availability of supplier personnel and field experts on-site. While utilizing our assets to the maximum, we continuously strive to maintain a safe and healthy environment at our plants. In FY21, we received 5 Star rating for Occupational Health and Safety (OHS) from the British Safety Council for our facility in South Africa. Our expansion of BOPET film line at both Thailand and India are also progressing well and timely vertical startup of both the lines will be one of our most important agenda items.

The Business is driven by the philosophy of –ETDBW, even during challenging circumstances and that is what keeps us focused towards serving our customers every day. In the year 2020, Sustainability initiatives slowed down in the packaging industry, however, as a responsible player, we have continued with our initiatives and participation in various international forums. Sustainability will remain amongst the top-most priorities for the Business in 2021.

Outlook

During the coming year, we expect to face some temporary disruptions especially on the supply chain front caused by the COVID-19 pandemic and it will result in financial impact on almost all organizations. In recent times, several new film plant expansions have also been announced across the world and in the future, we might witness an oversupplied market resulting in pressure on profitability. At present, it is difficult to predict the demand. We expect that in the coming year, the supply of Packaging films will exceed demand, leading to pressure on margins.

In FY 2021- '22, SRF's primary focus will be on running its plants optimally, keeping costs under control and continuing our work on VAPs. Effort will also be directed towards maximum utilization of the new BOPP facility in Thailand starting in the first quarter. Furthermore, we will continue our work on the sustainability initiatives driven by the '3R' approach - Reduce, Reuse and Recycle.

During the year, we will keep a close watch on the macro scenario and be flexible to adapt our strategy accordingly.

Other Businesses Coated and Laminated Fabrics Business

Under the Other Businesses segment, both Coated and Laminated Fabrics performed well in FY 2020- '21. Despite adverse market situation, Coated Fabrics Business recorded its best-ever performance and Laminated Fabrics Business has also been able to achieve the targeted profitability. Both the Businesses were impacted during the first quarter due to the situation arising from the COVID-19 pandemic.

Outlook

In FY 2021- '22, we expect some temporary disruptions in the market due to COVID-19 pandemic. For both the Businesses, the focus will be on increasing the sales and continue work on various cost reduction initiatives.

Human Resources

COVID-19 pandemic has been one of the biggest human health and economic crises faced by mankind in almost a century. During this period, the initial focus of the Human Resources (HR) team was to ensure

the safety of our people. Providing proper insurance cover, 'no questions asked' financial assistance to people struggling with the virus and looming hospitals bills, on-call medical treatment for employees, etc. were some of the initiatives undertaken by the HR department.

Well-being of our people was at the core of everything that we did, including tie-ups with professional counselors to ensure psychological welfare of our people.

When it comes to well-being, we do not restrict ourselves to just our employees. A massive drive to provide for the needy was conducted at all locations of SRF. Our own SRF employees came to the forefront and fulfilled an important duty towards the society.

During this time, it became evident that automation and virtualization was the new essential. As a function, HR focused on automation of most of its processes and ensured nothing was stalled due to the external changes. In the event, several processes were also revamped completely to suit the new reality. This included the ones adjusting to working-from-home or putting in place strict protocols to ensure the safety of the staff in the factories.

Most importantly, we made the promise of 'no job losses due to the pandemic'. The organization fulfilled its promise and continues to do so. We also kept every single commitment made prior to the pandemic. All job offers made were honored. All financial commitments made to people prior to the pandemic were fulfilled. A healthy and more than industry average increment and bonus was announced for employees.

Industrial Environment

The organization's overall employee relations remained mostly positive throughout the year. This was a result of our concerted efforts towards curbing the fear of the unknown and related anxiety amongst people. This was done by ensuring proper support and timely and consistent communication. We kept our employees engaged and conducted various initiatives both virtually and in-person. We maintained a pleasant and cordial working environment across all manufacturing locations and witnessed an increase in productivity at several manufacturing locations.

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Information Technology

The primary focus of Information Technology during the year was to keep employees connected and productive during the COVID-19 crisis. Our investment in cloud solutions like Office365 were utilized to ensure employees could get access to information and applications from anywhere securely on authorized devices. Collaboration platforms were used to enable various teams to work together with features like online meetings, video conferencing and shared libraries. Even critical plant commissioning was made possible through video assisted support from experts around the globe. A new e-learning platform was deployed so that the lockdown time could be well-utilized to hone employee knowledge and skills.

Ensuring employee asset and data safety was of prime importance considering the increased



exposure of employees outside the secured network perimeter of SRF. Secure VPN solutions, information classification and protection solutions, cloud proxy solutions ensured that the employee home zone was also converted to a safe zone for enterprise data. Employee credentials were protected using Microsoft cloud authentication solutions doubly protected with multi-factor authentication. A security and incident event management system was deployed to track all events on our gateway firewalls.

The IT infrastructure is undergoing a transformation to incorporate cloud-based applications. An important component of this is the network that is being re-structured with a software defined wide area network solution. Many of our plant and office locations were moved to this platform that helps in intelligently routing network traffic to our data centers or to the internet directly from the plants in a secure manner. This improves performance, latency while reducing downtimes.

Another focus area this year was on automation to ensure operations keep working in the current

circumstances. The Government requirements of e-invoicing and e-way bill were addressed with automated solutions integrated with Government portals. Many manual processes that took time were automated on BPM platforms with rule and decision engines defined. Shopfloor automation solutions were put in place to augment workers on the shopfloor. Multiple projects were done using Industrial Internet of Things (IIOT) tools to improve process efficiencies, costs, and quality of products.

We reached out to our external stakeholders with a customer portal for our Chemicals Business giving dealers the flexibility to place online orders. The supplier portal will connect our key suppliers similarly. We extended an online vendor bill discounting solution for vendors to bid for early payment against discounts.

Our investment in technologies helped us tide over the uncertain times. We will continue to use these technologies and invest in essential technologies to keep operations running while giving business an edge to compete with innovative offerings.

Community Partnerships

Building on its long-term commitment to the sustainable and inclusive growth of the community, SRF Foundation, the corporate social responsibility arm of SRF Limited, expanded its scope of work and took concrete steps in compliance with Section 135 of the Companies Act 2013 during FY 2020- '21.

The Foundation continued to focus on the identified areas of education, vocational skills, natural resource management, child nutrition and affirmative action on a sustainable basis. Furthermore, it strengthened its Public Private Community Partnership (PPCP) model to positively affect the lives of people.

FY 2020- '21 witnessed the strengthening of the Foundation's education program. Today, we have reached 276 Government schools across 21 locations in nine states directly, providing quality education to more than 81,310 students. By collaborating with likeminded partners, we work with 212 Government & Private schools indirectly, positively affecting the lives of 3,800 students and 261 teachers in these schools. The Foundation continued its work towards improving infrastructure and academic facilities under the School Education Program, and promoting digital-based learning through KidSmart Centers, World on Wheels & GetSmart-Mobile Digital Labs, Common Services Lab, Digital Based Learning, and Digital theatres. The Foundation also supported a child nutrition program through its project 'Power of 5'.

SRF Foundation undertook several new initiatives to improve the employability of people around our plant locations by providing vocational skills in partnerships with Schneider Electrical and The Times of India.

SRF Foundation, through its Natural Resource Management (NRM) program continued to reach the economically weaker families near its manufacturing plant at Bhiwadi in Rajasthan and improve their livelihood by adopting the watershed-based livelihood and environment conservation approach. In FY 2020-'21, the Foundation conducted certain Hydrological and Environment studies in 35 villages around SRF Bhiwadi Plant in the Tijara block where rainfall is below normal, and the findings helped us create 206 earthen dams.

