

2009-10
annual
report





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Dear shareholders,

I am pleased to report that your company continues to achieve new milestones in its journey towards sustainable growth through total excellence. Your company closed the year 2009-10 with an all time high consolidated net profit after tax (PAT) of Rs 324 crore. During the year, your company earned the unique distinction of becoming the first and only producer of polyester tyre cord fabric in India. It commissioned two more important projects namely; the second Biaxially Oriented Polyester (BOPET) film line under the Packaging Films Business and the Laminated Fabric plant under the Technical Textiles Business. Most importantly, your company turned around both the acquired overseas units (one in Thailand and the other one in South Africa) within the first completed financial year after their acquisitions.

The Technical Textiles Business, which accounts for more than 50% of the Company's revenue, turned around during the year recording a significant jump in profit from operations at Rs 229 crore during the year. The resurgence of the Technical Textiles Business indeed provided robustness to the Company's strong performance. The Chemicals Business also returned strong margins riding on the robust demand for refrigerants both in the domestic and the international markets. Capitalising on the revival in the automotive and the construction sectors, the Company achieved its highest ever volumes in the Engineering Plastics Business. The Packaging Films Business ramped up capacity utilisation of its new line within the first couple of months of it coming on stream; a new global benchmark.

We continued to focus on augmenting our R&D capabilities by investing in our people, processes and equipment. I am particularly excited about the possibilities of cutting edge product development using our in-house capabilities in the area of fluorospecialities. We have the knowledge, the experience and the infrastructure to scale up our R&D activities. Today a number of products are in advanced stages of development. We also commenced the commercial supplies of the new variety of fluorospecialities from two new plants that were commissioned during the year. More heartening is to note that leading international pharma and agro companies continue to entrust us with process development for new products for them.

Your company remained focused on creating value for its customers using the basic tenets of TQM methodology which we have customised as the SRF Way of Management. For us, continuous improvement is an obsession. As always, we took a number of improvement initiatives to further sharpen our cost competitiveness. Simultaneously, we renewed our emphasis on working capital management in a stringent and rigorous manner. This not only freed up operating cash from the system but also made the organisation more resilient towards economic uncertainties.

Chairman's Message

Our people across the organisation worked relentlessly to improve internal efficiencies during the slowdown period of 2008-09 which prepared us to reap the benefits when things turned favourable during the year 2009-10. No doubt, the all round improvement in the Company's performance across the businesses is a testimony to the indomitable spirit of professionalism, dedication and commitment of our people.

Looking towards the future, your company will continue to invest in upgrading the capacity and technology in its quest for retaining its operational excellence and market leadership. The Company has implemented projects worth more than Rs 1200 crore in the last three years. Currently our focus is on setting up the multi-purpose Chemical Complex at Dahej in Gujarat. I believe that the fluorospeciality business has a tremendous potential to drive the future growth of the Company. We are equally excited about expanding the coated fabric business. The sheer range of applications of coated fabrics is both incredible and unexplored in India. Plans are on the anvil to develop the coated fabrics business into a sizeable and relevant segment over next few years. At the same time, we will continue to explore the opportunities for consolidating the businesses we are in through mergers and acquisitions both in India and abroad.

Today, your company is well poised to take the next steps for becoming a global leader. But we remain committed to grow responsibly. Every technology that we acquire or develop has to comply with our high standards of safety and environmental norms. We continue to reduce our carbon footprint through the CDM project for our

refrigerant business. We also expanded our efforts to reach out to the poorest of the poor in Tijara Tehsil of Alwar, Rajasthan, in the vicinity of our chemical plant. Our Natural Resource Management (NRM) project which aims at enhancing livelihood & sustainable environment conservation in this region entered its fourth year, helping around 6500 families to raise their incomes significantly. Needless to mention, these efforts go a long way in helping us gain all round recognition and appreciation from various quarters and most importantly the acceptance by the impacted community.

Our commitment to sustainable development was reaffirmed in the form of the prestigious CII-ITC Sustainability Award for 2009 which our Chemicals Business won for the second year in a row. The Chemicals Business won the 'Commendation Certificate for Significant Achievement' in the category of Independent Unit. This is a level higher than the award the Chemicals Business bagged last year for the 'Strong Commitment towards Sustainable Development'. I am also happy to inform you that our Chemicals Business celebrated 20 years of continuous operations during the period.

It is indeed a matter of pride for all of us in SRF that our social wing, SRF Foundation is working in collaboration with the Government of Haryana to make a holistic improvement in government schools. During the year we adopted 25 primary and 15 middle schools in the Nuh Block of Mewat District of Haryana. The focus is on imparting quality education for all with a holistic and value based approach through ongoing research and innovations and applying global best practices in education. SRF Foundation

is also making efforts to improve the infrastructure facilities at the schools. Through this programme, the Foundation is engaging around 250 teachers in its effort to engage more than 16,000 children in the teaching-learning process.

Apart from other community development initiatives SRF Foundation also organised Vocational Skills Training programme for unemployed youth with a view to improving their employability. The results of this initiative have been very encouraging. Emboldened by the success, we plan to enlarge the scope of the programme in the days to come.

I am indeed proud of your company's contributions towards community development. Let me assure you that our effort in this direction will continue in the future. I am equally confident about the growth story of the Company. The future of the organisation holds new promises. To be sure, I reiterate my colleagues' determination to develop SRF into a world class entity.

Before I conclude, let me assure you of our commitment to create value for our stakeholders. I take this opportunity to thank our board of directors for their constant guidance and SRF employees for their commitment and contributions. We value the trust that you repose on us and look forward to your continued support and encouragement.

With kind regards,



ARUN BHARAT RAM
Chairman

2009-10 Highpoints



CII-ITC Sustainability Award

SRF Chemicals Business won the 'Commendation Certificate for Significant Achievement'

ILO Recognition

International Labour Organisation (ILO) acknowledged SRF's relentless contribution in the area of creating awareness on HIV AIDS since 2005

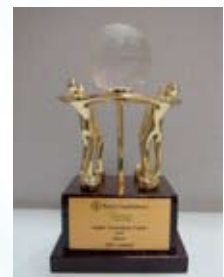


First Polyester Industrial Yarn Plant

SRF commissioned the country's first Polyester Industrial Yarn plant at Gummidipoondi, Tamil Nadu

Award for Supplier Sustainability Programme

Bayer Crop Science (BCS), a premier customer for fluorospecialty business has honoured SRF Chemicals Business with a highly coveted Award for Supplier Sustainability Programme



Best Day School

The Shri Ram School was rated as the Best Day School in India for the second consecutive year in 2009 in a survey conducted by Education World Magazine



Rural Education Programme

SRF Foundation adopted 40 schools in Mewat District of Haryana in its efforts to reach quality education to the deprived children under its ongoing Rural Education Programme. The initiative is impacting the lives of 16,000 children and 250 teachers in the region

20 years of Chemicals Business

SRF celebrated 20th Anniversary of Chemicals Business in its work premises at Bhiwadi, Rajasthan



Airtel Delhi Half Marathon

A team of 60 employees from SRF joined hands to celebrate the spirit of humanism in the Airtel Delhi Half Marathon in November 2009

Company Information



Auditors: M/s Deloitte Haskins & Sells, Chartered Accountants

Company Secretary: Anoop K Joshi

Bankers: ICICI Bank • State Bank of India • State Bank of Patiala • Standard Chartered Bank • Citibank NA • Yes Bank Limited • HDFC Bank • ABN Amro Bank N.V.

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

Corporate Office: Block-C, Sector-45, Gurgaon-122003, Haryana

Board of Directors

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



Technical Textiles Business: Plants

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



Chemicals and Polymers Business: Plants

- Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan
- Manali Industrial Area, Manali, Chennai – 600068, Tamil Nadu
- Plot No. 14 C, Sector 9, IIE Panthnagar, Distt. Udham Singh Nagar, Uttarakhand



Packaging Films Business: Plants

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

Notice

Notice is hereby given that the 39th Annual general meeting of SRF Limited will be held on Friday, the 23rd July, 2010 at 3.30 pm at Laxmipat Singhania Auditorium, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi-110 016 to transact the following businesses: -

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of M V Subbiah, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Piyush G Mankad, who retires by rotation and being eligible, offers himself for re-election.
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED that M/s. Deloitte Haskins & Sells, Chartered Accountants, New Delhi be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual general meeting at a remuneration to be fixed by the Audit Committee/ Board of Directors and service tax thereon and re-imburement of travelling and other incidental expenses, if any, incurred in connection with the audit.”

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

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

including any statutory amendment or re-enactment thereof, to the re-appointment of Ashish Bharat Ram as Managing Director for a fresh tenure of five years effective from 23.05.2010 on the terms, conditions and remuneration, including minimum remuneration as are hereinafter specifically given:-

Tenure

Five years with effect from 23.05.2010

Functions

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

Remuneration

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

Remuneration for a part of the Year

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

Minimum Remuneration

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

Termination

The appointment of Ashish Bharat Ram as Managing Director may be terminated by either party giving to the other three calendar months notice in writing.

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

Gurgaon, May 7, 2010
Regd. Office: C-8, Commercial Complex,
Safdarjung Development Area
New Delhi-110016

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

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

Vice President & Company Secretary

Notes

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 5th July, 2010 to Friday, the 16th July, 2010 (both days inclusive) for the purpose of holding the Annual General Meeting.
4. Members holding shares in physical form are requested to notify change in address and bank mandate, bank particulars, if any, under their signatures to Karvy Computershare Private Limited, 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081, the Registrar & Share Transfer Agent, quoting folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participants.
5. Members seeking any information regarding accounts to be given at the meeting are requested to write to the Company at its Corporate Office at Block C, Sector - 45, In terms of SEBI Circular dated 20th May, 2009 and 7th January, 2010 pertaining to (i) transfer of physical shares (ii) deletion of name of the deceased shareholder(s) where the shares are held in the name of two or more shareholders (iii) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares; and (iv) transposition of shares- when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders, of the listed companies, the transferee(s) are requested to furnish copy of their Permanent Account Number (PAN) Card along with the other documents to the RTA for the above mentioned purpose, irrespective of the value of the transaction.

Gurgaon- 122 003 (Haryana) at least seven days before the date of the meeting so as to enable the management to keep the information ready.

6. All amounts of unclaimed dividend declared up to the financial year ended 31st March, 2002 have been transferred to the General Revenue Account of the Central Government/Investor Education and Protection Fund as required by the Companies Act, 1956.
7. Pursuant to Section 205A of the Companies Act, 1956, dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund of the Central Government.

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

Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial years ended 31st March 2003 and thereafter may send their outdated dividend warrants to the Company at its Corporate Office or to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited for issue of demand drafts in lieu thereof.

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

Item Nos. 2 and 3

M V Subbiah and Piyush G Mankad shall retire by rotation and being eligible, offer themselves for re-appointment.

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

M V Subbiah

M V Subbiah (71) is one of the leading industrialist. He studied Engineering at the University of Birmingham and got his Diploma in Industrial Administration from the University of Aston UK. He attended the PMD programme at the Harvard Business School in 1971.

Subsequent to his retirement in January 2004 as Chairman of the Murugappa Group, he has been a mentor for Murugappa group having interests in engineering, abrasives, fertilisers, sugars and confectionery, financial services, sanitaryware and bioproducts. He was instrumental in

the turnaround of TI Cycles of India and EID Parry (India) Ltd. He was awarded the JRD Tata Corporate Leadership Award for 2001 by the All India Management Association (AIMA) and The Life Time Achievement Award by the Indore Management Association for 2003.

He is an active member and past President of CII.

M V Subbiah is Chairman of Audit Committee of the Board and holds 3,000 shares in the Company.

Directorships in other public companies	Committee Membership
Lakshmi Machine Works Ltd.	-
Parry Enterprises India Ltd.	-
Axis Bank Ltd.	-

None of the Directors of the Company other than M V Subbiah is concerned or interested in the Resolution.

Piyush G Mankad

Piyush G Mankad (68) did his graduation with a Masters Degree from St. Stephen’s College, Delhi University and a post-graduate Diploma in Development Studies from Cambridge University, UK.

Piyush is a retired IAS Officer with a distinguished career of nearly 40 years in the Civil Service. He has held a number of important official positions including Counsellor (Economic) in the Indian Embassy, Tokyo; Controller of Capital Issues, Ministry of Finance; and Finance Secretary, Government of India. He was the Executive Director for India (and four other countries) and Board Member for the Asian Development Bank, Manila until July, 2004. His areas of experience and expertise include public finance and policy, capital market regulation and development, promotion of industry, FDI and infrastructure and public administration.

Piyush G Mankad is a member of the Audit Committee and has no shareholding in the Company.

Directorships in other public companies	Committee Membership
Tata International Ltd.	- Audit Committee
Tata Elxsi Ltd.	- Share Transfer & Investor Grievances Committee*
DSP Black Rock Investment Managers Ltd. (formerly DSPML-FM Ltd.)	Audit Committee
Mahindra & Mahindra Financial Services Ltd.	- Remuneration Committee
Max India Limited	- Share Transfer & Investor Grievances Committee*
ICRA Ltd.	- Remuneration Committee
Noida Toll Bridge Co. Ltd.	- Audit Committee - Share Transfer & Investor Grievances Committee
Heidelberg Cement Ltd (Formerly Mysore Cement Ltd.)	- Audit Committee - Share Transfer & Investor Grievances Committee*
UB(H) Ltd.	-
Kingfisher Airlines Ltd.	-
Tata Power Company Ltd.	-
Mahindra Forgings Ltd.	-

* Chairman of the Committee.

No Director other than Piyush G Mankad is concerned or interested in the resolution.

Item No.5

By a resolution dated 27.07.2005, the shareholders had appointed Ashish Bharat Ram as President & Executive Director of the Company for a period of five years with effect from 23.05.2005. Ashish Bharat Ram was re-designated as Managing Director w.e.f 20.01.2007.

The existing tenure of Ashish Bharat Ram continues upto 22.05.2010.

At its meeting held on 29th March, 2010, the Board of Directors had re-appointed Ashish Bharat Ram as Managing Director of the Company for a further period of 5 years with effect from 23.05.2010. Members’ approval is sought to the re-appointment.

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

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

Ashish Bharat Ram (41) holds a Masters’ degree in Business Administration on Corporate Strategy from Cornell University, USA and has 15 years working

experience in senior positions including in the Company's international subsidiaries.

Ashish Bharat Ram has no shareholding in the Company.