This year was marked by the sudden outbreak of COVID-19 pandemic. To help those in need, SRF Foundation contributed 63,139 ration kits and 4,585 health kits to 23,775 families in eight locations across India.

In recognition of our work, SRF Foundation was bestowed with several awards for meaningful contribution to school education. We were honored with the Best STEM Education Project – Through Partnership (Large Impact) by the India CSR Network. Furthermore, we were the finalist at the 7th eNabling North East Awards, organized by the North East Development Foundation & Digital Empowerment Foundation.

Internal Control System and Internal Audit

Internal Audit & Risk Management is an enabling function, which steers and coordinates the internal controls and risk management system of the organization. It provides standard operating procedures, methods, and tools, which forms the basis for Enterprise Risk Management and internal control process.

The Internal Audit team develops a comprehensive annual internal audit plan employing systematic approach, which is risk-based audit area identification, commensurate with the size and nature of business activities of the company. In addition, the statutory auditor, assesses the fundamental suitability of the internal audit to ensure the effectiveness of internal financials controls, as part of its audit of the annual financial statements. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the said plan. The company has a well-documented system of internal financial controls in place, commensurate with its size, scale, and complexity of operations. These controls have been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets, executing transactions with proper authorization, and ensuring compliance with corporate policies. The controls based on the prevailing business conditions and processes have been tested by internal/external auditors during the year and no reportable material weaknesses in the design or effectiveness was observed.

The Internal Audit team also monitors and evaluates the efficacy and adequacy of internal control systems in the company, the ERP solutions, the accounting procedures, and policies at all locations. Based on the gaps reported in the internal audit report, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Any significant audit observations and corrective actions thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors (both internal and external) in each of its meetings. The company also has a robust and comprehensive framework of Control Self-Assessment (CSA), which promotes self-compliance monitoring mechanism in accordance with laid down policies and procedures, regulatory environment through IT enabled platform such as CSA tool and Compliance Manager.

Risk Management

The company has developed and implemented a Risk Management Framework, which is approved by the Board. Further, the Board has constituted a Risk Management Committee (RMC) to oversee key risks and assist the Board in efficient management of risk management process.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those, which in the opinion of the Board/RMC may threaten the existence of the company.

TODAY, WE HAVE REACHED 276 GOVERNMENT SCHOOLS ACROSS 21 LOCATIONS IN NINE STATES DIRECTLY, PROVIDING QUALITY EDUCATION TO MORE THAN 81,310 STUDENTS.



Risk management process has been the integral part of the company strategy and planning process. The company has established a risk management framework to identify, assess and frame a response to threats that can affect its business objectives and stakeholders. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organization. The responsibility of tracking and monitoring the key risks of the business/function periodically and implementing suitable mitigation plans proactively is with the senior executives of various business/functional units.

Risk Management Process



The key roles and responsibilities regarding risk management in the company are summarized as follows:

1. Board of Directors (BOD) & the Audit Committee:

- The Board of Directors hold the overall responsibility for an effective risk management system. The Audit Committee of the Board examines the appropriateness and effectiveness of the risk management system at least once a year and reports to the Board.

- Review the risks that may threaten the existence of the company.
- Consider the recommendation of Risk Management Committee on Risk Management Plan/ Policy.

2. Risk Management Committee (RMC):

- Oversee company's risk management framework.
- Review key risks and compliance of risk management policy.
- Review risk portfolio and mitigation strategies and updates the Board & Audit Committee on the same.
- Assist the Board/Audit Committee in evaluating the effectiveness of Risk Management System.

3. Corporate Leadership Team (CLT):

- Develop risk management framework and policy.
- Review key risks and mitigation action plan.
- Review effectiveness of risk mitigation strategies; develop counter measure if any and update the same to RMC.

4. Business Leadership Team (BLT) & Risk Owners:

- Identification, classification, and prioritization of risks into high, medium, and low as per risk management framework.
- Identify and implement risk mitigation measures.
- Periodically review mitigation measures status, develop counter measures, if any.
- Provide status update of key risks to the CLT.

Risk Classification

All the risks have been broadly classified into the following categories:



Strategic Risk

Risks arising out of macro-economics and other external conditions, which can significantly impact the company's strategic business decision, future aspiration, and financial performance.



Financial & Reporting Risk

Financial risk arising due to various uncertainties in the financial market or inadequate financial reporting.



Operational Risk

Risks of loss due to insufficient resources, inadequate processes or failure thereof, or insufficient skill or people.



IT and Cyber Risk

Potential loss due to non-availability of technical infrastructure or appropriate software technology, impact on data integrity, data theft or loss of Intellectual Property Right (IPR) due to compromised network security.



Regulatory Risk

Risks arising out of regulatory non-compliances.

During FY 2020- '21, significant changes in the key financial ratios as per listing regulations were as follows:

Ratios	FY 20-21	FY 19-20	% Change	Remarks
Interest Coverage Ratio = (EBDITA - Current Tax) / Gross Interest	13.57	8.06	68.24%	Better operating margins and scale leading to a higher EBDIT, lower cost of borrowing and an overall reduction in borrowing leading to better interest coverage
Current Ratio = Current Assets / Current Liabilities	1.43	0.95	50.70%	Higher operating cash flows, QIP inflows, and lower maturities of long-term borrowings in next financial year leading to a better current ratio.
Debt Equity Ratio = Total Debt / Equity	0.42	0.59	28.28%	Qualified Institutional Placement of ₹ 750 crore during FY '21 led to a higher equity base and reduced gross borrowings, better operating margins also aided in higher operating cash flows leading to a lower debt profile.
Return on Net Worth = PAT / Net Worth	14.70%	20.80%	-29.35%	FY '20 PAT (Including Discontinuing Operations) was higher due to one-time sale of the Engineering Plastics Business, Deferred Tax Re-measurements, and utilization of brought forward capital losses. Also, QIP issuance of ₹ 750 crore during FY '21 led to a higher Net Worth.

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 March 31, 2021, SRF's Board consisted of 11 Directors, of which four are executives of the Company (including the Chairman, who is an Executive Chairman), one is non-executive & non-independent and six are independent. Table 1 gives the details of the Board as on March 31, 2021.

Table 1: Composition of the Board of Directors of SRF

Name of Director	Category of Director	No. of Directorships of Indian Public Ltd Co. (other than SRF Limited)*	No. of Committees where Chairperson or Member (including SRF Limited)#		Name of Listed Entities & Category of Directorship
			Chairperson	Member	
Arun Bharat Ram	Executive Chairman, Promoter	3	-	2	- J K Paper Limited – Independent Director
Ashish Bharat Ram	Executive, Promoter	4	1	1	- Transport Corporation of India Limited – Independent Director - KAMA Holdings Limited – Non-Executive Director
Kartik Bharat Ram	Executive, Promoter	2	-	2	- KAMA Holdings Limited – Non-Executive Director
Pramod G Gujarathi	Executive	1	-	1	- Chemiesynth (Vapi) Limited – Independent Director
Tejpreet S Chopra	Non-Executive, Independent	2	1	1	- Gujarat Pipavav Port Limited – Independent Director - Indian Exchange Energy Limited – Independent Director

Name of Director	Category of Director	No. of Directorships of Indian Public Ltd Co. (other than SRF Limited)*	No. of Committees where Chairperson or Member (including SRF Limited)#		Name of Listed Entities & Category of Directorship
			Chairperson	Member	
Lakshman Lakshminarayan	Non-Executive, Independent	4	2	-	- Rane Brake Lining Limited – Non Executive, Promoter Director - Rane Engine Valves Limited- Non Executive, Promoter - Rane Madras Limited - Non Executive, Promoter Director - Rane Holdings Limited – Chairman Emeritus, Non-Executive, Promoter
Vellayan Subbiah	Non-Executive, Independent	6	1	4	- Tube Investments of India Limited – Executive, Promoter Director - Shanti Gears Limited – Non-Executive, Promoter Director - Cholamandalam Investment and Finance Company Limited - Non-Executive Director - Cholamandalam Financial Holdings Limited - Non-Executive Director - CG Power and Industrial Solutions Limited - Non-Executive Director
Meenakshi Gopinath	Non-Executive, Non-Independent	-	-	-	Nil
Bharti Gupta Ramola	Non-Executive, Independent	1	-	2	- HDFC Life Insurance Company Limited – Independent Director
Puneet Yadu Dalmia	Non-Executive, Independent	1	-	-	- Dalmia Bharat Limited- Managing Director
Yash Gupta	Non-Executive, Independent	1	-	2	Nil

*Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act.