Directorships in other public companies	Committee Membership
KAMA Holdings Limited (Formerly SRF Polymers Ltd.)	- Investors/Shareholders Grievance Committee * - Committee of Directors – Financial Resources - Remuneration Committee
SRF Polymers Investments Limited	-
SRF Holiday Home Limited (Formerly SRF Infrastructure Limited)	-
KAMA Realty (Delhi) Limited (Formerly Ennore Energy Limited)	-
SRF Fluorochemicals Limited	-
Shri Educare Limited	-

* Chairman of the Committee.

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

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

Inspection

All Documents referred to in the Notice and Explanatory Statement shall be open for inspection at the Corporate Office of the Company on all working days, between 11.00 A.M. and 1.00 P.M. upto the date of AGM and shall also be available at the AGM.

Stock Exchanges where Company's securities are listed: -

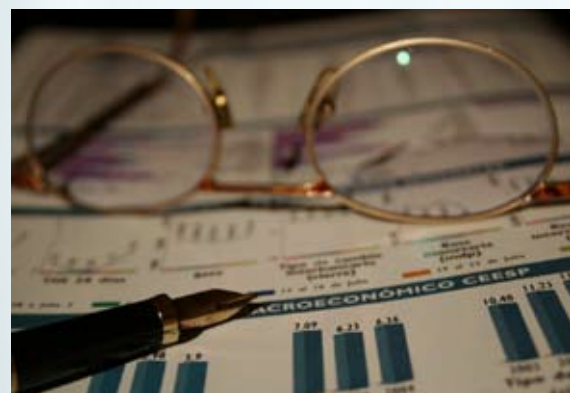
1. The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001
2. National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

Annual Listing fee for the year 2010-11 has been paid to both the Stock Exchanges.



Directors' Report

Your Directors are pleased to present the 39th Annual Report for the year ended 31 March 2010.



Financial Results

(Rs crore)

	2009-10	2008-09
Net Sales	2181.08	1800.82
Profit Before Interest, Depreciation & Tax (PBIDT)	649.40	394.34
Less: Interest & Finance Charges (Net)	64.24	49.00
Gross Profit	585.16	345.34
Less: Depreciation	131.25	99.40
Profit Before Tax (PBT)	453.91	245.96
Less: Provision For Taxation including Deferred Tax Charge	144.49	82.68
Profit After Taxation (PAT)	309.42	163.28
Add: Profit Brought Forward	482.07	442.20
Surplus available for appropriation	791.49	605.48

Appropriation

(Rs crore)

	2009-10	2008-09
Interim dividend on Equity Shares	84.71	62.53
Corporate Tax on Dividend	14.39	10.63
Amount transferred to General Reserve	35.00	20.00
Amount transferred to Debenture Redemption Reserve	30.25	30.25
Profit carried to Balance Sheet	627.14	482.07
Total	791.49	605.48

Equity Dividend

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

Operations Review

Net sales of the Company grew by 21.12 per cent from Rs 1,800.82 crore in 2008-09 to Rs 2,181.08 crore in 2009-10. Profit before interest, depreciation and tax (PBIDT), including 'other income' increased from Rs 394.34 crore in 2008-09 to Rs 649.40 crore in 2009-10.

Profit before tax (PBT) increased by 84.55 per cent from Rs 245.96 crore in 2008-09 to Rs 453.91 crore in 2009-10. After accounting for the provision on taxation of Rs 144.49 crore, which includes deferred tax liability and provision relating to earlier years, profit after tax (PAT) grew by 89.50 per cent from Rs 163.28 crore in 2008-09 to Rs 309.42 crore in 2009-10.

Management Discussion and Analysis

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

Subsidiary Companies

Restructuring of shareholding in international subsidiaries

Your Company had setup two international holding companies in Netherlands - SRF Global B.V. and SRF Tech textile B.V. to realign and restructure the investment in overseas operating entities.

The entire shareholding in SRF Technical Textiles (Thailand) Ltd and SRF Industex Belting (Pty) Limited, which were earlier held by SRF Overseas Ltd, a wholly owned subsidiary of the Company was transferred to SRF Tech textile B.V. w.e.f April 1, 2010. Consequently, these two operating entities became subsidiaries of SRF Tech textile B.V.

SRF Global B.V.

SRF Global B.V. has reported a loss of Euro 0.20 lakhs during the year 2009-10 on account of administrative expenses. During the year, SRF Global B.V. has set up a wholly-owned subsidiary viz. SRF Tech textile B.V. in Netherlands.

SRF Tech textile B.V.

SRF Tech textile B.V. has reported a loss of Euro 0.005 lakhs during the year 2009-10 on account of administrative expenses.

SRF Technical Textiles (Thailand) Ltd.

SRF Technical Textiles (Thailand) Ltd. (SRF TTT), a wholly owned subsidiary of SRF Tech textile B.V. is a company incorporated in Thailand and engaged in the manufacture and distribution of nylon tyre cord. For the year 2009-10, the turnover of the Company was THB 1548.31 million and net profit was THB 33.38 million.

SRF Industex Belting (Pty) Ltd.

SRF Industex Belting (Pty) Ltd. (SRF IB), a wholly owned subsidiary of SRF Tech textile B.V. is a company incorporated in South Africa and engaged in the manufacture of belting fabrics. For the year 2009-10, the turnover of the Company was ZAR 122.03 million and net profit was ZAR 15.31 million.

SRF Overseas Ltd. (SRFO)

SRFO, a wholly owned subsidiary operating out of Dubai, is an arm of the Technical Textiles Business (TTB) targeted at the



markets of Middle East, Europe and Africa. During the year 2009-10, turnover of the Company was AED 99.64 million and the Company incurred a loss of AED 0.66 million.

Other Subsidiaries

SRF Transnational Holdings Ltd. made a profit (PAT) of Rs 10.66 lakhs during the year 2009-10. This profit was mainly on account of dividend and interest income.

SRF Properties Ltd. earned a net profit (PAT) of Rs 9.13 lakhs during the year 2009-10.

SRF Holiday Home Limited (formerly SRF Infrastructure Limited) has made a loss of Rs 4.55 lakhs during the year 2009-10. It has entered into an agreement for purchase of a villa in Kasauli for use by the officers of SRF Group as a holiday home.

SRF Fluorochemicals Limited has not started any operations.

SRF Energy Limited has not started any operations.

SRF Fluor Private Limited too has not yet started operations and has reported a loss of USD 7960 during the year 2009-10. The loss is on account of administrative expenses.

The Central Government vide its letter No. 47/238/2010-CL-III dated 22nd April, 2010 has under section 212(8) of the Companies Act, 1956, exempted SRF from attaching a copy of

balance sheet, profit and loss account, auditor's report and directors' report of its subsidiary companies and other documents required to be attached under Section 212(1) of the Act to the balance sheet of the Company. Details of subsidiary companies required to be published in the Annual Report as per the said letter are given separately in the Annual Report.

Directors

M V Subbiah and Piyush G Mankad are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of the Directors offering themselves for re-appointment are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company

at the end of the financial year and of the profit or loss of the Company for the period under review;

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts for the year ended 31st March 2010 on a 'going concern' basis.

The Company is controlled by Arun Bharat Ram Group ("Promoter Group") being a group as defined under the Monopolies and Restrictive Trade Practices Act, 1969. The Promoter Group consists of various individuals and corporate bodies who are in a position to and who jointly exercise control over the Company. A list of these individuals and corporate entities is as follows:

- a) Arun Bharat Ram; b) Ashish Bharat Ram; c) Kartikeya Bharat Ram; d) Shiela Bharat Ram; e) Manju Bharat Ram; f) Vasvi Bharat Ram; g) Radhika Bharat Ram; h) KAMA Holdings Ltd. (Formerly SRF Polymers Ltd.); i) SRF Polymers Investments Ltd. (formerly SRF International Ltd.); j) Skylark Investments & Trading Pvt. Ltd.; k) Narmada Farms Pvt. Ltd.; l) Bhairav Farms Pvt. Ltd.; m) Shri Educare Ltd.; n) KAMA Realty (Delhi) Ltd.; o) Shri Educare Maldives Pvt. Ltd.; p) Karm Farms Private Ltd.; and q) Srishti Westend Greens Farms Private Ltd.

Buy-back of Shares

During the year, your Company completed the buy-back of shares announced by the Board of Directors at its meeting held on 25 April 2008. An aggregate of 73,81,425 equity shares at an average market price of Rs 94.83 per share were bought back absorbing a total amount of Rs 69.99 crore (Rs 70 crore approximately) i.e., the 100 percent of the maximum buy-back size.

The Board of Directors at its meeting held on 28.07.2009 announced another buy-back of fully paid up equity shares for an amount not exceeding Rs 65 crore at a maximum price of Rs 160/- per share from the open market through stock exchanges.

SEBI vide its letter no. SEBI/CFD/DCR/BB/SC/190277/2010 dated 8.1.2010, after considering the facts of the matter, has opined that the Company is eligible to make a second buy-back offer only after completion of 365 days from the date of completion of the preceding offer of buy-back. It had therefore advised the Company to withdraw the proposed buy-back offer.

Consequently, the Board of Directors at its meeting held on 19.1.2010 had decided to withdraw the buy-back offer. A public notice to this effect was released in the newspapers for the information of the shareholders.

Listing of Equity Shares

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

Corporate Governance

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

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

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

Consolidated Financial Statement

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

Accounts and Audit

The auditors, M/s Deloitte Haskins & Sells retire at the conclusion of the 39th Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the auditors are explained wherever necessary in appropriate notes to the accounts.

Cost Audit

Prakash Kumar Varma, Cost Accountant, has been reappointed to conduct cost audit of the accounts maintained by the Company in respect of its nylon products for the financial year 2010-11.

Internal Control System

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

Fixed Deposits

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

Personnel

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of

Employees), Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure 2 to the Directors' Report.

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

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given as Annexure 3 to the Directors' Report.

Industrial Relations

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

Acknowledgements

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

For and on Behalf of the Board

Arun Bharat Ram
Chairman

Date: May 7, 2010
Place: Gurgaon

Annexure 1: Auditors' Certificate on Corporate Governance

To the Members of SRF Limited

We have examined the compliance of conditions of Corporate Governance by SRF Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s).

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

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

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

GURGAON, May 7, 2010

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

Manjula Banerji
Partner
(Membership No. 086423)



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

S.N.	Name	Age (in years)	Designation	Remuneration	Qualification	Exp	DOJ	Last Employment
1	A D Thakre	47	Associate Vice President	2,467,795	B.Tech, M.Tech(Chem)	24	1-May-89	Hindustan Fluorocarbons Ltd
2	A R Rajesh	40	Associate Vice President	27,09,132	B.Tech(Chem)	18	1-Jun-92	NA
3	Ajay Chowdhury*	43	Associate Vice President	356,140	B.A. (Eco), M.A. (Sociology), M.B.A.(HR)	19	8-Feb-10	CEO, Benifys HR Solutions Pvt Ltd
4	Amit Kaushik*	45	Vice President	800,300	MA (Eco)	23	10-Dec-07	Moderator-Solution Exchange, UNESCO New Delhi
5	Anoop K Joshi	50	Vice President & Company Secretary	4,219,638	B.Com, FCA, FCS	27	10-Feb-86	Audit Manager, Dass Gupta & Co. Chartered Accountants
6	Anurag Jain	38	Vice President	3,037,340	B.E.(Chem), Executive M.B.A.	15	16-Sep-94	GET, Indogulf Fertilizer & Chemical Corporation Ltd
7	Arun Bharat Ram	69	Chairman	38,309,000	B.Sc (Indl Engg)	43	1-May-72	Manager, Textile Div, DCM Ltd
8	Aseem Mehrotra	49	Vice President	4,905,178	B.E.	27	16-Apr-90	Branch Manager, Indographics
9	Ashish Bharat Ram	41	Managing Director	18,757,000	MBA	19	2-Sep-02	MD, SRF Overseas Ltd
10	D P Bhattacharaya	45	Vice President	3,685,110	B.Tech.	23	18-Sep-95	Manager, Thapar DuPont Limited
11	H S Dua	56	Associate Vice President	2,744,202	B.A. (Public Administration), PGDBM	30	1-Apr-82	Personnel Manager, Jubilant Organosys Limited
12	Hari K Singh	39	Vice President	2,880,336	B.Tech, EPBM, IIMC, Certified Project Manager, PM Guru USA & PMA	16	4-Jul-94	NA
13	J Ravikant	40	Associate Vice President	2,510,991	B.E. (Electrical), M.S. (Quality Management)	19	11-Dec-02	Satyam Computers Services Ltd, Lead Consultant
14	Kapil Kumar	39	Group Leader	2,751,286	B.Sc (Chem), M.Sc (Org Chem), M.Tech (Chem)	14	12-Feb-96	NA
15	Kartikeya Bharat Ram	39	Dy. Managing Director	16,352,000	MBA	16	5-Jul-93	NA
16	Mukesh Kumar Sharma	50	Associate Vice President	2,591,929	B.E.	28	24-Oct-08	Glenmark Pharmaceuticals
17	Neeraj Chandna	44	Associate Vice President	2,519,832	B.E. (Mech), Diploma in Business Administration	22	1-Sep-03	G.M. (TQM and Project), Asahi India Safety Glass Ltd
18	P K Gupta	56	Associate Vice President	2,416,820	B.Tech(Mech)	28	19-Aug-89	Senior Manager, CEAT Ltd
19	P Vishvanathan	53	Associate Vice President	2,686,934	M.Sc.(Statistics), M.Phil., PG Dip in Operations Research	26	26-Oct-91	TVS Electronics
20	Pramod B Talegaon*	49	Vice President	2,488,000	B.Chem.Engg, M.Chem.Engg.	25	4-Aug-09	Senior General Manager, Hikal Ltd
21	Prashant Mehra	38	Vice President	3,005,352	B.E.,MBA	14	7-Mar-96	NA
22	Prashant Yadav	40	Vice President	3,075,694	B.E.	18	1-Jan-09	VP, SRF Polymers Ltd
23	R N Kaul	54	Vice President	3,323,062	B.Sc, MLIS, PGD (Logistics)	30	30-Nov-81	Information Specialist, Technology Management Corp
24	R Rajasekaran	53	Associate Vice President	2,506,650	B.Tech(Instrumentation and Control Design)	28	30-Jun-82	NA
25	Rahul Jain	35	Associate Vice President	2,862,742	B Com, CA	11	1-Dec-08	DGM-Finance, Jubilant Organosys Limited