#Membership & Chairmanship of Stakeholder Relationship Committee & Audit Committee of Indian Public Companies have been considered.

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

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board :

Skill Matrix identified by the Board to function effectively -

Industry knowledge/experience	Technical skills/experience	Behavioural Competencies
a) Consulting Experience	a) Accounting and finance	a) Integrity and ethical standards
b) Manufacturing Industry experience	b) Industrial Engineers	b) Mentoring abilities
c) Understanding of relevant laws, rules, regulation and policy	c) Talent Management	c) Critical thinking
d) Analyzing Business Problems	d) Compliance and risk	d) Strategic Planning
e) Adapting to changing Business Conditions	e) Devising plans for New Business	e) Entrepreneurial & Commercial Acumen
f) Recommending cost-cutting measures	f) Proposing solutions to Business Problems	f) Analytical Decision Making
g) Recommending Process Improvements	g) Innovation	g) Customer Centricity
		h) Leading Change
		i) Leading People

Skills available with Board as per skill matrix -

Sl. No.	Name of Director	Industry knowledge/ experience	Technical skills/ experience	Behavioural Competencies
1.	Arun Bharat Ram	b,d,e,f,g	b,e,f,g	a,b,c,d,e,f,h,i
2.	Ashish Bharat Ram	b,c,d,e,f,g	a,d,e,f,g	a,c,d,e,f,g,h,i
3.	Kartik Bharat Ram	b,d,e,f,g	c,d,e,f,g	a,b,c,d,e,f,h,i
4.	Lakshman Lakshminarayan	b,c,d,e,f,g	a,b,c,f	a,b,e,f,g,i
5.	Vellayan Subbiah	a,b,c,d,e,f,g	a,b,e,f	a,c,d,e,f,g,h
6.	Tejpreet S Chopra	b,c,d,f,g	d,e,f,g	a,c,d,e,f,g,h
7.	Pramod G. Gujarathi	b,c,f,g	b,d,	a,b,c,f,g
8.	Bharti Gupta Ramola	a,c,d,e,g	a,d,f,g	a,c,d,f,g,h
9.	Meenakshi Gopinath	c	c,d	a,b,c,g,h,i
10.	Puneet Yadu Dalmia	b,c,d,e,f,g	a,b,e,f	a,b,c,d,e,f,i
11.	Yash Gupta	a,d,e,f,g	a,c,e,f,g	a,b,c,d,e,f,h

Certificate from M/s. S. Aggarwal & Associates, Practising Company Secretary (Registration No. 8989), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/ Ministry of Corporate Affairs or any such Statutory Authority as stipulated under Regulation 34(3) of the Listing Regulations, is attached to this Report.

Independent Directors on the Board are Non-Executive Directors

Our definition of 'Independence' of Directors is derived from Regulation 16 of Listing Regulations, 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 Meenakshi Gopinath are Independent in terms of Regulation 16 of Listing Regulations and Section 149(6) of the Companies Act, 2013.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed both under the Companies Act and Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact

their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Directors on the Board holds directorships in more than ten public companies. None of our Directors serve as a director/ independent director on more than seven listed entities. None of our Directors who is serving as whole time Director/ Managing Director in any listed entity is holding position of independent director in more than three listed entities. 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 2020-21, the Board of Directors met five times on the dates as referred below in Table 2.

Table 2: Attendance of directors in Board Meetings and Annual General Meeting (AGM) held during the year in 2020-21

Name of the Director	Date of Board Meeting and Attendance of Directors						Date of AGM and Attendance of Directors
	June 04, 2020	July 30, 2020	August 31, 2020	November 04, 2020	January 21, 2021	March 03, 2021	
Arun Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ashish Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pramod G Gujarathi	Yes	Yes	Yes	Yes	Yes	Yes	No
Tejpreet S Chopra	Yes	Yes	Yes	Yes	Yes	No	Yes
Lakshman Lakshminarayan	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vellayan Subbiah	Yes	Yes	No	Yes	No	Yes	No
Meenakshi Gopinath	No	Yes	No	Yes	Yes	Yes	No
Bharti Gupta Ramola	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Puneet Yadu Dalmia	Yes	Yes	No	Yes	Yes	No	No
Yash Gupta	Yes	Yes	Yes	Yes	Yes	Yes	No

Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors of SRF Limited for financial year 2020-21 and table 4 gives details of Service Contracts

Independent Directors' Meeting

In accordance with the applicable provisions of Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors of the Company was held on January 21, 2021, without the attendance of Non-Independent Directors and members of the management.

Familiarisation Programme

Your Company has put in place familiarisation programme for all its Directors including the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc and the familiarisation programme for the Independent Directors is available on the website of the Company at the link <https://www.srf.com/investors/corporate-governance/>

Table 3: Remuneration Paid or Payable

Sl. No.	Name of Director	Salary & Allowances	Sitting Fees	Perquisites	Provident Fund and Superannuation	Commission (Provided)/ Professional Fees	Total (₹ In Crores)
1	Arun Bharat Ram	2.88	-	0.24	0.49	4.00	7.61
2	Ashish Bharat Ram	3.76	-	1.15	0.47	4.00	9.38
3	Kartik Bharat Ram	3.76	-	0.98	0.47	4.00	9.21
4	Pramod G Gujarathi	0.19	-	-	0.01	-	0.20
5	Meenakshi Gopinath	-	0.02	-	-	0.15	0.17
6	Tejpreet S Chopra	-	0.05	-	-	0.14	0.19
7	Lakshman Lakshminarayan	-	0.05	-	-	0.14	0.19
8	Vellayan Subbiah	-	0.03	-	-	0.14	0.17
9	Bharti Gupta Ramola	-	0.04	-	-	0.14	0.18
10	Puneet Yadu Dalmia	-	0.03	-	-	0.14	0.17
11	Yash Gupta	-	0.05	-	-	0.14	0.19
	Total	10.59	0.27	2.37	1.44	12.99	27.66

The Nomination and Remuneration Committee has laid down criteria for making payments to non-executive directors, which inter alia, includes level of remuneration /commission payable by other comparable companies, time devoted, experience, providing guidance on strategic matters and such other factors as it may deem fit.

The non-executive directors are entitled to remuneration up to an aggregate limit of one percent per annum of the net profits of the Company. Within the aforesaid limit, the commission payable is determined by the Board and equal amount of commission is payable to all the Independent Non-Executive Directors on a pro-rata basis. For the year under review, remuneration to non-executive directors was approved by the Board of Directors with the interested non-executive directors, not participating or voting in the resolution.