S.N.	Name	Age (in years)	Designation	Remuneration	Qualification	Exp	DOJ	Last Employment
26	Dr Rahul Saxena	46	Vice President	4,020,702	B.Sc, M.Sc, Ph.D	20	27-Dec-07	Sr. General Manager- R&D, Ind Swift Laboratories
27	Rajdeep Anand	58	President (Projects & R&D)	10,515,972	B.Tech	38	29-Mar-93	Chief Executive, Chem Aides
28	Rajeev Marwah	51	Vice President	3,803,658	B.Tech, MBA	17	2-Aug-06	Unit Head, Siel Chemical Complex
29	Rajeev Narang	45	Vice President	2,763,038	DIP & AMIE	26	21-Sep-95	Deputy Manager-Mechanical, CEAT Limited
30	Rajendra Prasad	52	President & CFO	8,782,886	CA, DISA, CISA (USA)	28	20-Mar-06	Country Controller, American Express Bank
31	Raju Rustogi	43	Vice President	2,422,852	B.Com, CA	17	26-Oct-06	Jindal Saw Ltd,
32	Ramalingam R	52	Associate Vice President	2,603,976	B.Tech (Chem), M.Tech(Chem)	26	3-May-88	Senior Executive, EID Parry Ltd
33	Ravindra Joshi	56	Vice President	3,462,240	B.Tech, PGDBM	32	2-Jan-89	General Manager - Mktg (Intl), SRF Overseas Ltd
34	Roop Salotra	59	President & CEO (CB & PFB)	11,477,006	B.E.	38	1-Jun-89	Fenner India Ltd
35	S Ilango	44	Associate Vice President	2,986,438	B.E., M.E.	21	12-Jun-95	Executive Planning, Crompton Greaves
36	Sanjay Chatrath	46	Vice President	4,361,640	B.E.	25	7-Jun-85	NA
37	Sanjay N Mathur	45	Associate Vice President	2,954,100	B.A.Hons (Eco), PGDBM(Mktg and Finance)	23	1-Oct-99	Deputy Marketing Manager, State Trading Company of India Ltd
38	Sanjay P Bindal	49	Vice President	2,679,434	B.Tech(Chem)	27	6-May-06	Senior Manager, TBIL
39	Sanjay Rao	39	Vice President	3,022,399	B.Tech (Chem)	17	27-Mar-95	DCM Shriram Consolidated Ltd
40	Sanjeev Brat Bhalla	50	Associate Vice President	2,558,086	B.Tech(Electrical)	29	8-May-95	Asst Manager (Marketing), Ester Industries Ltd
41	Dr Sarathy Iyenger	52	Associate Vice President	2,770,693	M.Sc, PHD	26	17-Feb-90	Britannia Industry
42	Satyajit Roy	46	Associate Vice President	2,531,751	B.Tech (Textiles)	25	31-Oct-91	Senior Officer (Customer Technical Services), J K Synthetics,
43	Sunil Gulpadia	42	Vice President	2,647,721	B.Com, CS, ICWA	21	22-Aug-94	Asst Manager (MIS), Hilton Rubbers Ltd
44	Suresh Dutt Tripathi	49	President (Corporate HR)	6,500,608	M.Sc, PGDSW	27	11-Feb-02	Principal, Mgt Consultancy MASCON Global Limited
45	Suresh Kannan	42	Vice President	4,753,811	B.E.	21	5-Jun-89	NA
46	Sushil Kapoor	50	President & CEO (TTB)	11,478,806	B.Tech	27	1-Jul-82	NA
47	V Sekar	52	Vice President	3,534,648	B.Tech	29	18-Jan-96	Sr.Manager (Supply Chain), Du Pont Fibre Ltd
48	Vijay Mehta	37	Vice President	2,543,002	B.Com (Hons), CA, ICWA, CS	14	5-Jul-06	Financial Controller, Anand Automotive Systems Ltd
49	Viney Kumar Dua	53	Head - Special Projects	3,189,159	B.Com	32	1-Sep-80	Assistant Accountant, DSIDC Ltd

*Employment for the part of the year

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

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

A. Conservation of Energy – Measures taken:

1. Technical Textile Business, Manali

- Saved 25200 KWh /month through the modification of electrical heating system to biomass based Thermic Fluid Heating system in the poly steam super heater.
- Saved 7834 KWh/ month through the installation of chilled water coil system in place of reciprocating R22 chiller.
- Saved 1080 KWh/ month by the introduction of on / off interlock for fresh air blower and PRS oil circulation pumps in dipping.

2. Technical Textiles Business, Gwalior

- Saved 75000 KWh/month in Compressed air system with introduction of VFDs and running of compressors for low and high pressure requirement in separate headers.
- Saved 92160 KWh/month in spinning process by;
 - a) provision of additional insulation over cylinder and heating hood
 - b) reduction in blower CFM (Cubic Feet/Minute)
 - c) arresting heat loss in Godet Chamber
- Saved 96000 KWh/month in refrigeration system with
 - a) increase in hot water temperature from 82 deg. to 89 deg. for usage in VAM, and
 - b) increase in cooling tower approach with optimisation of blade angle

3. Technical Textiles Business, Viralimalai

- Installed Lighting load energy saving devices (2 Nos of 18 KVA each) for factory lighting, saving 2500 KWh/ month.
- Downsized Weft Twister Motor (SART Twisters) from 50 HP to 30 HP, saving 6500 KWh/month.

- Introduced timer in Dornier loom main motor to avoid idle running more than 30 minutes, saving 900 KWh/month.

4. Technical Textiles Business, Gummidipoondi

- Achieved a saving of 4.15 lakh KWh of power by optimising the operation of HT and LT centrifugal air compressors through a modification of piping distribution network during half load operation of the plant.
- Achieved a saving of 6.26 lakh KWh of power by maximising the utilisation of HT compressor for low pressure air services (9kg to 7kg) through installation of Pressure reducing valve.
- Saved 7.5 lakh liters of water per month by recycling of treated plant effluent through installation and commissioning of the new RO Plant.

5. Chemical Business

- Saved 120,000 units/ annum by replacing HFC cooling water pump from 110 KW to 75 KW
- Saved 45000 units/annum by installing 6 VFDs in CMS pumps
- Saved 31600 units/annum by modification in P-2 plant R-22 cooling system and stopping 110 KW compressor
- Saved 22000 units/annum by installation of VFD in C-214 in P2 plant
- Saved 180000 units/annum by modification in heating circuit and improvement in insulation quality resulted stopping one 50 KW heater
- Saved 90000 units/annum by modification in HFC Ammonia circuit

6. Packaging Films Business, Indore

- Saved 34,560 kwh/annum by changing Boiler FD fan motor rating from 15 kw to 11 kw
- Saved 38,000 kwh/annum by reducing energy in co-extruder cooling water system to 4.4 kw
- Saved 86,000 kwh/annum by reducing energy from TDO zones (10 kw)
- Saved 11,66,000 kwh/annum by reducing energy from the Pent house of TDO to 135 kw
- Saved 1,90,000 kwh/annum by reducing energy from supply fan of TDO to 22 kw
- Saved 16,40,000 kwh/annum by optimisation of Erema machine and cutter

7. Packaging Films Business, Kashipur

- Saved 22000kwh/annum by replacing cast aluminum blades in cooling towers with FRP (Fiber reinforced plastic)
- Saved 36000 kwh/annum by lowering the pressure setting in compressors from 7.0kg/cm² to 6.5kg/cm²
- Saved 3600 kwh/annum by replacing all 100 watts filament lamps with 12 watts CFLs
- Saved 20000kwh/annum by replacing old granulator in Erema
- Saved 15 KL FO by optimising the boiler efficiency & maintaining it at 86 to 87%
- Saved 10000 kwh/Annum by replacing DC servomotors with AC servomotors



Power and fuel consumption	2009-10	2008-09
Electricity		
a) Purchased		
- Total units (000 KWH)	174,469.38	136,318.85
- Total amount (Rs lakhs)	7,650.28	5,767.72
- Rate/Unit (Rs)	4.38	4.23
b) Own Generation		
Through Diesel (000 KWH)	6,604.23	3,917.67
- Units per KL of Diesel Oil	4,252.27	3,277.63
- Cost/Unit (Rs)	9.00	11.29
- Through Furnance Oil (000 KWH)	42,725.08	31,241.79
- Units per KL of furnance Oil	4,179.11	4,255.22
- Cost/Unit (Rs)	5.93	7.20
- Through Coal	39,035.89	33,482.30
- Unit per MT of Coal	829.43	777.19
- Cost/Unit (Rs)	4.17	4.06
- Through Windmill (000 KWH)	25,023.52	25,664.60
- Total amount (Rs lakhs)	81.77	78.98
- Cost/Unit (Rs)	0.33	0.31
Others		
a) Fuel (for oil boiler)		
- Quantity (K. Litres)	9,060.40	4,530.78
- Total cost (Rs lakhs)	2,246.27	1,156.93
- Rate/Unit of KL (Rs)	24,792.24	25,534.91
b) LPG		
- Quantity (K. Litres)	3,444.26	1,855.77
- Total cost (Rs lakhs)	1,265.86	811.83
- Rate/MT (Rs)	36,752.77	43,746.09
1 Electricity (KWH/MT)		
- Yarn	2071.94	2105.20
- Fabric	3607.24	3215.66
- Fluorochemicals	907.37	813.16
- Chloromethanes	385.67	406.54
- Polyester Films	1223.60	1099.85
2 LPG (Kgs/MT)		
- Fabric	92.56	94.39
3 Steam (MT)		
- Yarn	2.93	3.08
- Fabric	2.93	3.08
- Fluorochemicals	1.59	1.37
- Chloromethanes	1.44	1.58

B Technology Absorption

Research & Development

SRF's Chemicals R&D is actively engaged in development of many new molecules at its Bhiwadi and Chennai R&D centers. The new pilot plant is now in operation for development / scale-up of new Fluoro-specialities chemicals / molecules. The plant that was under commissioning during the previous year has been successfully commissioned and the products have successfully been delivered to large multinational customers. One more project based on in-house technology development is under implementation at Bhiwadi site. Design work for new projects to come up at Dahej site is in progress. SRF Chemicals' R&D teams are actively developing many more compounds for the Pharma and agro industry.

Expenditure on R&D	2009-10 (Rs lakhs)	2008-09 (Rs lakhs)
Capital	536.61	380.82
Revenue	1374.86	1156.54
Total	1911.47	1537.36
Total R&D expenditure as per cent of turnover	0.88%	0.85%

C. Foreign Exchange Earnings and Outgo

Particulars	2009-10 (Rs lakhs)	2008-09 (Rs lakhs)
Foreign Exchange Earnings	56224.44	65856.22
Foreign Exchange Outgo	60827.81	55140.14
Net Foreign Exchange Earning / (outgo)	(4603.37)	10716.08



Management Discussion and Analysis

The revival of the Indian economy came close on the heels of a year of a short-lived slowdown, which was undoubtedly unprecedented in terms of both severity and reach. SRF utilised this period to improve its internal efficiency and hence was better prepared to reap the benefits when the economy became favourable during 2009-10.

Highlights of SRF's financial performance:

- net sales from operations up by 21.12 per cent from Rs 1800.82 crore in 2008-09 to Rs 2181.08 crore in 2009-10
- profit before depreciation, interest (net) and tax up by 64.68 per cent from Rs 394.34 crore in 2008-09 to Rs 649.40 crore in 2009-10
- profit after tax (PAT) up by 89.50 per cent from Rs 163.28 crore in 2008-09 to Rs 309.42 crore in 2009-10
- earnings per share up by 98.37 per cent from Rs 25.78 in 2008-09 to Rs 51.14 in 2009-10

This **Management Discussion and Analysis** of your company's financial condition and results of operations contains forward-looking statements regarding future events and future results. These are based on previous year's performance, current expectations, estimates, forecasts, and projections about the industries in which it operates and the beliefs and assumptions of the Company's management.

Businesses

SRF has a portfolio of established businesses in industrial intermediates. Over the past few years, the Company has also developed new businesses in Packaging Films and Fluoro

specialities as part of its long-term strategy for growth. It classifies its main businesses as: Technical Textiles Business (TTB), Chemicals & Polymers Business (CPB) and Packaging Films Business (PFB).

Technical Textiles Business

Technical Textiles Business (TTB), which includes tyre cord fabrics, belting fabrics, coated & laminated fabrics, and industrial yarns continues to be SRF's largest business segment, contributing over 50 per cent to the total sales of the Company. During 2009-10, sales of the business have grown from Rs 904.97 crore in 2008-09 to Rs 1199.68 crore.

Tyre Cord Reinforcements

SRF manufactures a basket of reinforcement fabrics for tyre. Its main product is, however, the nylon tyre cord fabrics (NTCF), which is used in the reinforcement of bias tyres. The slowdown in demand of NTCF which began during the second half of 2008-09 affected your company in a limited way. Building on its internal efficiencies, the Company very quickly ramped up the production from the very beginning of the financial year when things turned favourable. SRF was thus able to service the increased demand of the market and in the process posted a robust growth of around 30 per cent year-on-year (YoY) in NTCF segment of the Technical Textiles Business.

The acquisition of the tyre cord unit in Thailand has started showing immediate results. SRF has been able to turn around this unit within a year of taking over and during 2009-10 this unit generated positive cash flows.

SRF has also earned the unique distinction of commissioning India's first polyester industrial yarn (PIY) plant. The plant has



the capability to manufacture high modulus low shrinkage (HMLS) polyester yarn and an assortment of high tenacity and low shrinkage yarns for various industrial applications. With this, SRF is poised to serve the growing segment of polyester tyre cord fabric used in the reinforcement of radial tyres for passenger cars and light commercial vehicles.

Belting Fabrics

Belting fabrics, which are used as reinforcement material for conveyor belts, have been witnessing a stable demand. Over the past five years, volume in this segment for your company has increased at a compounded annual growth rate (CAGR) of about 8 per cent. SRF continues to be the market leader in India in this segment with a domestic market share of around 50 per cent and has a significant presence in other regions, including Europe.

Your company continues with its long-term strategy of attaining global leadership by manufacturing products closer to customers in belting fabrics business. Having strengthened its position in the mining hub of the African continent following the acquisition of a company in South Africa in July 2008, your company is now poised to enter new markets such as South America. Through the use of TQM practices your company turned around this unit which has generated healthy returns.

Coated & Laminated Fabrics

Coated fabrics are used in a wide range of applications including protective covers, dynamic tarpaulins, static covers, auto-canopies and awnings. Building on its 17 per cent growth recorded during the slowdown year of 2008-09, the business further raised the bar by taking the figure to 32 per cent during 2009-10.

Recognising the opportunity in this product, SRF made a maiden entry into the laminated fabrics segment by setting up a production facility at Kashipur. With the commencement of commercial production during end Q4 2009-10, SRF today offers a basket of products in this segment for agriculture, Industrial applications and display solutions (signages) for advertising industry.