Table 4: Details of Service Contracts

Name of Director	Tenure	Notice Period	Severance Fee
Arun Bharat Ram	5 years w.e.f. June 15, 2018	6 months by either party	As per the provisions of the Companies Act, 2013
Ashish Bharat Ram	5 years w.e.f. May 23, 2020	3 months by either party	As per the provisions of the Companies Act, 2013
Kartik Bharat Ram	5 years w.e.f. June 01, 2021 (subject to reappointment at upcoming AGM)	3 months by either party	As per the provisions of the Companies Act, 2013
Pramod Gopal Das Gujarathi	3 years w.e.f. April 01, 2020	1 month by either party	Nil

Shareholding of Non-Executive Directors

Table 5 gives details of the shares held by the non-executive Directors as on March 31, 2021.

Table 5: Equity Shares held by Non-Executive Directors as on March 31, 2021

Name of Director	Category	Number of Equity Shares Held
Tejpreet S Chopra	Independent	578
Lakshman Lakshminarayan	Independent	-
Vellayan Subbiah	Independent	13,407
Bharti Gupta Ramola	Independent	-
Puneet Yadu Dalmia	Independent	-
Yash Gupta	Independent	200
Meenakshi Gopinath	Non-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 Listing Regulations the minutes of the Board meetings of your Company's unlisted 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, <https://www.srf.com/investors/corporate-governance/>. 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.

Statutory Committees of the Board

a) Audit Committee

i) Terms of Reference

The terms of reference of the Audit Committee are wide enough covering the matters as per the guidelines set out in the Listing Regulations read with Section 177 of the Companies Act, 2013. These broadly includes 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, reviewing with the management adequacy of internal control system and reviewing the utilization of loan and/ or advances from/ investment by the holding company in the subsidiary company exceeding prescribed limit.

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;
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee. and
- Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

ii) Composition of Audit Committee and Attendance of members in Audit Committee Meeting held during the year

As on March 31, 2021, the Audit Committee of SRF comprised of three Directors all of whom are independent, namely Lakshman Lakshminarayan as Chairman, Vellayan Subbiah and Bharti Gupta Ramola as members. The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013, as well as Regulation 18 of Listing Regulations. All the members of the Audit Committee are financially literate. Chairman, Managing Director, Deputy Managing Director, CFO, Internal Auditors and Statutory Auditors are invitees to the Committee. Company Secretary of the Company acts as Secretary to the Committee.

Table 6 provides details of the Audit Committee meetings held during the year 2020-21 and attendance of its members.

Table 6: Attendance Record of Audit Committee Meetings during 2020-21

Name of Members	Category	Date of Audit Committee Meeting and Attendance of Members			
		June 04, 2020	July 30, 2020	November 04, 2020	January 21, 2021
Lakshman Lakshminarayan (Chairman)	Independent, Non-Executive	Yes	Yes	Yes	Yes
Vellayan Subbiah	Independent, Non-Executive	Yes	Yes	Yes	No
Bharti Gupta Ramola	Independent, Non-Executive	Yes	Yes	Yes	Yes

b) Nomination and Remuneration Committee

i) Terms of Reference :

The terms of reference of the Committee are wide enough covering the matters specified in Listing Regulations and the Companies Act, 2013 and Terms of reference of the Committee briefly are as under:

- 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 other Employees.
- Identification and recommendation to Board of persons who are qualified to become Directors, Key Managerial Personnel and Senior Management Personnel in accordance with the criteria laid down.
- Recommend to the Board on appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- Evaluation of the performance of Directors (other than independent directors).

- Evaluation of the performance of independent directors and make recommendations to Board.

- To oversee succession planning for Board of Directors, Key Managerial Personnel and Senior Management Personnel.

- Formulation of criteria for making payment to Non-Executive Directors

- Recommend to the board, all remuneration, in whatever form, payable to senior management.

ii) Composition of Nomination and Remuneration Committee and Attendance of members in the meetings of the Nomination and Remuneration Committee held during the year

As on March 31, 2021, this Committee comprised of three Directors, all of whom are independent, namely Tejpreet S Chopra (Chairman), Yash Gupta & Puneet Yadu Dalmia as Members. The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013.

Table 7 provides details of the Nomination and Remuneration Committee meetings held during the year 2020-21 and attendance of its members.

Table 7: Attendance Record of Nomination and Remuneration Committee Meetings during 2020-21

Name of Members	Category	Date of NRC Meeting and Attendance of Members		
		May 27, 2020	July 30, 2020	January 20, 2021
Tejpreet S Chopra (Chairman)	Independent, Non-Executive	Yes	Yes	Yes
Puneet Yadu Dalmia	Independent, Non-Executive	Yes	Yes	Yes
Yash Gupta	Independent, Non-Executive	Yes	Yes	Yes

iii) Annual Evaluation of Board, Committees and Individual Directors

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and as per the

Nomination, Appointment and Remuneration Policy, the Board of Directors/ Independent Directors/Nomination & Remuneration Committee ("NRC") (as applicable) had undertaken an

evaluation of the Board's own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

The Company's Nomination, Appointment and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and Functional Heads forms part of the Board's Report and is also accessible on Company's website www.srf.com.

- iv) Nomination, Appointment and Remuneration Policy**
Performance evaluation of independent directors is done by the Nomination and Remuneration Committee on criteria like attendance and participation in Board and committee meetings, advice on implementation of good corporate governance practices, diligence and independence in judgement and actions, good faith and interest of the stakeholders, etc. Based on the recommendations of the NRC, the Board of Directors decide to continue their appointment or consider them for reappointment.

c) Stakeholders Relationship Committee

As on March 31, 2021, this Committee comprised four Directors—two executive Directors and two non-executive Directors, namely Tejpreet S Chopra, Independent Director is Chairman, Yash Gupta, Independent Director and Ashish Bharat Ram & Kartik Bharat Ram Executive Directors are members of the Committee.

Table 8 provides details of the Stakeholders Relationship Committee meetings held during the year 2020-21 and attendance of its members.

Table 8: Attendance Record of Stakeholders Relationship Committee Meetings during 2020-21

Name of Members	Category	Date of Stakeholders Relationship Committee Meeting and Attendance of Members					
		30-Jun-2020	07-Aug-2020	07-Sep-2020	20-Oct-2020	01-Dec-2020	19-Feb-2021
Tejpreet S Chopra (Chairman)	Non-Executive, Independent	Yes	Yes	Yes	No	No	Yes
Ashish Bharat Ram	Executive, Promoter	Yes	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Executive, Promoter	Yes	Yes	No	Yes	Yes	Yes
Yash Gupta	Non-Executive, Independent	Yes	Yes	Yes	Yes	Yes	Yes

Rajat Lakhanpal is Compliance Officer under Listing Regulations.

As on March 31, 2021, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 9 gives data on the shareholder/investor complaints received and redressed during the year 2020-21.

Table 9: Shareholder and Investor Complaints received and redressed during 2020-21

Total Complaints Received	Total Complaints Redressed	Complaints not solved to the satisfaction of Shareholders	Pending as on March 31, 2021
167	167	Nil	Nil

d) Corporate Social Responsibility Committee

As on March 31, 2021, this Committee comprised of four Directors — Meenakshi Gopinath (Chairperson), Arun Bharat Ram, Kartik Bharat Ram and Lakshman Lakshminarayan as members. The constitution of the Committee meets the requirements of Section 135 of the Companies Act, 2013.

The terms of reference of the Committee in line with the requirements of the Section 135 of the Companies Act, 2013 and the rules framed thereunder.

Table 10 provides details of the Corporate Social Responsibility Committee meetings held during the year 2020-21 and attendance of its members.

Table 10: Attendance Record of CSR Committee Meetings during 2020-21

Name of Members	Category	Date of meeting and Attendance of Director	
		June 04, 2020	March 25, 2021
Meenakshi Gopinath (Chairperson)	Non-Independent, Non-Executive	No	Yes
Lakshman Lakshminarayan	Independent, Non-Executive	Yes	Yes
Arun Bharat Ram	Executive, Promoter	Yes	Yes
Kartik Bharat Ram	Executive, Promoter	Yes	Yes

e) Risk Management Committee

As on March 31, 2021, this Committee comprised of three Directors— Ashish Bharat Ram as Chairman, Kartik Bharat Ram and Bharti Gupta Ramola as Members. The composition of the Committee is in conformity with Regulation 21 of the Listing Regulations.

As on March 31, 2021, brief description of terms of reference of Risk Management Committee interalia includes the following:

- Oversee key risks, including strategic, financial, operational, compliance and cyber security risks.
- Assist the Board in framing, implementing, monitoring and reviewing the risk management plan/policy for the Company and reviewing and guiding the Risk Policy.
- Assist the Audit Committee in evaluating the effectiveness of Risk Management System.

Table 11 provides details of the Risk Management Committee meetings held during the year 2020-21 and attendance of its members.

Table 11: Attendance Record of Risk Management Committee Meeting during 2020-21

Name of Members	Category	Date of meeting and Attendance of Director
		December 22, 2020
Ashish Bharat Ram (Chairman)	Executive, Promoter	Yes
Kartik Bharat Ram	Executive, Promoter	Yes
Bharti Gupta Ramola	Independent, Non-Executive	Yes

f) Committee of Directors – Financial Resources

As on March 31, 2021, this Committee comprised of three Directors— Arun Bharat Ram, Ashish Bharat Ram and Kartik Bharat Ram all of whom are executive directors.

Table 12 provides details of the Committee of Directors- Financial Resources meetings held during the year 2020-21 and attendance of its members.

Table 12: Attendance Record of Committee of Directors- Financial Resources Meetings during 2020-21

Name of Members	Date of Committee of Directors- Financial Resources Meeting and Attendance of Members											
	14-May-2020	08-Jul-2020	31-Jul-2020	26-Aug-2020	17-Sep-2020	07-Oct-2020	12-Nov-2020	16-Dec-2020	21-Jan-2021	10-Feb-2021	08-Mar-2021	30-Mar-2021
Arun Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ashish Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Kartik Bharat Ram	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

g) QIP Committee

During the year the Board had constituted "QIP Committee" comprising of four Directors, Ashish Bharat Ram as Chairman of the Committee and Kartik Bharat Ram, Vellayan Subbiah and Tejpreet Singh Chopra as members of the Committee. The scope of the Committee was to issue and allot equity shares pursuant to Qualified Institutional Placement approved by the Board at its meeting held on August 31, 2020 and to decide on incidental matters related thereto.

Table 13 provides details of the QIP Committee meetings held during the year 2020-21 and attendance of its members.

Table 13: Attendance Record of QIP Committee Meetings during 2020-21

Name of Members	Category	Date of QIP Meeting and Attendance of Members		
		October 12, 2020	October 16, 2020	October 17, 2020
Ashish Bharat Ram (Chairman)	Executive, Promoter	Yes	Yes	Yes
Kartik Bharat Ram	Executive, Promoter	Yes	Yes	Yes
Tejpreet S Chopra	Independent, Non-Executive	Yes	Yes	Yes
Vellayan Subbiah	Independent, Non-Executive	Yes	No	No

Management

Management Discussion and Analysis

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

Disclosure Requirements

- During the year 2020-21, the Company had no materially significant related party transactions. Transactions with related parties are disclosed in Note No 32 to the Financial Statements. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The said policies are available on the website of the Company at the <https://www.srf.com/investors/corporate-governance/>. Policy of determining 'material subsidiaries' is available on the website of the Company at the <https://www.srf.com/investors/corporate-governance/>.
- The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Company has complied with all the applicable requirements of capital markets and no penalties or strictures have been imposed on the Company by Stock Exchange(s), SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.
- Vigil Mechanism Policy : Section 177 (9) of the Companies Act, 2013 and Regulation 22 of Listing Regulations requires that a Company shall have a vigil mechanism for directors and employees for reporting concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Vigil Mechanism Policy of the Company includes Code of Conduct for Directors and Senior Management Personnel, Code of Conduct for employees, Policy against

sexual harassment, Whistle blower Policy and Code of Conduct for Prevention of Insider Trading. The Company is following such a policy and crux of which is disclosed by the Company on its website at the <https://www.srf.com/investors/corporate-governance/>. No personnel has been denied access to the Audit Committee for raising his/her concern under this policy during financial year 2020-21.

- The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 (as applicable) and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations
- This Corporate Governance Report of the Company for the year 2020-21 is in compliance with the requirements of Listing Regulations, as applicable.

Non-Mandatory Requirement

The status of adoption of the non-mandatory requirements as specified in sub – regulation 1 of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as follows:

- (a) **The Board** : The Chairman of the Company is Executive Chairman; (b) **Shareholder Rights**: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.srf.com
- (c) **Modified opinion(s) in audit report**: The Company already has in place a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements; and (d) **Reporting of Internal Auditor**: The Internal Auditor of the Company reports to the President & CFO of the Company and has direct access to the Audit Committee.

CEO/CFO certification

The Certificate in compliance with Regulation 17(8) of Listing Regulations was placed before the Board of Directors.

Appointment/ Reappointment/Resignation of Directors

Dr. Meenaskhi Gopinath, Director is retiring by rotation and has expressed her intention not to seek re-appointment.

Mr. Arun Bharat Ram has expressed his intention to step down as Executive Chairman and Director of the Company from the closing of business hours on March 31, 2022.

Mr. Arun Bharat Ram joined the Board of the Company in 1975 and has been instrumental to the spectacular success of the Company and the Group over the last five decades. Considering his tremendous experience, it would be in the interest of the Company to continue to benefit from his rich experience, valuable knowledge and wisdom from time to time in a role of the mentor to the Board of Directors.

In light of the above and in recognition of his services, the Board at its meeting held on 28 July, 2021, on the recommendation of Nomination and Remuneration Committee and with approval by the Audit Committee recommend to the shareholders to confer upon Mr. Arun Bharat Ram, the status and title of Chairman Emeritus of the Company for a term of five years with effect from 1 April 2022.

Table 14 : Last three AGMs of the Company

Year	Location	Date	Time	No. of Special Resolutions Passed
2017-18	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 Same as Above	August 07, 2018	11.00 A.M.	7
2018-19	Laxmipat Singhanian Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 Same as Above	August 05, 2019	3.30 P.M.	2
2019-20	Video Conferencing. Deemed Venue- The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2nd Floor, Mayur Place, Mayur Vihar Phase I Extn, Delhi – 110091	August 17, 2020	11.00 A.M.	2

Postal Ballot

During the year the Company had passed Special Resolution for approval for raising of funds by issuance of equity shares through Qualified Institutions Placement(s) as per following details :

Date of Postal Ballot Notice : August 31, 2020	Voting period : September 09, 2020 to October 08, 2020
Date of approval : October 08, 2020	Date of declaration of result : October 09, 2020

The present tenure of service of contract of Kartik Bharat Ram, Deputy Managing Director is upto May 31, 2021. Kartik Bharat Ram has been re-appointed as Deputy Managing Director for a period of 5 years wef June 01 2021 subject to approval by shareholders at the ensuing Annual General Meeting.