Your company has recently obtained board approval to enhance the capacity of coated fabrics by 170 lakh square metre per annum at SRF's existing plant location in Gummidipoondi with a total investment of approximately Rs 143 crore. The new facility will offer new products such as lacquered tarpaulins and fabrics for tensile structures and awnings as well as Poly Urethane (PU) coated fabrics, which are fast emerging applications in India.

Industrial Yarn Business (IYB)

The Industrial Yarn Business manufactures high tenacity nylon 6 yarn with deniers ranging from 210 D to 1890 D. Major applications of this yarn (other than tyre cord) are mechanical rubber goods, fishing nets, stitching threads, defense applications and luggage fabrics.

With the commissioning of the polyester industrial yarn project, SRF is able to offer a basket of industrial yarns (nylon and polyester) for conveyor belts, transmission belts, hose, rope and geo-textile applications.

Over the next few years, the business plan would address both the tyre and non-tyre industrial yarn segments leading to the introduction of value-added products.

Outlook

The bus and truck tyre segment, which accounts for nearly 65 per cent of SRF's NTCF sales, currently has 10 per cent radialisation. Investments in radial capacity are coming up and even if all the announced investments for radial tyres fructify, the most optimistic level of radialisation is likely to be around 30 per cent by 2014-15. Given an economic growth of 7-8 per cent, with such extensive radialisation, our study confirms that the demand for NTCF would continue to grow for next 10 years. This growth will come largely from non-bus & truck tyre segments such as two-wheeler, off-the-road (OTR) and tractor tyres.

India is emerging as the largest producer of motor cycles in the world and the tyres used for these vehicles use nylon tyre cord fabric. The passenger car tyre radialisation in India as well as all developing countries have reached a mature level now. This would open up opportunities to grow in polyester tyre cord fabrics. SRF is well poised to grow in this segment with the commencement of commercial production of high modulus low shrinkage (HMLS) polyester yarn and fabric. SRF has initiated approval process of this product with all tyre majors and already commenced commercial supplies to some of the Indian tyre companies.

In belting fabrics, given the expectation of high growth in the domestic mining industry and infrastructure sectors such as power and construction, the outlook is very positive in India. This augurs well for SRF, which has over 50 per cent share of this business in the domestic market.

Coated fabrics, which has been a small business for SRF is now poised for growth. With the introduction of laminated fabrics in 2010-11 and the approval for setting up a new plant for coated fabrics, the revenues of this segment are expected to rise several folds.

Having established strong cash flows from operations last year, the TTB is in the process of evaluating various options to grow its topline substantially in the coming years through a diverse product portfolio.

Chemicals and Polymers Business

The manufacturing operations of SRF's Chemicals Business are located at Bhiwadi, in Rajasthan, about 70 kilometres from New

Delhi. The Business derives its revenue from sale of fluorine-based refrigerants, chloromethanes, and the fast-growing specialty fluorochemicals business. It also includes receipts based on the destruction of the greenhouse gas, Hydrochlorofluorocarbons (HCFC-23) and the sale of CERs generated by such destruction under the mechanism defined under the Kyoto Protocol.

The global market for carbon credits continues to be encouraging. The year also saw fluorospecialty business generating operating profits for the first time.

During 2009-10 the Chemicals Business posted strong margins riding on the constrained commodity availability globally. The challenges in sourcing of raw materials were matched by the rising finished goods prices.

The prospects of further growth in the fluorospecialties business remain encouraging and the Company continues to invest in this R&D intensive, technologically-driven business segment.

Refrigerants

Refrigerants are primarily used as the cooling medium by the air-conditioning and refrigeration industry. SRF continues to be one of the larger and more credible players in the industry globally. It is the market leader with about 40 per cent share in the domestic market. Exports of the business are spread across 45 countries worldwide, and account for over 80 per cent of the volumes produced.

SRF's refrigerants portfolio includes Hydrochlorofluorocarbons (HCFC-22), the new-generation refrigerant Hydrofluorocarbon (HFC-134a), and the refrigerant blend R404a. SRF has been aligning its product mix in line with the changing market trends and emerging environmental awareness, and has the only manufacturing plant in India producing HFC-134a. This puts SRF in a different league versus competitors who import the product in bulk and use refilling plants for re-packaging and distribution, with no control over the manufacturing process.

Chloromethanes

SRF's main products in the chloromethanes business are methylene chloride, chloroform and carbon tetrachloride (CTC). While chloroform is internally consumed for

Management Discussion and Analysis

manufacturing HCFCs, methylene chloride is sold in the domestic market. Carbon tetrachloride, which is an ozone-depleting substance, is now sold domestically only for feedstock use in line with your company's commitments under the Montreal Protocol.

Through in-house technical innovations, the Company has achieved a favourable market-oriented product mix in its manufacturing process, to cope with declining market demand for CTC and increasing demand for methylene chloride. This has helped the Company in optimising production and improving overall profitability. In 2009-10, the chloromethanes segment contributed substantially to the business' profitability, driven by constrained international availability of methylene chloride.

Fluorospecialities

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

To take on process development for new molecules at the scale necessary to support the Business' growth plans, the strength of R&D and process engineering have been significantly augmented, in terms of people, infrastructure and management. Today, a number of products are in the advanced stages of development and the business is closely engaged with buyers for most of these products.

Engineering Plastics

Engineering Plastics, a group of polymers comprising polyamides (N6 & N66), poly butylene thalate (PBT) and poly carbonates (PC), had good growth during the year due to improved demand. The Company achieved the highest ever volumes and increased its market share during the year. There was a steep rise in the market demand mainly due to automotive and construction industry witnessing a steep revival. This had a direct impact on growth and profitability of the business. A new polymer, PBT, which is used by some of the high-growth segments like compact fluorescent lamp (CFL) was successfully stabilised during the year. Due to competitive market situation, margins had been under pressure.

The Business continues to enhance its skills in R&D and new product development, thereby reducing cost of processing and developing high end grades. The Company has also undertaken the development work of poly carbonate-based engineering plastics and started commercial sales in the fourth quarter of the year.





Outlook

The Chemicals Business has been re-inventing itself over the last few years. From being a commodity player in the refrigerant gas space, this business is rapidly expanding into specialty fine chemicals, deriving value from leading-edge R&D and intellectual property, rather than low-cost production alone.

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

During 2010-11, the business looks to expand its production capacity for both refrigerants and chloromethanes, and set up new production facilities for multi-purpose chemicals at Dahej, in Gujarat, which will be the site of choice for most new investments.

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

Growth in the engineering plastics will continue to be driven by automobile and electrical sector. Although the prevailing competitive situation may adversely impact margins, the increased per capita consumption is expected to grow in the years to come. The Company is confident of retaining its dominant position in the market by way of leveraging its customer-centric approach and is setting up a dedicated product development lab which is expected to improve margins and position the business for the high end applications segment.

Packaging Films Business

SRF continued to follow its strategy of a judicious mix of international and domestic sales, thus ensuring complete capacity utilisation. The capacity expansion was completed during the year and the additional capacity was fully placed in the market. As a result, revenues grew by 16 per cent in 2009-10 to Rs 336.48 crore. The full year impact of this capacity addition will get reflected in the FY 2010-11.

Further, SRF has successfully converted its smaller line at Uttaranchal to a swing plant for producing both thin and thick films. The latter are used in the fashion industry. This swing capability gives SRF the flexibility to produce either of the products depending on the market situation.

In addition, the project of backward integration into a resin plant is progressing well and expected to come on stream during Q2 FY 2010-11.

Outlook

FY 2010-11 is a year of cautious optimism. While no major capacity enhancements are expected worldwide, the uncertainty on the European financial stability front remains a cause of concern. On the domestic front demand growth rate is expected to remain at a healthy 12 per cent. New capacities are also likely to be commissioned in India in the last quarter of FY 2010-11.

SRF's strategy for the year will be to ensure timely start up of the backward integration project and its full capacity utilisation. The long term prospects of this business are encouraging and SRF will continue to explore various organic and inorganic opportunities in this business to maximise shareholders' returns.

Research & Development



SRF's Chemicals R&D is actively engaged in development of many new molecules at its Bhiwadi and Chennai R&D centers. The new pilot plant is now in operation for development/ scale-up of new fluoro-specialities chemicals/molecules. The plant that was under commissioning during the previous year has been successfully commissioned and the products have successfully been delivered to large multinational customers. One more project based on in-house technology development is under implementation at Bhiwadi site.

Located at Manali, Tamil Nadu, the R&D centre of the TTB is equipped with state-of-the-art facilities including pilot plants and testing laboratories. Various in-house development projects have been initiated for development of new products and new processes in the field of technical textiles. Two new products are at an advanced stage of development and one of the new products is being evaluated at a customer's plant. Besides, several research projects are in progress with five leading academic and research institutes in India.

Human Resources

People Development activities continued the momentum gained in the last year. At a strategic level, the emphasis was on integrating the internationally acquired units to the SRF philosophy. The emphasis on People Development continued in other areas, with customised initiatives like the Management Education Programme and the SRF Leadership Programme. An SRF-specific leadership framework was also defined to enable the organisation identify, retain and develop future leaders to support its business plans. Two significant initiatives undertaken during the year included fine-tuning the induction and the mentoring processes and implementation of uniform guidelines for all units.

At the operational level, the Human Resources Information System (HRIS) was further strengthened and calibrated. The HRIS system now provides a low-effort/high-accuracy, efficient database that is fast turning out to be a decision support system for the organisation on the HR front.

SRF witnessed a sub-10 per cent attrition rate for the year.

Total Quality Management

SRF's quality management practices are based on three pillars — customer satisfaction, systematic improvements in all processes and people participation in improvements, all of which saw further progress during the year.

Based on both internal quality improvements as well as joint projects with customers that improved their efficiencies, SRF's tyre cord unit continued to hold the overall number one position in the annual customer survey. With close to 1000 enrolled people in our Problem Solving Programme and about half of them certified in the methods, the in-house programme has now been running quite successfully. The Company aims to enhance everyone's capability in problem solving, and thereby improve organisational capability to remain at the cutting edge of competition.

SRF's people participation initiatives of Kaizen, 5S and QC Circles continue to stand out, with nearly 100% participation.

Kaizens have cumulatively crossed the 300,000 mark. QC circles from TTB participated in 10 external events and won more than 60 awards at competitions, the highest ever in a single year. The TQM way has helped your company in seamless integration of newly acquired plants in Thailand and South Africa.

Information Technology

SRF leverages Information Technology effectively to improve revenue, productivity while reducing costs and risks of doing business.

The Company upgraded its ERP platform to a more recent version of Oracle applications and database and migrated to a more stable platform. SRF also deployed Oracle Process Manufacturing module in Packaging Films Business and is concluding implementation in the Technical Textiles' Viralmalai plant. This will provide end-to-end visibility of its entire value chain from material procurement to production to sales of end products, thereby leading to better utilisation of materials, improved inventories and deliveries.

SRF continued its journey on Knowledge Management by setting up collaboration and documentation websites on its intranet for many processes and departments. Apart from reducing time spent in seeking information, this is bringing about a change in the way the Company works with information across its units.

Community Partnerships

SRF tirelessly aspires to be a conscientious corporate citizen, based on trust, transparency and accountability. The Company, as a signatory to Workplace HIV/AIDS Policy during 2005-06, continued with HIV/AIDS awareness programmes. During this financial year, different business units covered approximately 20,000 people including employees, contract labours, truckers and communities residing in the nearby villages. As signatory of CII Code of Conduct, SRF had launched an affirmative action in support of SC/ST community across all of its Indian business locations.

To realise its aspiration, SRF is involved in social engagement beyond products and profitability through its social arm, the SRF Foundation. The key focus areas in social engagement have been education, vocational skills, health and natural resource management.

SRF Foundation with a range of developmental activities in implementation, continued with its commitment to enrich the lives of its community. Among other initiatives, the Foundation remains committed to providing access to high quality education to students from both the privileged and less privileged backgrounds through Shri Ram Schools (two in Gurgaon and one in New Delhi), Lady Shri Ram College for Women in Delhi and SRF Vidyalaya in Chennai.

Some of the key community development initiatives undertaken by the Company are:

Mewat Rural Education Programme (MREP) – aims at providing holistic improvement in 25 primary and 15 middle schools in the Nuh Block of Mewat District of Haryana, in collaboration with the Government of Haryana.



Enhancing Early Education (3EP) - offers a teachers' development programme for the pre-primary segment incorporating the successful innovative methodology already in place in The Shri Ram Schools.

Shri Sambandh - an outreach programme for various partners who run education programmes for deprived children.

Vocational Education Programmes - aims at creating employment opportunities for the youth by way of providing skilled manpower to the industry.

Natural Resource Management (NRM) – aims at enhancing livelihoods of the poor by harnessing underutilised land and water resources in Alwar district, Rajasthan. The project entered the fourth year of implementation.



Internal Control Systems and Adequacy

The Company has a sound system of internal control in place, which assures the Board of Directors and the management that there is a structured system for:

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

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

- the planning system that ensures drawing up of challenging goals and formulation of detailed strategies and action plans for achieving these goals
- the risk assessment system that accounts for all likely threats to the achievement of the plans, and draws up contingencies to mitigate them
- the review systems that track the progress of the plan

to ensure that timely remedial measures are taken and deviations from the plan are minimised

The Company uses Enterprise Resource Planning (ERP) supported by in-built controls that ensures reliable and timely financial reporting. A well-established internal audit system periodically reviews the controls and compliance of laws and regulations, and the environment under which the internal controls exist. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors.

The Company is fully committed to ensuring an effective internal control environment. In an endeavour to enhance monitoring of internal controls, the Company successfully implemented Controls Self Assessment (CSA) during the year under review.

Risk Management

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

Strategic Risks

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

Operational Risks

To manage operational risks, SRF has well-documented policies and procedures, which are followed in its day-to-day working. The Company has a well-defined delegation of power and relies on a TOM system of control points, comprehensive budgetary controls and review systems to monitor its operations. In addition, internal audits verify compliance to defined policies and procedures.

Financial Risks

With a diverse business portfolio, SRF is exposed to numerous risks. These primarily emanate from foreign currency exchange risk from exports of its products, imports of raw material and capital goods and servicing of foreign currency debt. The management of opportunities and risks at SRF is an integral part of the corporate governance system, not the task of one particular organisational unit. Key elements of the risk management system are the planning, budgeting, review and reporting and control processes.

SRF follows a conservative foreign exchange risk management policy to minimise or eliminate the risks associated with operating activities. The products used are mainly over-the-counter instruments at market quoted pricing, particularly



forward exchange contracts, foreign currency options and interest-rate swaps, which are concluded with banks of repute.