Brief resume of Mr. Kartik Bharat Ram, Director proposed to be re-appointed is given in the Notice of the 50th Annual General Meeting.

Means of Communication with Shareholders

Quarterly and annual results of SRF are published in two major national dailies, generally Business Standard / Financial Express (in English) and Jansatta (in Hindi). In addition, these results are posted on the website of the Company, www.srf.com. The website also contains other information regarding SRF available in the public domain.

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

General body meetings

Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 14.

Sl. No.	Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
1	Approval for raising of funds by issuance of equity shares through Qualified Institutions Placement(s)	Special	43739534	43737762	99.9959	1772	0.0041

Procedure for Postal Ballot In compliance with Listing Regulations and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs for holding general meetings/ conducting postal ballot process through e-voting vide General Circular Nos. 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020 in view of COVID-19 pandemic, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company has availed E-voting facility offered by KFin Technologies Private Limited (R&T Agent of the Company) for conducting e-voting by members of the Company and as permissible under the Act, notices to the shareholders were sent through e-mail whose e-mail ids were registered with depository participants and Registrar and Transfer Agent. The Company has also provided option for e-voting to those shareholders, who held shares in Physical form. In compliance with the requirements of the MCA Circulars, hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope were not sent to the shareholders for this Postal Ballot and shareholders were requested to communicate their assent/dissent through the remote e-voting system only. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements and procedure for registration of the email address as mandated under the Act and applicable Rules and recent circulars.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members were entitled to exercise their votes by electronic mode only and were requested to vote before close of business hours on the last date of e-voting. The scrutinizer submitted his report to Mr. Rajat Lakhnpal, VP (Corporate Compliance) & Company Secretary (who was duly authorised by the Chairman in this regard), after the completion of scrutiny, the results of the voting by postal ballot were then announced by him. The results were also displayed on the website of the Company, www.srf.com, besides being communicated to the stock exchanges, depositories and registrar and share transfer agent. The date of passing of the resolutions was 08.10.2020 i.e. last date of voting and date of declaration of the results was 09.10.2020.

Additional Shareholder Information 50th Annual General Meeting

Day: Tuesday
Date: August 31, 2021
Time: 11.00 A.M.

Venue: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circulars dated January 13, 2021 read together with Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 and deemed venue for meeting will be Registered Office: The Galleria, DLF Mayur Vihar, Unit No. 236 & 237, 2nd Floor, Mayur Place, Mayur Vihar Phase I Extn, Delhi – 110091 For details please refer to the Notice of this AGM.

Financial Year

1 April to 31 March

Tentative Financial Calendar for Results, 2021-22

First Quarter	Last week of July 2021
Second Quarter	Last week of October 2021
Third Quarter	First week of February 2022
Fourth Quarter and Annual	Second week of May 2022

Interim Dividend Payment Date

Two interim dividends of ₹ 5 (50 per cent) and ₹ 19 per share (190 per cent) on the paid up capital of the Company absorbing ₹ 141.31 Crores approx. were paid on August 28, 2020 and February 19, 2021 respectively.

Details of Utilisation of Funds raised through Qualified Institutions Placement (QIP)

During the year 2020-21, the Company allotted 1764705 equity shares through Qualified Institutional Placement(QIP) at an issue price of ₹ 4250 per equity share (including a premium of ₹ 4240 per equity share) aggregating to ₹ 750 crore on October 17, 2020. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 as amended and Sections 42 and 62 of the Companies Act 2013 as amended including the rules made thereunder.

Out of the proceeds of ₹ 750 Crores raised under Qualified Institutional Placement of the Company, ₹ 738.01 Crores were utilised for repayment of outstanding borrowings and ₹ 11.99 Crores were utilized for Incidental expenses in relation to QIP, as per Objects of the Issue.

Details of Total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part

B S R & Co. LLP, Chartered Accountant who are the Statutory Auditors of the Company are a part of B S R & Affiliates network. During financial year 2020-21, total fees paid by the Company and its subsidiaries on a consolidated basis to B S R & Co. LLP, Chartered Accountant and all entities forming part of B S R & Affiliates network is given below -

Name of Company	Name of Entity forming part of B S R & Affiliates network	Details of remuneration	Amount (in Crores)
SRF Limited	B S R & Co. LLP, Chartered Accountant	- Audit fees	0.65
		- For limited review of unaudited financial results	0.54
		- For Corporate governance, consolidated financial statements and other certificates	0.07
		- For tax audit	0.08
		- Reimbursement of out of pocket expenses	0.08
		Total	1.42

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year 2020-21

No. of complaints filed during the financial year	0
No. of complaints disposed off during the financial year	0
No. of complaints pending as on the end of the financial year	0

List of Credit Ratings

Instrument	Rating Agency	Rating	Outlook
Fund Based and Non-Fund Based Limits	India Ratings	IND AA+/Stable/IND A1+	Stable
Fund Based and Non-Fund Based Limits	CRISIL	CRISIL AA+/Stable/ CRISIL A1+	Stable
Long Term Loans	India Ratings	IND AA+/Stable	Stable
Long Term Loans	CRISIL	CRISIL AA+/Stable	Stable
Commercial Papers	India Ratings	IND A1+	Stable
Commercial Papers	CRISIL	CRISIL A1+	Stable
Non-Convertible Debentures	CRISIL	CRISIL AA+/Stable	Stable

During the year under review there is no revision in Credit Rating.

Listing on Stock Exchanges in India

SRF's shares are listed on the BSE and the NSE and debentures are listed on NSE. The Company has paid the listing fee to both BSE and NSE for the year 2021-22. The Stock Codes are:

Stock Exchanges	Equity Shares	Debentures
BSE Limited 25th Floor, P.J. Towers Dalal Street, Mumbai 400 001	503806	
National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex, Bandra (E) Mumbai 400 051	SRF	SRF 22

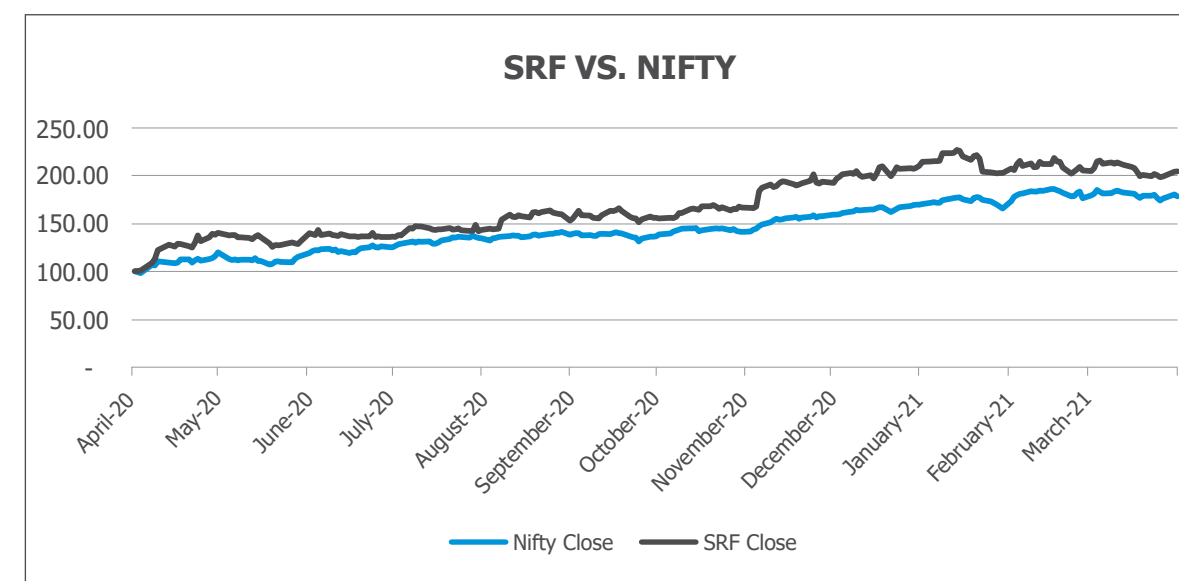
Stock Market Data

Table 15 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2020-21.