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

Information Technology Risks

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

Cautionary Statement

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

Corporate Governance Report



Philosophy of the Company on Corporate Governance

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

Board of Directors

Composition of the Board

As on 31 March 2010, SRF's Board consisted of 10 Directors, of which four are executives of the Company (including the Chairman, who is an Executive Chairman) and six are independent. Table 1 gives the details of the Board during the year 2009-10.

Table 1: Composition of the Board of Directors of SRF

Sl. No.	Name of Director	Category of Director	No. of other Directorships*	No. of Board-Level Committees where Chairperson or Member	
				Chairperson	Member
1	Arun Bharat Ram	Executive Chairman, Promoter	10	-	4
2	Ashish Bharat Ram	Executive, Promoter	6	1	1
3	Kartikeya Bharat Ram	Executive, Promoter	4	-	1
4	K Ravichandra	Executive	1	1	1
5	S P Agarwala	Independent	1	1	3
6	M V Subbiah	Independent	3	1	-
7	Satish K Kaura	Independent	5	-	4
8	Vinayak Chatterjee	Independent	1	-	3
9	Subodh Bhargava	Independent	11	4	5
10	Piyush G Mankad	Independent	12	2	7

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

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

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

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company or its subsidiaries and associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the Company in the immediately preceding three financial years
- Are not partner or executive or were not partner or an executive during the preceding three years of any of the following:-
 - Statutory audit firm or the internal audit firm that is associated with the Company
 - Legal firm(s) and consulting firm(s) that have a material association with the Company
- Are not material supplier, service provider or customer or lessor or lessee of the Company, which may affect independence of the Director
- Are not a substantial shareholder of the Company i.e. do not own two percent or more of the block of voting shares
- Are not less than 21 years of age.

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

Number of Board Meetings

During 2009-10, the Board of Directors met seven times on 9 May 2009, 28 July 2009, 22 September 2009, 31 October 2009, 9 November 2009, 19 January 2010 and 29 March 2010. The gap between any two Board Meetings did not exceed four months. Table 2 gives the details.

Table 2: Board Meeting Attendance Record of the Directors in 2009-10

Name of the Director	Number of Board Meetings Held Under Tenure	Number of Meetings Attended	Attended Last AGM?
Arun Bharat Ram	7	7	Yes
Ashish Bharat Ram	7	7	Yes
Kartikeya Bharat Ram	7	7	Yes
S P Agarwala	7	7	Yes
K Ravichandra	7	2	Yes
Vinayak Chatterjee	7	6	Yes
Satish K Kaura	7	7	Yes
M V Subbiah	7	5	Yes
Subodh Bhargava	7	7	Yes
Piyush G Mankad	7	6	Yes

Remuneration of Directors

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

Table 3: Remuneration Paid or Payable

(Rs lakhs)

Name of Director	Salary	Sitting Fees ⁺	Perquisites	PF and Superannuation [@]	Commission (Provided)	Total
Arun Bharat Ram	108.00	-	65.93	29.16	180.00	383.09
Ashish Bharat Ram	60.00	-	31.37	16.20	80.00	187.57
Kartikeya Bharat Ram	50.00	-	20.02	13.50	80.00	163.52
S P Agarwala	-	2.20	-	-	5.00	7.20
K Ravichandra	3.72	-	2.78	-	-	6.50
Vinayak Chatterjee	-	1.40	-	-	5.00	6.40
Satish K Kaura	-	0.80	-	-	5.00	5.80
M V Subbiah	-	0.90	-	-	5.00	5.90
Subodh Bhargava	-	1.20	-	-	5.00	6.20
Piyush G Mankad	-	1.00	-	-	5.00	6.00
Total	221.72	7.50	120.10	58.86	370.00	778.18

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

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

Table 4: Details of Service Contracts

Name of Director	Tenure	Notice Period	Severance Fee
Arun Bharat Ram	5 years w.e.f. 15.06.2008	6 months by either party	Nil
Ashish Bharat Ram	5 years w.e.f. 23.05.2005	3 months by either party	Nil
Kartikeya Bharat Ram	5 years w.e.f 01.06.2006	3 months by either party	Nil
K Ravichandra	3 years w.e.f. 01.10.2009	3 months by either party	Nil

Shareholding of Non-Executive Directors

Table 5 gives details of the shares held by the Non-Executive Directors as on 31 March 2010.

Table 5: Equity Shares held by the Non-Executive Directors as on 31 March 2010

Name of Director	Category	Number of Equity Shares Held
S P Agarwala	Independent	-
M V Subbiah	Independent	3,000
Satish K Kaura	Independent	-
Vinayak Chatterjee	Independent	-
Subodh Bhargava	Independent	-
Piyush G Mankad	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 for the Company and operating divisions and business segments
- Minutes of the meetings of the audit committee and other committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or collaboration agreement



- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material

- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc

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

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

Code of Conduct

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

Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimisation procedures. These procedures are being periodically reviewed to ensure

that management controls risk through means of a properly defined framework.

Committees of the Board

a) Audit Committee

As on 31 March 2010, the Audit Committee of SRF comprises five Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement.

During 2009-10, the Audit Committee of SRF met five times on 9 May 2009, 28 July 2009, 22 September 2009, 31 October 2009 and 19 January 2010. Table 6 gives the attendance record of Directors who are members of the Audit Committee.

Table 6: Attendance Record of Audit Committee Meetings during 2009-10

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

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

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

In addition, the Committee also reviews: f. Risk framework.

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

b) Remuneration Committee

As on 31 March 2010, SRF's Remuneration Committee comprised three members all of whom are independent.

During 2009-10, the Remuneration Committee met once on 29 March 2010. Table 7 gives the attendance record of Directors who are members of the Remuneration Committee.



Table 7: Attendance Record of Remuneration Committee Meetings during 2009-10

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

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

c) Shareholders'/Investors' Grievance Committee

As on 31 March 2010, SRF's Shareholders'/Investors' Grievance Committee comprised five Directors—three executive Directors and two non-executive Directors. The Chairman of the Committee is S P Agarwala, an independent Director.

Anoop K Joshi, Company Secretary, is the Compliance Officer. To expedite the process of transfer, Anoop K Joshi, Company Secretary has been authorised by the Board to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one case.

As on 31 March 2010, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 8 gives data on the shareholder/investor complaints received, and redressed, during the year 2009-10.

Table 8: Shareholder and Investor Complaints Received and Redressed During 2009-10

Total Complaints Received	Total Complaints Redressed	Pending as on 31 March 2010
427	427	Nil



Corporate Governance Report

CEO/CFO certification

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

Shareholders

Reappointment/Appointment of Directors

M V Subbiah and Piyush G Mankad, Directors are retiring by rotation and being eligible, offer themselves for re-appointment.

The present tenure of service contract of Ashish Bharat Ram, Managing Director is upto 22 May 2010. Ashish Bharat Ram has been re-appointed as Managing Director for a period of 5 years w.e.f. 23 May 2010 subject to approval by shareholders at ensuing Annual General Meeting.

Brief resumes of these Directors are given in the Notice of the 39th Annual General Meeting.

Means of Communication with Shareholders

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

Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR system. These are available on the SEBI website, www.sebidifar.nic.in.

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

Management

Management Discussion and Analysis

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

Disclosure Requirements

- Disclosures on materially significant related party transactions are given at note no.8 in the Notes to Accounts
- The Company has followed the Accounting Standards notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements
- The Company has complied with the regulations issued by SEBI and terms and conditions of Listing Agreement with the Stock Exchanges
- In compliance with the SEBI regulations on prevention of insider trading, the Company has laid down a comprehensive Code of Conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations

Last three Annual General Body Meetings

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

Table 9 : Last three AGMs of the Company

Year	Location	Date	Time	No. of Special Resolutions Passed
2006-07	Air Force Auditorium, Subroto Park, New Delhi 110 010	20 July, 2007	3.30 P.M.	-
2007-08	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Industrial Area, August Kranti Marg, New Delhi-110016	25 July, 2008	3.30 P.M.	1
2008-09	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Industrial Area, August Kranti Marg, New Delhi-110016	28 July, 2009	2.30 P.M.	1

Postal Ballot

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

Compliance

Mandatory Requirements

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

Adoption of Non-Mandatory Requirements

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

Additional Shareholder Information

39th Annual General Meeting

Date: 23rd July, 2010 Time: 3.30 pm
Venue: Laxmipat Singhania Auditorium, PHD House,
4/2, Siri Industrial Area, August Kranti Marg,
New Delhi-110016

Tentative Financial Calendar for Results, 2010-11

First Quarter	Fourth week of July 2010
Second Quarter	Third week of October 2010
Third Quarter	Third week of January 2011
Fourth Quarter and Annual	First week of May 2011

Book Closure Date

The Share Transfer Register of SRF will remain closed from Monday, 5 July, 2010 to Friday, 16th July, 2010 (both days inclusive).

Interim Dividend Payment Date

Two interim dividends each at the rate of Rs 7 per share (70 per cent) on the paid up capital of the Company absorbing Rs 99.10 crores (approximately) were paid on 23 November 2009 and 15 April 2010 respectively.

Listing on Stock Exchanges in India

SRF's shares are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. The Company has paid the listing fees to both BSE and NSE for the year 2010-11. The Stock Codes are:

Bombay Stock Exchange	503806
National Stock Exchange	SRF

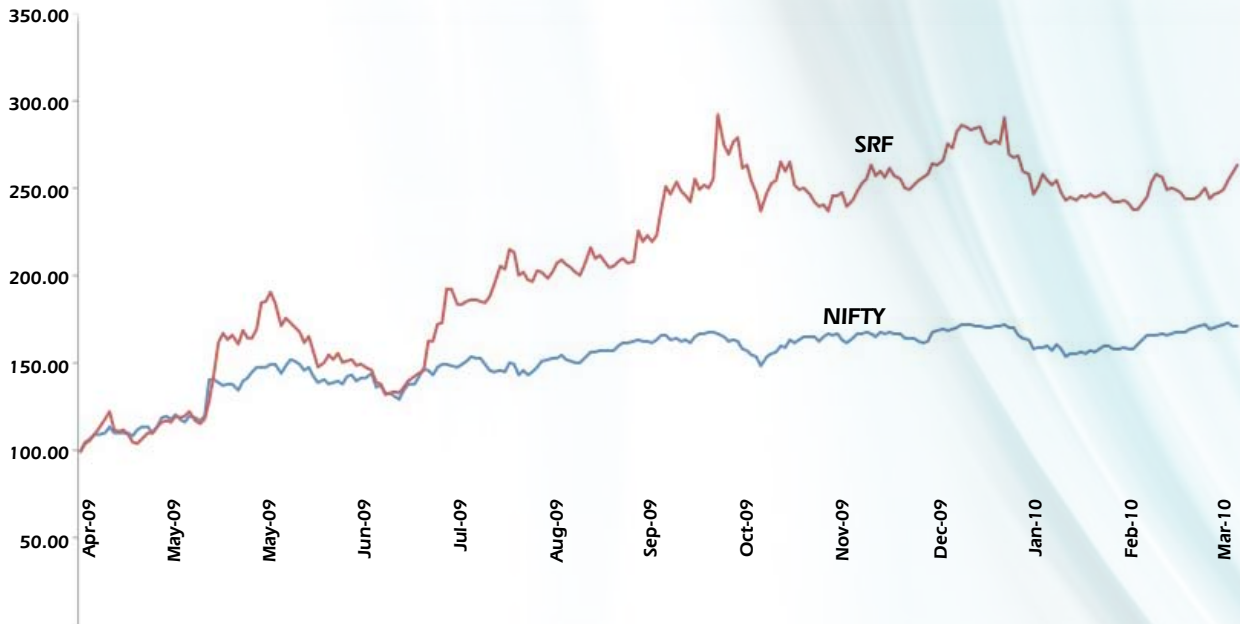
Stock Market Data

Table 10 gives the monthly high and low quotations as well as the volume of shares traded at BSE and NSE during 2009-10.

Table 10: Monthly Highs and Lows and Volumes Traded at the BSE and NSE, 2009-10

Year 2009-10	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Nos)	High (Rs)	Low (Rs)	Volume (Nos)
April	95.50	73.40	58,54,929	95.40	74.10	1,50,04,839
May	134.50	85.05	46,68,280	134.90	85.25	1,05,79,424
June	147.00	107.10	28,63,504	147.10	101.15	78,13,052
July	149.50	98.05	32,64,717	149.75	98.00	83,01,815
August	165.20	134.75	30,86,049	164.80	134.50	72,97,374
September	181.00	150.20	28,08,201	180.55	149.55	59,18,977
October	220.70	171.50	1,01,78,028	221.70	172.05	1,69,28,935
November	204.35	174.10	32,84,163	204.00	174.00	68,41,938
December	211.80	181.40	49,93,205	212.00	182.30	98,14,181
January	224.55	182.00	46,45,647	224.95	181.15	97,04,850
February	196.40	176.10	10,66,634	196.65	170.00	23,70,619
March	200.95	173.25	21,31,640	200.05	178.75	43,02,025

Chart 1: Share prices of SRF Limited versus Nifty for the year ended 31 March 2010



Note: Both Nifty and SRF share prices are indexed to 100 as on 1 April 2009



Registrar and Share Transfer Agents

M/s Karvy Computershare Private Limited, Hyderabad are the Registrar and Share Transfer Agent of the Company w.e.f. 1st October, 2008 for handling both electronic and physical shares.

Share Transfer System in Physical Mode

Share certificates sent for transfer are received at the Registered Office/Corporate Office of the Company or the office of Karvy Computershare Private Limited. All valid transfer requests are processed. To expedite the process of share transfer, Anoop K Joshi, Company Secretary has been authorised to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 1,000 shares/debentures in any one case. For the cases for shares above 1,000, the Shareholders'/ Investors' Grievance Committee meets to approve valid transfer requests. After transfer, the physical shares are sent to the shareholders.

The total number of shares transferred in physical form during the period from 1 April 2009 to 31 March 2010 was 36,716.

Depository System

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

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

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

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

Dematerialisation of Shares as on 31 March 2010

There were 49,613 shareholders holding 5,81,92,827 shares in electronic form. This constitutes 96.18 per cent of the total paid-up share capital of the Company.

Distribution of Shareholding as on 31 March 2010[®]

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

Table 11: Pattern of Shareholding by Share Class as on 31 March, 2010

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 500	67722	92.65	7324931	12.11
501 – 1000	3020	4.13	2318125	3.83
1001-2000	1221	1.67	1827158	3.02
2001-3000	358	0.49	931448	1.54
3001-4000	152	0.21	547531	0.90
4001-5000	151	0.21	710202	1.17
5001-10000	237	0.32	1716268	2.84
10001 and above	231	0.32	45127917	74.59
Total	73092	100.00	60503580	100.00

Table 12: Pattern of Shareholding by Ownership as on 31 March, 2010

Category	Shareholding	
	Number of Shares Held	Shareholding %
Promoters	28590738	47.25
Mutual Funds & UTI	4261189	7.04
Banks, Financial Institutions, Insurance Companies	2529719	4.18
Central Government/State Government	0	0
Foreign Institutional Investors	2795628	4.62
Private Corporate Bodies	5634528	9.31
Indian Public	15977392	26.41
NRIs / OCBs	444889	0.74
Others (including shares in transit)	269497	0.45
Total	60503580	100.00

[®]Including holdings by NSDL and CDSL

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

As on 31 March, 2010, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments

Corporate Governance Report

Plant Locations

Technical Textiles Business	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, Uttarakhand Villages Navaneethakrishnapuram , Melakalangal , Thiruvambalapuram, Dist. Tirunelveli, Tamil Nadu
Chemicals and Polymers Business	Village & P.O. Jhiwana, Tehsil Tijara, Distt. Alwar - 301 018, Rajasthan Manali Industrial Area, Manali, Chennai – 600068, Tamil Nadu Plot No. 14 C, Sector 9, IIE Pantnagar, Distt. Udham Singh Nagar, Uttarakhand
Packaging Films Business	Plot No. 12, Rampura, Ramnagar Road, Kashipur , Dist. Udham Singh Nagar, Uttarakhand Plot No. C 1-8, C 21-30, Sector 3, Indore Special Economic Zone, Pitham Pur, Dist. Dhar, Indore, MP

Address for Correspondence

Registered Office	Corporate Office	Registrar & Share Transfer Agent
C-8, Commercial Complex Safdarjung Development Area New Delhi 110 016 Tel: (+91-11) 2685 7141 Fax: (+91-11) 2651 0428	Block – C, Sector –45 Gurgaon 122 003 Tel No: (+91-124) 435 4400 Fax No: (+91-124) 4354500 E-mail: ajoshi@srf.com	Karvy Computershare Private Limited Plot No. 17 to 24, Vittalrao Nagar Madhapur, Hyderabad-500081 Tel: (+91-40) 4465 5000 Fax: (+91-40) 2342 0814 E-mail: einward.ris@karvy.com

Declaration Regarding Code of Conduct

I, Ashish Bharat Ram, Managing Director of SRF Limited declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended 31 March 2010.

Ashish Bharat Ram
Managing Director

Date: 7 May, 2010
Place: Gurgaon

Financial Statements



Auditors' Report

To the Members of SRF Limited

1. We have audited the attached Balance Sheet of SRF LIMITED ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 015125N)

Manjula Banerji

Partner
(Membership No. 086423)

Gurgaon, May 7, 2010

Annexure to the Auditors' Report

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

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted unsecured loan amounting to Rs 6833.86 lakhs to a wholly owned subsidiary during the year. At the year end, the outstanding balance of such loan is Rs 606.02 lakhs and the maximum amount involved during the year is Rs 8306.95 lakhs.
 - (b) The rate of interest and other terms and conditions of such loan are, in our opinion, prima-facie not prejudicial to the interests of the Company.
 - (c) The receipts of principal amounts and interest have been regular / as per stipulations.
 - (d) There are no overdue amount in respect of loan granted as referred to in paragraph (iv)(a) above and interest thereon.

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us and having regard to the view taken by the Company that the transactions, which are subjected to the provisions of sub-section (6) of section 299 of the Companies Act, 1956 ("the Act"), are not required to be entered in the register maintained in pursuance of section 301 of the Act, there were no transactions during the year that were required to be entered in this register. Notwithstanding the Company's view regarding the provisions of sub-section (6) of section 299 of the Act in respect of certain transactions, exceeding the value of Rs 5 lakhs entered into during the year with parties listed under the provisions of sub-section (3) of section 301 of the Act, these have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public which have matured and are being reflected under "Unclaimed fixed deposits (including interest)". According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company and firms of Chartered Accountants appointed by the Management has been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of "nylon" and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the year-end outstanding for a period of more than six months from the date they became payable.
- (b) The details of dues of Income-tax, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited as on March 31, 2010 on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs in lakhs)
Central Excise Laws	Excise Duty	High Court	1995-1999	285.70
		Customs, Excise and Service Tax Appellate Tribunal	1983-2007	6116.06
		Upto Commissioner (Appeals)	1992-2009	566.46
Sales Tax Laws	Sales Tax	Sales Tax Appellate Tribunal	1987-2008	115.27
		Upto Commissioner (Appeals)	1988-2004	41.76
Income Tax Laws	Income-tax	Commissioner (Appeals)	2006-2007	93.74
Others	Electricity Cess	High Court	2007-2008	6.00

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

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

Annexure to the Auditors' Report

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs in lakhs)
Central Excise Laws	Excise duty	Supreme Court	1994-1996	20.99
		High Court	1994	59.44
		Customs, Excise and Service Tax Appellate Tribunal	1989-1995	223.61
Sales Tax Laws	Sales Tax	High Court	1995-1996	158.84
		Rajasthan Tax Board	2001-2002	22.43

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

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

Manjula Banerji
Partner
(Membership No. 086423)

Gurgaon, May 7, 2010

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	6152.41	6170.55
Reserves and surplus	2	120648.33	91477.07
		<u>126800.74</u>	<u>97647.62</u>
Loan Funds			
Secured	3	75019.36	75014.68
Unsecured		18914.38	13467.73
		<u>93933.74</u>	<u>88482.41</u>
Deferred tax liabilities (net)	4	20591.14	17330.11
		<u>241325.62</u>	<u>203460.14</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	270722.37	218796.93
Less : Depreciation		93548.44	80832.20
Net block		<u>177173.93</u>	<u>137964.73</u>
Capital work in progress		12707.43	28080.29
		<u>189881.36</u>	<u>166045.02</u>
Investments	6	16461.67	13360.01
Current assets, loans and advances			
Inventories	7	24903.10	19110.57
Sundry debtors		34022.93	23024.15
Cash and bank balances		6534.97	310.04
Loans and advances		16729.76	14679.62
		<u>82190.76</u>	<u>57124.38</u>
Less: Current liabilities and provisions	8		
Current liabilities		44739.31	31275.52
Provisions		2468.86	1793.75
		<u>47208.17</u>	<u>33069.27</u>
Net current assets		<u>34982.59</u>	<u>24055.11</u>
		<u>241325.62</u>	<u>203460.14</u>
Notes to the accounts	14		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President & Chief
Financial Officer

Anoop K Joshi
Vice President & Company Secretary

Profit and Loss Account for the year ended March 31, 2010

	Schedule	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
INCOME			
Gross Sales (including conversion income)*		234432.24	195869.37
Less : Excise duty		16324.48	15787.48
Net Sales (including conversion income)		218107.76	180081.89
Other income	9	6815.92	1827.10
		<u>224923.68</u>	<u>181908.99</u>
* Includes tax deducted at source on conversion income - Nil (Previous Year - Rs 17.37 lakhs)			
EXPENDITURE			
Raw materials consumed	10	112710.65	92671.97
(Increase) \ Decrease in Stock	11	(2617.32)	3295.63
Purchases of goods for resale		3641.66	68.37
Manufacturing and other expenses	12	45867.26	46225.17
Interest and finance charges	13	6804.79	5111.28
Depreciation	5	13213.20	10001.45
Transfer from revaluation reserve		(87.49)	(60.60)
		<u>179532.75</u>	<u>157313.27</u>
Profit before tax		45390.93	24595.72
Provision for taxation			
Current tax		11850.00	5404.56
Deferred tax charge		2483.87	2486.54
Fringe benefit tax		-	175.00
Relating to earlier years		115.04	201.52
		<u>30942.02</u>	<u>16328.10</u>
Profit after tax		30942.02	16328.10
Balance brought forward from the previous year		48206.80	44219.98
		<u>79148.82</u>	<u>60548.08</u>
Profit available for appropriation		79148.82	60548.08
Appropriations			
Interim Dividend		8470.50	6253.50
Corporate dividend tax		1439.56	1062.78
Transfer to general reserve		3500.00	2000.00
Debenture redemption reserve		3025.00	3025.00
		<u>62713.76</u>	<u>48206.80</u>
Balance carried to balance sheet		62713.76	48206.80
Earnings per share - basic / diluted (Rs)		51.14	25.78
(Refer note 9 of Schedule 14)			
Notes to the accounts	14		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President & Chief
Financial Officer

Anoop K Joshi
Vice President & Company Secretary

Schedule 1: Share Capital

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
AUTHORISED		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of Rs 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of Rs 100 each	1000.00	1000.00
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of Rs 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of Rs 100 each	20000.00	20000.00
	33600.00	33600.00
ISSUED		
7,38,30,327 (Previous Year - 7,38,30,327) Equity Shares of Rs 10 each	7383.03	7383.03
SUBSCRIBED AND PAID UP		
6,05,03,580 (Previous Year - 6,06,85,005) Equity Shares of Rs 10 each fully paid up	6050.36	6068.50
Add: Forfeited shares - Amount originally paid up	101.51	101.51
Add: Share capital suspense	0.54	0.54
	6152.41	6170.55

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

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

1,81,425 (Previous Year - 72,00,000) equity shares of Rs 10 each fully paid up, bought back and extinguished in accordance with section 77A of the Companies Act, 1956

Schedule 2: Reserves and Surplus

	As at March 31, 2009 (Rs lakhs)	Additions (Rs lakhs)	Deductions (Rs lakhs)	As at March 31, 2010 (Rs lakhs)
Securities premium account	5674.70	-	147.59 ^{###}	5527.11
Capital reserve	19565.45	1389.67*	-	20955.12
Revaluation reserve	5737.38	-	87.49 ^{####}	5649.89
Capital redemption reserve	721.61	18.14 [#]	-	739.75
Debenture redemption reserve	3025.00	3025.00 ^{***}	-	6050.00
Cash flow hedge reserve	(5404.11)	6966.57 ^{**}	-	1562.46
General reserve	13950.24	3500.00	-	17450.24
Surplus in profit and loss account	48206.80	14506.96	-	62713.76
	91477.07	29406.34	235.08	120648.33

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

** The cash flow hedge reserve represents gain on mark to market of foreign currency derivatives in the nature of cash flow hedge net of deferred tax of Rs 777.16 lakhs

*** Created during the year

Transferred from securities premium account, pursuant to section 77AA of the Companies Act, 1956

Represents

- Rs 18.14 lakhs transferred to capital redemption reserve
- Rs 129.45 lakhs utilised towards premium paid on buyback of shares

Represents

- Rs 87.49 lakhs transferred to profit and loss account

Schedule 3: Loan Funds

		As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
SECURED			
Debentures	(1)	15000.00	15000.00
Loans from banks			
On cash credit / working capital demand loan	(2)	11226.76	12190.27
Term loans*	3(i) & (ii)	48792.60	46774.41
Loans from others*	3(iii)	-	1050.00
		75019.36	75014.68
UNSECURED			
Short term loans and advances			
Banks		18914.38	13467.73
Others**		-	-
		18914.38	13467.73
		93933.74	88482.41

* Includes Rs 10356.99 lakhs (Previous Year - Rs 13611.00 lakhs) repayable within a year.

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

Security Note/Clause

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
<p>1. 1500 (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each</p> <p>Terms and conditions</p> <p>a) Redeemable at face value in 3 annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4th year from the date of allotment</p> <p>b) Call option at the end of 3rd year with step up of 0.5% p.a. if call option is not exercised.</p>	15000.00	15000.00	<p>Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.</p>
<p>2. Cash credit / working capital demand loans</p>	11226.76	12190.27	<p>Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.</p> <p>A part of the working capital facilities secured by a second charge on some of Company's immoveable properties, are pending vacation of such second charge in accordance with the revised terms and conditions of the working capital facilities.</p>

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
3. (i) Term loan from banks	19591.17	19601.86	<p>Term loans from banks are secured by:-</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh.</p> <p>Of the above, term loan of Rs 17403.67 lakhs (Previous Year – Rs 5551.86 lakhs) is additionally secured by hypothecation of Company's moveable properties both present and future, at Pantnagar in the State of Uttarakhand.</p> <p>Of the above, term loan of Rs 19591.17 lakhs (Previous Year – Nil) is additionally secured by hypothecation of Company's moveable properties, both present and future, at Kashipur in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs 7102.17 lakhs (Previous Year – Rs 11401.86 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs 4914.67 lakhs (Previous Year – 8776.86 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>Term Loan of Rs 12591.17 lakhs (Previous Year – 5551.86 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save & except superstructures) in the State of Madhya Pradesh.</p> <p>Term Loans of Rs 7676.50 lakhs (Previous Year – Rs 19601.86 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Loans as at 3(i) are to be further secured by equitable mortgage of the Company's immoveable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.</p> <p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs 14676.50 lakhs (Previous Year – Rs 10825.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p>

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
			<p>b) Rs 12489.00 lakhs (Previous Year – Rs 8200.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs 7000.00 lakhs (Previous Year – Rs 14050.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).</p> <p>d) Rs 11914.67 lakhs (Previous Year - Nil) is to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p>
(ii) Term loan from banks	29201.43	27172.55	<p>Term loans from Banks are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loan of Rs 114.79 lakhs (Previous Year – Nil) is additionally secured by a charge on a fixed deposit of Rs 30 lakhs with a bank.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 21714.79 lakhs (Previous Year- Rs 10710.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Manali, Viralimalai, Gummidipoondi (freehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand and Malanpur (save and except superstructures) in the State of Madhya Pradesh.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 114.79 lakhs (Previous Year - Rs 10710.00 lakhs) are to be further secured by equitable mortgage of Company's immovable properties, both present and future, situated at Gummidipoondi (leasehold) in the State of Tamil Nadu, Pantnagar in the State of Uttarakhand, and Indore in the State of Madhya Pradesh.</p>
(iii) Term loan from others	-	1050.00	Term loans from others are secured by hypothecation of the Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh, Kashipur and Pant Nagar in the State of Uttarakhand
Total	75019.36	75014.68	

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

Schedule 4: Deferred Tax Liabilities and Assets

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
DEFERRED TAX LIABILITIES		
Difference between book and tax depreciation	1885.36	16249.48
Research and development expenditure and others	2206.96	1343.28
	21092.32	17592.76
DEFERRED TAX ASSETS		
Provision for bad and doubtful debts	84.26	96.28
Accrued expenses deductible on payment basis	416.92	166.37
	501.18	262.65
Deferred tax liabilities (net)	20591.14	17330.11