Table 15: Monthly Highs and Lows and Volumes Traded at the BSE and NSE during 2020-21

Month	BSE			NSE		
	Highest Price (₹)	Lowest Price (₹)	Volume (No.)	Highest Price (₹)	Lowest Price (₹)	Volume (No.)
Apr-20	3770	2565.8	2,53,449	3772	3718.75	63,71,332
May-20	3728.3	3310	1,37,007	3729	3306	39,71,986
Jun-20	3,849.70	3,517.10	3,49,259	3844.5	3511.8	63,28,595
Jul-20	4,042.25	3,586.00	3,48,292	4043.55	3585	65,89,662
Aug-20	4,437.00	3,775.00	3,19,852	4439.15	3785	74,41,830
Sep-20	4,475.00	3,996.20	1,84,181	4475	3993.6	56,15,510
Oct-20	4,555.25	4,090.05	1,37,905	4557.3	4093	49,23,658
Nov-20	5,365.00	4,334.50	2,12,178	5367.2	4334.15	69,06,784
Dec-20	5,640.00	5,067.35	1,48,377	5643.75	5066.35	39,66,463
Jan-21	6,075.00	5,239.90	2,11,551	6070.5	5240	44,18,996
Feb-21	5,840.35	5,288.70	1,66,063	5842.5	5285.4	35,58,309
Mar-21	5,815.40	5,133.15	1,58,375	5820.5	5131.05	27,49,711

Chart 1: Share prices of Nifty versus SRF Limited for the year ended March 31 2021



Note: Both Nifty and SRF share prices are indexed to 100 as on April 01, 2020

Registrar and Share Transfer Agents

M/s KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited), Hyderabad are the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares.

Share Transfer System

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 request for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 01, 2019 unless the securities are held in dematerialized form with the depositories. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

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 & Liquidity

As on March 31, 2021, out of 5,92,45,205 Equity Shares of ₹ 10/- each, 5,84,37,368 shares (98.64%) were held in electronic form by 67276 shareholders and balance 8,07,837 shares (1.36%) were held by 8,664 shareholders.

Distribution of Shareholding as on March 31, 2021[®]

Table 16 gives the distribution of shares according to shareholding class, while Table 17 gives the distribution of shareholding by ownership.

Table 16: Pattern of Shareholding by Share Class as on March 31, 2021

No. of Equity Shares held	No. of shareholders	% of Shareholders	No. of shares	% of Shareholding
Upto 5000	73,497	96.68	39,68,209	6.70
5001- 10000	1,371	1.80	9,92,566	1.68
10001- 20000	507	0.67	7,42,151	1.25
20001- 30000	173	0.23	4,39,912	0.74
30001- 40000	87	0.11	3,11,054	0.53
40001- 50000	61	0.08	2,79,230	0.47
50001- 100000	117	0.15	8,46,762	1.43
100001& Above	207	0.27	5,16,65,321	87.21
Total	76,020	100.00	5,92,45,205	100.00

Table 17: Pattern of Shareholding by Ownership as on March 31, 2021

Sl. No.	Category	No. of Shares	% Equity
1	PROMOTER COMPANIES	3,00,49,000	50.72
2	FOREIGN PORTFOLIO - CORP	1,09,06,315	18.41
3	RESIDENT INDIVIDUALS	64,88,926	10.95
4	MUTUAL FUNDS	64,65,559	10.91
5	QUALIFIED INSTITUTIONAL BUYER	29,42,306	4.97
6	NON RESIDENT INDIAN NON REPATRIABLE	7,11,303	1.20
7	BODIES CORPORATES	4,88,845	0.83
8	I E P F	3,87,408	0.65
9	H U F	1,95,552	0.33
10	ALTERNATIVE INVESTMENT FUND	1,32,692	0.22
11	NON RESIDENT INDIANS	1,14,752	0.19
12	INSURANCE COMPANIES	1,01,532	0.17
13	CLEARING MEMBERS	78,976	0.13
14	EMPLOYEES	75,038	0.13
15	BANKS	41,067	0.07
16	PROMOTERS	27,500	0.05
17	FOREIGN INSTITUTIONAL INVESTORS	14,904	0.03
18	DIRECTORS	13,985	0.02
19	NBFC	3,517	0.01
20	UNIT TRUST OF INDIA	3,503	0.01
21	TRUSTS	2,525	0.00
	Total	5,92,45,205	100.00

[®]Including holdings by NSDL and CDSL

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

As on March 31, 2021, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments

Commodity price risk or foreign exchange risk and hedging activities

During the year 2020-21, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. There is no direct hedgeable commodity risk that the Company has on any of its raw materials or finished products. Thus, the Risk Management Policy covers only net forex exposure on account of its imports and exports.

The details of foreign currency exposure are disclosed in the Note No. 38 to the Financial Statements.

Plant Locations

Business	Plant Locations
Technical Textiles Business	<ul style="list-style-type: none"> Manali Industrial Area, Manali, Chennai-600068, Tamil Nadu Industrial Area, Malanpur, Distt. Bhind-477116, MP Plot No. 1, SIPCOT Industrial Area Complex, Gummidipoondi, Dist. Thiruvallur- 601 201, Tamil Nadu Viralimalai, Distt. Pudukottai - 621 316, Tamil Nadu Plot No. 12, Rampura, Ramnagar Road, Kashipur, Dist. Udham Singh Nagar-244713, Uttarakhand
Chemicals and Other Business	<ul style="list-style-type: none"> Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan DII / I GIDC. PCPIR,GIDC Phase II, Tal Vagra, Vill. Dahej, Dist Bharuch-392130, Gujarat
Packaging Films Business	<ul style="list-style-type: none"> Plot No. 12, Rampura, Ramnagar Road, Kashipur, Dist. Udham Singh Nagar-244713, Uttarakhand Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pitam Pur, Dist. Dhar-454775, Indore, MP Plot No. 675, Industrial Area, Sector 3, Village Bagdoon, Pithampur, Dist. Dhar - 454775, Indore MP Plot No 3-A, Industrial Growth Sector Kheda, Kheda, Dist-Dhar, Madhya Pradesh, 454775

Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent	Debenture Trustee
The Galleria, DLF Mayur Vihar, Unit No.236 & 237, Second Floor, Mayur Place, Mayur Vihar, Phase-I Extn., Delhi - 110091 Tel No.: (+ 91-11) 49482870 Fax No.: (+ 91-11) 49482900 E-mail : cs@srf.com	Block - C, Sector -45 Gurugram 122 003 Tel No.: (+ 91-124) 4354400 Fax No.: (+ 91-124) 4354500 E-mail : cs@srf.com	KFin Technologies Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500032 E-mail : inward.ris@kfintech.com Website: https://www.kfintech.com Toll Free No. 1- 800-309-4001	Vistra ITCL (India) Limited The IL&FS Financial Centre Plot C-22, G Block Bandra Kurla Complex, Bandra East, Mumbai 400 051 Website: www.vistra.com Contact Person: Supratik Dasgupta, Sr. Relationship Manager,Corporate Trust & Funds Capital Market Email: supratik.dasgupta@vistra.com Tel No. : (+91-11) 46577591

Declaration Regarding Code of Conduct

I, Ashish Bharat Ram, Managing Director of SRF Limited hereby 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 March 31, 2021.