Schedule 5: Fixed Assets

Description	Gross Block				Depreciation				Net Block		Revaluation Amount
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	Upto March 31, 2009	For the year*	On deductions	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010
	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)	(Rs lakhs)
Tangible assets											
Land											
- Freehold	10333.42	0.74	-	10334.16	-	-	-	-	10334.16	10333.42	4882.68
- Leasehold	2281.91	1946.59	-	4228.50	-	-	-	-	4228.50	2281.91	362.63
Roads	407.76	246.14	-	653.90	88.71	10.27	-	98.98	554.92	319.05	5.98
Buildings	24895.51	9635.62	29.25	34501.88	5495.45	935.48	10.09	6420.84	28081.04	19400.06	283.85
Plant and machinery	173319.86	38978.38	266.46	212031.78	71780.90	11448.60	226.78	83002.72	129029.06	101538.96	114.75
Furniture, fixtures and office equipments	4006.24	248.85	68.41	4186.68	2460.64	258.09	51.66	2667.07	1519.61	1545.60	-
Vehicles	1395.19	641.28	310.04	1726.43	638.18	270.53	208.43	700.28	1026.15	757.01	-
Intangible Assets											
Goodwill	368.94	-	-	368.94	-	36.89	-	36.89	332.05	368.94	-
Trade Marks	1139.70	-	-	1139.70	28.49	113.97	-	142.46	997.24	1111.21	-
Technical Knowhow	264.70	644.05	-	908.75	6.62	69.48	-	76.10	832.65	258.08	-
Software	383.70	257.95	-	641.65	333.21	69.89	-	403.10	238.55	50.49	-
Total	218796.93	52599.60	674.16	270722.37	80832.20	13213.20	496.96	93548.44	177173.93	-	5649.89
Previous year	186585.57	33580.79	1369.43	218796.93	71948.46	10001.45	1117.71	80832.20	-	137964.73	5737.38
Capital-work-in-progress including capital advances of Rs 2237.36 lakhs (Previous Year - Rs 5247.95 lakhs)									12707.43	28080.29	
									189881.36	166045.02	

- Revaluation was done as on March 31, 2005.
 - Amount of borrowing cost capitalised to fixed assets during the year Rs 1698.07 lakhs (Previous Year - Rs 1937.54 lakhs).
 - The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.
 - Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 3 (a) of Schedule 14).
 - Out of the Industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidipoondi, 8.62 acres of land is under litigation.
 - Capital expenditure incurred during the year includes Rs 536.61 lakhs (Previous Year - Rs 380.82 lakhs) on account of research and development.
 - Capital work in progress includes pre-operative expenses Rs 652.28 lakhs (Previous Year - Rs 2678.93 lakhs).
- * Includes depreciation on assets deployed in research and development as per schedule 12a

Schedule 6: Investments

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
LONG TERM		
(valued at cost unless there is a decline in value, other than temporary)		
Trade Investments		
Unquoted		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
Equity investment in Jingde Yangtze - Ganga Fluorine Chemical Co. Limited (Joint Venture)	141.43	141.43
Advance against investment in SRF Cord GmbH *	66.58	-
Non-trade investments		
Investment of Shares, etc.		
Unquoted		
25,00,000 (Previous Year - 25,00,000) preference shares of Rs 10 each fully paid up of SBL Industries Limited	250.00	250.00
Less: Provision for diminution in value	(250.00)	(250.00)
	-	-
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less: Provision for diminution in value	(11.69)	(11.69)
	-	-
Investment in subsidiaries		
2,28,93,366 (Previous Year - 2,28,93,366) Equity shares of USD(\$) 1 each fully paid up of SRF Overseas Limited (A wholly owned subsidiary)	8514.85	8514.85
32,54,184 (Previous Year - 32,54,184) Equity shares of Rs 100 each fully paid up of SRF Transnational Holdings Limited (A wholly owned subsidiary)	1472.57	1472.57
Less: Amount written off	(1472.57)	(1472.57)
	-	-
8,000 (Previous Year - 8,000) Equity shares of Rs 100 each fully paid up of SRF Properties Limited (A wholly owned subsidiary)	589.56	589.56
2 (Previous Year - 2) Equity shares of USD(\$) 1 each fully paid up of SRF Fluor Private Limited (A wholly owned subsidiary) # Rs 79	#	#
2,50,000 (Previous Year - 50,000) Equity shares of Rs 10 each fully paid up of SRF Holiday Home Limited (formerly SRF Infrastructure Limited) (A wholly owned subsidiary)	25.00	5.00
2,00,000 equity shares allotted during the year		
1,05,360 (Previous Year - 360) Equity shares of Euro 100 each fully paid up of SRF Global BV (A wholly owned subsidiary)	6534.60	23.65
1,05,000 equity shares allotted during the year		
50,000 (Previous Year - Nil) equity shares of Rs 10 each fully paid up of SRF Energy Limited (A wholly owned subsidiary)	5.00	-
50,000 equity shares allotted during the year		

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
50,000 (Previous Year - Nil) equity shares of Rs 10 each fully paid up of SRF Fluorochemicals Limited (A wholly owned subsidiary) 50,000 equity shares allotted during the year	5.00	-
CURRENT INVESTMENTS (valued at lower of cost or fair value)		
Non-trade investments		
Units of Mutual Funds		
Unquoted		
Nil (Previous Year - 1,00,15,685) Units of Rs 10 each of Reliance Liquidity Fund Daily Dividend Reinvestment Option	-	1001.57
Nil (Previous Year - 2,50,42,958) Units of Rs 10 each of ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment	-	2504.30
	16461.67	13360.01
Aggregate book value of unquoted investments		
- Units of mutual funds	-	3505.87
- Others	16461.67	9854.14
	16461.67	13360.01
Net asset value / repurchase price of units of mutual funds	-	3505.87

* Represents capital contributed for allotment of shares pending regulatory clearances from the Federal Republic of Germany.

	Purchase		Sold	
	Units Nos.	Amount (Rs lakhs)	Units Nos.	Amount (Rs lakhs)
Details of investments purchased and sold during the year				
Mutual Funds				
Reliance Liquidity Fund-Daily Dividend Reinvestment Option*	117038520	11707.79	127054205	12709.36
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan*	250177	2504.61	250177	2504.61
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option*	3273412	500.41	3273412	500.41
Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment*	64616162	7901.33	64616162	7901.33
Kotak Flexi Debt Scheme Institutional - Daily Dividend Reinvestment*	9960398	1000.77	9960398	1000.77
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment*	249938	2501.06	249938	2501.06
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment*	7002982	701.11	7002982	701.11
SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment Option*	41804113	7002.31	41804113	7002.31
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment Option*	22018633	2203.18	22018633	2203.18
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend - Reinvestment*	9983144	1000.26	9983144	1000.26
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund*	20213054	2507.85	20213054	2507.85
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment*	79224607	14410.65	104267565	16914.95

	Purchase		Sold	
	Units Nos.	Amount (Rs lakhs)	Units Nos.	Amount (Rs lakhs)
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment*	49406079	7208.15	49406079	7208.15
Equity Shares				
SRF Holiday Home Limited (formerly SRF Infrastructure Limited) (Equity shares face value of Rs 10 each)	200000	20.00	-	-
SRF Energy Limited (Equity shares face value of Rs 10 each)	50000	5.00	-	-
SRF Fluorochemicals Limited (Equity shares face value of Rs 10 each)	50000	5.00	-	-
SRF Global BV (Equity shares face value of EURO 100 each)	105000	6510.95	-	-
Advance against investment in SRF Cord GmbH	-	66.58	-	-

* Units purchased includes dividend reinvested during the year

Schedule 7: Current Assets, Loans and Advances

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
CURRENT ASSETS		
Inventories		
Stores and spares (at cost or under)	3141.10	2083.61
Stock in trade (at cost or net realisable value, whichever is lower)		
Raw materials	11467.76	9989.81
Stock-in-process	4178.51	3643.53
Finished Goods	6115.73	3393.62
	<u>24903.10</u>	<u>19110.57</u>
Sundry debtors#		
Debts over six months		
Unsecured - Considered good	158.59	197.91
- Considered doubtful	257.48	469.96
Other debts		
Unsecured - Considered good	33864.34	22826.24
	<u>34280.41</u>	<u>23494.11</u>
Less: Provision for doubtful debts	257.48	469.96
	<u>34022.93</u>	<u>23024.15</u>
Cash and bank balances		
Cash in hand	26.00	24.59
Cheques in hand	0.62	-
With scheduled banks on		
Current accounts	1813.53	38.75
Deposit accounts ###	4428.95	92.61
Unclaimed dividend accounts	265.87	154.09
	<u>6534.97</u>	<u>310.04</u>
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received*		
Considered good	6318.93	4312.57

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
Considered doubtful	16.22	187.48
	6335.15	4500.05
Less: Provision for doubtful advances	16.22	187.48
	6318.93	4312.57
Deposits with customs and excise authorities	568.03	402.72
Other Deposits **	2207.68	2093.43
Claims Recoverable	1417.90	1155.30
Cenvat/Service Tax/VAT recoverable	6217.22	6715.60
	16729.76	14679.62
	82190.76	57124.38

Sundry debtors include Rs 1413.65 lakhs (Previous Year - Rs 75.16 lakhs) due from SRF Overseas Limited (a wholly owned subsidiary), Rs 97.92 lakhs (Previous Year - Rs 13.12 lakhs) due from SRF Technical Textiles (Thailand) Limited and Rs 922.08 lakhs (Previous Year - Rs 501.42 lakhs) due from SRF Industex Belting (Pty) Limited, the chain subsidiaries of SRF Limited (i.e. wholly owned subsidiaries of SRF Overseas Limited). The maximum amount outstanding during the year from SRF Overseas Limited is Rs 1413.65 lakhs (Previous Year - Rs 1225.93 lakhs), SRF Technical Textiles (Thailand) Limited is Rs 97.92 lakhs (Previous Year - Rs 13.12 lakhs) and SRF Industex Belting (Pty) Limited is Rs 928.99 lakhs (Previous Year - Rs 536.80 lakhs).

Includes Rs 193.70 lakhs (Previous Year Rs 62.61 lakhs) as margin money and Rs 4235.25 lakhs (Previous Year - Nil) deposit for interim dividend.

* Includes:

- Interest bearing loans carrying interest of 9% p.a. or more to a Officer of the Company (repayable beyond seven years) - Nil (Previous Year - Rs 0.73 lakhs).
Maximum balance outstanding during the year Rs 0.73 lakhs (Previous Year - Rs 1.27 lakhs)

- Rs 606.02 lakhs (Previous Year - Rs 2028.40 lakhs) loan given and Rs 425.74 lakhs (Previous Year - Rs 280.98 lakhs) advances due from SRF Overseas Limited (a wholly owned subsidiary of the Company), Rs 12.80 lakhs (Previous Year - Nil) due from SRF Technical Textiles (Thailand) Limited and Rs 17.46 lakhs (Previous Year - Nil) due from SRF Industex Belting (Pty) Limited, the chain subsidiaries of SRF Limited (i.e. wholly owned subsidiaries of SRF Overseas Limited).
The maximum amount outstanding during the year from SRF Overseas Limited is Rs 8599.23 lakhs (Previous Year - Rs 2309.38 lakhs), from SRF Technical Textiles (Thailand) Limited is Rs 12.80 lakhs (Previous Year - Nil) and from SRF Industex Belting (Pty) Limited is Rs 17.46 lakhs (Previous Year - Nil)

** Includes Rs 1024.95 lakhs (Previous year - Rs 1024.82 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company

Schedule 8: Current Liabilities and Provisions

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
CURRENT LIABILITIES		
Acceptances	17067.83	3585.89
Sundry creditors :		
Total outstanding dues of Micro and Small enterprises	164.45	57.87
Total outstanding dues to creditors other than Micro and Small enterprises	20462.11	22455.26
Book Overdraft	350.78	-
Security deposits	454.21	400.69
Unclaimed dividend*	265.87	154.09
Interim dividend payable	4235.25	3034.25
Corporate dividend tax	719.78	515.67
Unclaimed fixed deposits (including interest)*	12.11	13.30
Interest accrued but not due on loans	1006.92	1058.50
	44739.31	31275.52
PROVISIONS		
Provision for taxation (net of payments)	1491.61	781.24
Employee Benefits	977.25	1012.51
	2468.86	1793.75
	47208.17	33069.27

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

Schedule 9: Other Income

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Claims	6.91	197.06
Export Incentives	323.23	382.32
Dividend on current non-trade investments	83.98	84.91
Profit on sale of current non-trade investments	-	201.18
Provision no longer required written back	472.95	221.48
Scrap sales	497.27	414.14
Profit on sale of fixed assets	58.12	69.86
Exchange fluctuation	4632.20	-
Interest		
- from customers*	12.42	13.58
- on loans and deposits*	165.28	118.20
- on income tax refunds	144.44	-
- from others	58.70	80.82
Miscellaneous	360.42	43.55
	6815.92	1827.10

* Includes income-tax deducted at source Rs 5.14 lakhs (Previous Year Rs 13.34 lakhs)

Schedule 10: Raw Materials Consumed

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Opening stock of Raw Materials	9989.81	11914.60
Add: Purchase of Raw Materials	114188.60	90747.18
	124178.41	102661.78
Less: Closing Stock of Raw Materials	11467.76	9989.81
Raw Materials consumed*	112710.65	92671.97

* Includes Research and development expenses as per schedule 12a

Schedule I I: (Increase) \ Decrease in Stock

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Opening Stock		
Stock-in-Process	3643.53	5147.62
Finished goods	3393.62	4050.24
	7037.15	9197.86
Stock-in-process and finished goods acquired pursuant to the acquisition of business from SRF Polymers Limited (Refer note 4 of Schedule I4)		
Stock-in-Process	-	299.64
Finished goods	-	835.28
	-	1134.92
Stock produced during trial run		
Stock-in-Process	455.77	-
Finished goods	184.00	-
	639.77	-
Closing Stock		
Stock-in-Process	4178.51	3643.53
Finished goods	6115.73	3393.62
	10294.24	7037.15
(Increase) \ Decrease in Stock	(2617.32)	3295.63

Schedule I2: Manufacturing and Other Expenses*

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Stores and Spares consumed (excluding Rs 2657.04 lakhs (Previous Year - Rs 1296.68 lakhs) charged to repairs and maintenance)	1195.20	1847.16
Power and Fuel	16633.05	13795.29
Rent	850.14	537.02
Repairs and Maintenance		
- Buildings	116.47	112.31
- Plant and machinery	3645.38	2013.04
- Other Maintenance	888.25	832.91
Freight	3046.05	3017.63
Professional and Legal charges	2244.19	2240.23
Salaries, wages, bonus, etc.	9092.23	7136.34
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	810.54	1057.45
Workmen and staff welfare expenses	1348.57	1064.26
Insurance	568.97	453.49
Rates and taxes	252.93	198.08
Contract conversion charges	504.87	367.83
Travel	732.94	753.20
Auditors' Remuneration		
- Audit Fees	36.00	30.00
- For limited review of unaudited financial results	21.00	17.00