Date: May 5, 2021
Place: New Delhi

Ashish Bharat Ram
Managing Director

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

(Pursuant to regulation 34(3) and schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
SRF LIMITED
The Galleria, DLF Mayur Vihar, Unit No. 236 & 237
2nd Floor, Mayur Vihar Phase-1 New Delhi-110091

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SRF LIMITED having CIN:L18101DL1970PLC005197 and having registered office at The Galleria, DLF Mayur Vihar, Unit No. 236 & 237 2nd Floor, Mayur Vihar Phase-1 New Delhi-110091 (hereafter referred to as "the Company"), in accordance with Regulations 34(3) read with Scheduled V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements, 2015). In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors of the Board of the Company as stated below for the financial year ending March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. Aggarwal & Associates**
(Company Secretaries)

CS Sanjay Aggarwal
Proprietor

C.O.P No. 8989, Membership No. 6158
UDIN: F006158C000146419

Date : April 21, 2021
Place: New Delhi

INDEPENDENT AUDITORS' REPORT

To the Members of SRF Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of SRF Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

The key audit matter

Accounting for derivatives

An important element of Company's fund-raising strategy involves various types of borrowings including foreign currency denominated borrowings and a combination of fixed and floating interest rates, and also foreign currency denominated loans and advances to other parties. The Company's operating activities are also exposed to significant foreign exchange risk (refer to note 38 of the standalone financial statements).

The Company uses derivative financial instruments to mitigate foreign currency risk and interest rate risk primarily through foreign currency forward exchange contracts and interest rate swaps.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

How the matter was addressed in our audit

In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence:

- Tested the design, implementation and operating effectiveness of controls over the Company's treasury and other related functions which directly impact the relevant account balances and transactions, including hedge accounting.
- For selected samples via statistical sampling, obtained external confirmations from counterparties of the year end positions as well as agreed to original agreements.

The key audit matter

Further, the Company has been using hedge relationship designation as per criteria set out in relevant Indian accounting standards.

Accounting thereof and related presentation and disclosures of these transactions require significant judgement.

Given the significant level of judgement and estimation involved and the quantitative significance, we have determined this to be a key audit matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the

How the matter was addressed in our audit

- Performed sample tests of valuation and accounting of these transactions. In doing so we have involved valuation specialists to assist us in carrying out aforesaid procedure, as considered necessary.
- Assessed the adequacy of disclosures in the financial statements in respect of both non-derivative and derivative financial instruments.

assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may

cause the Company to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:

- a) we have sought and 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) on the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements;

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 38 to the standalone financial statements ;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Kaushal Kishore

Partner

Place: Delhi

Membership No.: 090075

Date: 21 May 2021

UDIN: 21090075AAAAAJ3973

ANNEXURE A to the Independent Auditors' report on the standalone financial statements of SRF Limited for the year ended 31 March 2021

Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act

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

- (i) a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment).
- b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all fixed assets (property, plant

and equipment) are verified, in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain assets have been physically verified by the Management during the current year. As informed to us, no material discrepancies were noticed on such verification.

- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed/ lease deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold/ leasehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Gross Block 31 March 2021 (₹ in crores)	Net Block 31 March 2021 (₹ in crores)	Remarks
Land at Gummudipoondi	1.21	1.21	Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummudipoondi, the Company does not have clear title to 2.43 acres.
Land at Bharuch, Dahej	108.55 (Carried cost)	108.55 (Carried cost)	The execution of lease deed of land in respect of 1,149,550 square meters of leasehold land allotted to the Company by Gujarat Industrial Development Corporation at Dahej, Gujarat is pending.

- (ii) The inventories, except goods in transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'):

- a) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the aforesaid company listed in the register maintained

under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company;

- b) In case of the loans granted to the aforesaid company, listed in the register maintained under Section 189 of the Act, the schedule of repayment of the principal and payment of interest has been stipulated in the loan agreement and, as per the terms stipulated, no amount was due during the current year;
- c) There are no overdue amounts in respect of the loans granted to the aforesaid company listed in the register maintained under Section 189 of the Act. Accordingly, para 3 (iii) (c) of the Order is not applicable.

According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost

records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records.

- (vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Goods and Services Tax ("GST"), Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, as applicable, have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, GST, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues, as applicable, were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Sales-tax, Service tax, Duty of custom, Duty of excise, GST and Value added tax, as applicable, which have not been deposited with the appropriate authorities on account of any dispute except for the following:

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* (₹ Crores)
Central Excise Laws	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2009-2015	14.11
		Upto Commissioner (Appeals)	1993-2002	9.32
Service Tax Laws	Service Tax	Upto Commissioner (Appeals)	2006-2015	1.58

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* (₹ Crores)
Service Tax Laws	Service Tax	Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2008-2012	0.98
Customs Laws	Customs Duty	Supreme Court	2012-2013	1.27
		High Court	2016-2019	0.27
		Upto Commissioner (Appeals)	2002	0.17
Sales Tax Laws	Sales Tax	High Court	2015-2016	0.34
		Sales Tax Appellate Tribunal	1993-2017	5.34
		Upto Commissioner (Appeals)	1988-2017	8.02
Income Tax Laws	Income Tax	Supreme Court	Assessment year ('AY') 1989-1990	1.13
		Upto Commissioner (Appeals)	AY 2019-2020	0.66
		Dispute Resolution Panel (DRP)	AY 2016-2017	4.04
Goods & Service tax Laws	Goods & Services tax	Upto Commissioner (Appeals)	2017-2019	0.28

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 (₹ Crores)*
Income Tax Laws	Income Tax	High Court	AY 2000-2004	5.55
Central Excise Laws	Excise Duty	High Court	1994-1995	1.18
		Upto Commissioner (Appeals)	1989-1995	2.24
Custom Duty	Custom Duty	Upto Commissioner (Appeals)	2012-2013	0.01

* The amounts disclosed are net of payments and include interest and penalties, wherever applicable.

Also refer to note 31(b)(ii) of the standalone financial statements with regard to income tax demand raised subsequent to year-end.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers or to any financial institutions and dues to debenture holders. The Company did not have any loans or borrowings from government during the year.

(ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the term loans have been applied by the Company during the year for the purposes for which they were raised. In our opinion and according to the information and

explanations given to us and on the basis of our examination of the records of the Company, during the current year, the Company has raised ₹ 250 crores through private placement of non-convertible debentures. The proceeds of the issue have been utilized for repayment of borrowings. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer (including debt instruments) during the year. Also refer to sub-para (xiv) below in respect of the Qualified Institutional Placement made by the Company during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with the provisions of section 42 of the Companies Act, 2013 in respect of the shares issued through Qualified Institutional Placement (QIP) during the year. The proceeds from QIP is ₹ 750 crores. The proceeds of the issue (net of share issue expenses of ₹ 11.99 crores) have

been utilized for repayment of borrowings. During the year, the Company did not make preferential allotment/private placement of fully/partly convertible debentures.

(xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order and provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants

Firm Registration No.: 101248W/W-100022

Kaushal Kishore
Partner

Place: Delhi
Date: 21 May 2021

Membership No. 090075
UDIN: 21090075AAAAA3973

ANNEXURE B to the Independent Auditors' report on the standalone financial statements of SRF Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of SRF Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material

misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Kaushal Kishore

Partner

Place: Delhi

Membership No. 090075

Date: 21 May 2021

UDIN: 21090075AAAAAJ3973