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
- For corporate governance, consolidated financial statements and other certificates	5.95	4.35
- For tax audit	5.00	-
Directors sitting fees	7.50	7.05
Selling commission	578.00	465.31
Exchange fluctuation	-	8109.59
Provision for doubtful debts / advances	-	82.56
Bad debts written off	199.01	2.12
Fixed assets/inventory written off	65.86	81.81
Increase / (decrease) in excise duty on closing stock	287.87	(440.82)
Miscellaneous expenses [#]	2731.29	2439.96
	45867.26	46225.17

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

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

Schedule 12a: Research and Development Expenses

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Raw materials consumed	18.75	26.00
Salaries, wages, bonus, etc.	457.43	385.05
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	31.19	28.61
Workmen and staff welfare expenses	53.26	31.14
Power and Fuel	59.62	41.09
Rent	17.29	6.72
Stores, spares and components consumed	110.29	129.83
Repairs and maintenance		
- Building	1.77	1.27
- Plant and machinery	97.67	59.60
- Other maintenance	41.33	49.88
Insurance	1.89	3.88
Rates and taxes	3.02	2.92
Travel	39.83	34.92
Professional and legal charges	61.60	53.22
Depreciation	269.08	203.02
Miscellaneous	110.84	99.39
	1374.86	1156.54

Schedule 13: Interest and Finance Charges

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
On:		
Debentures and loans for fixed period	3656.29	2252.13
Cash Credit and Others	1550.14	1683.48
Finance Charges	1598.36	1175.67
	6804.79	5111.28

Schedule 14: Notes to the Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

(i) ACCOUNTING CONVENTION

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

(ii) USE OF ESTIMATES

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

(iii) FIXED ASSETS

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

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

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

(iv) DEPRECIATION

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

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

b. Depreciation is calculated on a pro rata basis except that, assets costing upto Rs 5,000 each are fully depreciated in the year of purchase.

c. On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.

d. In respect of revalued assets, a transfer is made from the revaluation reserve to the profit and loss account for the sum of the differences as below: -

- the difference between the amounts of depreciation on revalued value at rates based on useful life prescribed by valuers and on the historical cost at rates prescribed in Schedule XIV, if the former is higher.
- where assets are discarded / disposed off, the difference between the written down value as per the revalued value and historical cost.

e. No write-off is made in respect of leasehold land as the lease is a perpetual lease.

- f. Depreciation (amortisation) on intangibles is provided on straight line method as follows:
- Trademark and technical knowhow over a period of ten years
 - Software over a period of three years
 - Goodwill over a period of ten years

(v) FOREIGN CURRENCY TRANSACTIONS

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

All foreign currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the profit and loss account as exchange fluctuation.

Pursuant to ICAI Announcement for adoption of AS-30 “Financial Instruments: Recognition and Measurement”, the Company has accounted for the hedge accounting of all the hedging instruments including derivatives in accordance with paragraph 99 and 106 of the said standard, affecting either the profit and loss account or cash flow hedge reserve (equity segment) as the case may be. The debit / credit balance, if any, in the cash flow hedge reserve is being shown as a deduction / addition from / to free reserves net of applicable deferred income taxes.

(vi) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is included under the natural heads of expenditure. Capital expenditure on research and development is treated in the same manner as expenditure on other fixed assets.

(vii) INVENTORIES

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

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

(viii) INVESTMENTS

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

(ix) EMPLOYEE BENEFITS

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

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

(x) PROVISIONS AND CONTINGENT LIABILITIES

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

(xi) REVENUE RECOGNITION

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

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

(xii) RESERVES

- a. Revaluation reserve represents the difference between the revalued amount of the assets and the written down value of the assets on the date of revaluation net of withdrawals therefrom.
- b. Capital receipts are credited to capital reserve.
- c. Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

(xiii) TAXATION

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

2. CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs 4283.70 lakhs (Previous Year - Rs 16608.87 lakhs).

The Company is to make investments in the joint venture Jingde Yangtze-Ganga Fluorine Chemical Co Limited up to USD 2.65 million (Previous Year – USD 2.65 million). The Company has made an application to the People's Republic of China seeking an extension to the original timeline which was 15th March, 2010 for effecting this investment.

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

- i) SRF Fluorochemicals Limited – Nil (Previous Year - Rs 5.00 lakhs)
- ii) SRF Energy Limited – Nil (Previous Year - Rs 5.00 lakhs)
- iii) SRF Cord GmbH – Euro 98000 (Previous Year - Euro 196000)

3. CONTINGENT LIABILITIES NOT PROVIDED FOR

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

	As at March 31, 2010	As at March 31, 2009
	Rs lakhs	Rs lakhs
Excise duty, customs duty and service tax * @	5652.81	5713.25
Sales Tax ** @	249.38	231.57
Income Tax	897.00	749.00
Stamp Duty ****	2881.55	2881.55
Others ***	210.10	94.43

* Amount deposited Rs 222.60 lakhs (Previous year - Rs 240.35 lakhs)

** Amount deposited Rs 7.16 lakhs (Previous Year - Rs 52.00 lakhs)

*** Amount deposited Rs 119.06 lakhs (Previous Year - Nil)

**** In the matter of acquisition of the Tyrecord Division at Malanpur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs 30300 lakhs and levied a stamp duty of Rs 2372.50 lakhs and imposed a penalty of Rs 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs 2776.18 lakhs and not the entire undertaking valued at Rs 30300 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited (formerly SRF Polymers Limited), the liabilities of Rs 1813.21 lakhs (Previous Year - Rs 1821.93 lakhs) and Rs 28.10 lakhs (Previous Year - Rs 28.10 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

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

- b. Liability on account of Bank Guarantees Rs 745.04 lakhs (Previous Year – Rs 625.75 lakhs)
- c. Guarantee given to a bank for repayment of financial facilities availed by a wholly owned subsidiary:
 - (i) Baht 900.00 millions (Equivalent to USD 27.81 millions) (Previous Year - Nil) and USD 6.00 millions (Previous Year – Nil). Outstanding amount as at the year end is Baht 825.70 millions (Equivalent to USD 25.52 millions) (Previous Year – Nil)
 - (ii) Nil (Previous Year - USD 45.00 millions) outstanding amount as at the year end is Nil (Previous Year - USD 32.00 millions)
- d. (i) The Company has received a notice from Officer on Special Duty, Diversion Tax, Bhind, imposing Diversion Tax of Rs 197.00 lakhs (Previous Year – Rs 197.00 lakhs) for converting the agricultural land into Industrial land. The Company has been advised that the above notice will not be sustained since the land has been acquired from Government Authority and no Diversion Tax is payable on Government land.
- (ii) The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs 416.29 lakhs (Previous year - Rs 297.59 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.

4. The Company had, in the previous year, acquired the Engineering Plastics Business and Industrial Yarn Business from KAMA Holdings Limited (formerly SRF Polymers Limited) on a going concern basis with effect from January 1, 2009 under a Business Transfer Agreement (BTA) at a consideration of Rs 15031.26 lakhs.

5. RESEARCH AND DEVELOPMENT EXPENDITURE

The details of the research and development expenditure of Rs 1911.47 lakhs (Previous Year - Rs 1537.36 lakhs) are as under:-

Particulars	Year Ended March 31, 2010 (Rs lakhs)	Year Ended March 31, 2009 (Rs lakhs)
Capital Expenditure	536.61	380.82
Revenue	1374.86	1156.54
Total	1911.47	1537.36

6. MANAGERIAL REMUNERATION

(i) a) Chairman / Managing Director / Deputy Managing Director / Whole time Director	Year Ended March 31, 2010 (Rs lakhs)	Year Ended March 31, 2009 (Rs lakhs)
Salary	221.72	222.80
Contribution to Provident and Superannuation Funds	58.86	58.86
Value of Perquisites	120.10	84.38
Commission (Provided)	340.00	225.00
Sub-Total	740.68	591.04
b) Non Executive Directors		
Commission (Provided)	30.00	24.00
Directors' Sitting Fees	7.50	7.05
Sub-Total	37.50	31.05
Total	778.18	622.09

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

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

Particulars	Year Ended March 31, 2010 (Rs lakhs)	Year Ended March 31, 2009 (Rs lakhs)
Profit before taxation	45390.93	24595.72
Add:		
Wealth tax	11.00	8.50
Managerial Remuneration including commission	778.18	622.09
Loss on sale/write off of assets as per accounts	264.87	83.93
Provision for Doubtful Debts/Advances	-	82.56
Sub Total	1054.05	797.08
Less:		
Profit on sale of assets as per accounts	58.12	69.86
Dividend on current, non-trade investments	83.98	84.91
Profit on sale of current, non-trade investments	-	201.18
Excess Provision written back	472.95	221.48
Sub Total	615.05	577.43
Profit as per section 349 of the Companies Act, 1956	45829.93	24815.37
Maximum remuneration as commission and/or salary including perquisites @ 10% of net profit of Rs 45829.93 lakhs (Previous Year@ 10% of Rs 24815.37 lakhs) which can be paid to Managing Directors/Whole time Directors under section 309 of the Companies Act 1956	4582.99	2481.53
Remuneration paid to Managing Directors / Whole Time Directors	740.68	591.04
Maximum commission payable to Non Executive Directors @ 1% of net profit of Rs 45829.93 lakhs (Previous Year Rs 24815.37 lakhs) under section 309 of the Companies Act 1956	458.30	248.15
Commission payable /paid to Non Executive Directors	30.00	24.00

7. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Sundry creditors include Rs 164.45 lakhs (Previous Year – Rs 57.87 lakhs) due to micro and small enterprises covered under “The Micro, Small and Medium Enterprises Development Act, 2006” to the extent such parties have been identified from the available information. The Company has not received any claim for interest from any party covered under the said Act.

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

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

A Name of Related Party and Nature of Related Party Relationship

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

B Transactions with Related Parties referred to in Note 8A above

(Rs lakhs)

Nature of Transactions	(a)		(b)		(c)		(d)	
	Year ended		Year ended		Year ended		Year ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Purchase of Business (EP and IYB) from								
- KAMA Holdings Limited							-	15031.26
Purchase of goods from								
- SRF Overseas Limited	165.31	282.56						
- SRF Technical Textiles (Thailand) Limited	2650.54	704.63						
Sale of goods to								
- SRF Overseas Limited	4091.39	2013.90						
- KAMA Holdings Limited							-	1097.61
- SRF Technical Textiles (Thailand) Limited	10.99	13.12						
- SRF Industex Belting (Pty) Limited	2405.82	786.02						
Sale of fixed assets to								
- SRF Overseas Limited	-	10.01					9.28	-
- Shri Educare Limited								

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
- SRF Foundation							9.60	-
Purchase of fixed assets								
- SRF Industex Belting (Pty) Limited	7.07	-						
Rendering of services to								
- SRF Overseas Limited	21.83	-						
- SRF Technical Textiles (Thailand) Limited	70.07	-						
- SRF Industex Belting (Pty) Limited	32.55	-						
- KAMA Holdings Limited							-	952.32
- SRF Foundation							1.46	8.52
Receiving of services from								
- SRF Foundation							-	1.20
Management contracts including for deputation of employees to								
- SRF Transnational Holdings Limited	7.39	6.80						
- KAMA Holdings Limited							10.98	6.85
- SRF Foundation							30.42	-
Rent paid to								
- SRF Polymers Investments Limited							605.70	376.63
- Others	12.00	11.20					60.00	38.50
Rent received from								
- KAMA Holdings Limited							-	3.29
Managerial Remuneration paid to (Refer note 6(i) of schedule 14)					740.68	591.04		
Interest received / receivable on ICDs / loans from								
- SRF Overseas Limited	149.14	71.15						
- SRF Polymers Investments Limited							-	39.76
- KAMA Holdings Limited							-	39.11
Interest on delayed payment								
- SRF Industex Belting (Pty) Limited	4.25	2.09						
Reimbursement of expenses from								
- SRF Overseas Limited	15.96	205.45						
- KAMA Holdings Limited							2.01	110.34
- SRF Foundation							14.62	6.65
- Others	6.24							
- SRF Technical Textiles (Thailand) Limited	39.18							

Nature of Transactions	(a) Year ended		(b) Year ended		(c) Year ended		(d) Year ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
- SRF Industex Belting (Pty) Limited	38.49							
- SRF Polymers Investments Limited							3.68	-
- Shri Educare Limited							11.92	-
Reimbursement of expenses paid								
- SRF Overseas Limited	0.76							
Loans / deposits given to								
- SRF Overseas Limited	6833.86	2028.40						
- SRF Polymers Investments Limited							-	2500.00
Loans / deposits received back from								
- SRF Overseas Limited	8256.24	-						
- SRF Polymers Investments Limited							-	2500.00
Recovery of sums written off								
- SRF Foundation							45.00	-
Increase in security deposit to								
- SRF Polymers Investments Limited							-	90.00
Donations to								
- SRF Foundation							4.96	100.00
Investments made in								
- SRF Global BV	6510.95	23.65						
- SRF Holiday Home Limited (formerly SRF Infrastructure Limited)	20.00	-						
- SRF Energy Limited	5.00	-						
- SRF Fluorochemicals Limited	5.00	-						
Guarantees given								
- SRF Technical Textiles (Thailand) Limited								
In millions Baht	900.00	-						
In millions USD	6.00	-						
Nature of Transactions	(a) As at		(b) As at		(c) As at		(d) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Receivables								
- SRF Overseas Limited	1839.39	356.14						
- SRF Foundation							-	13.55
- SRF Transnational Holdings Limited	7.39	6.80						

Nature of Transactions	(a) As at		(b) As at		(c) As at		(d) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
- SRF Technical Textiles (Thailand) Limited	110.72	13.12						
- SRF Industex Belting (Pty) Limited	939.54	501.42						
- SRF Polymers Investments Limited							3.68	-
- Shri Educare Limited							16.96	-
- Others	6.40	-						
Payables								
- SRF Overseas Limited	0.37	161.67						
- SRF Technical Textiles (Thailand) Limited	123.06	645.36						
- KAMA Holdings Limited							75.03	85.92
- Others	-	2.38						
Loans given outstanding								
- SRF Overseas Limited	606.02	2028.40						
Security Deposits outstanding								
- SRF Polymers Investments Limited							300.00	300.00
- Bhairav Farms Private Limited							310.00	310.00
- Narmada Farms Private Limited							310.00	310.00
Equity Investment outstanding								
- SRF Overseas Limited	8514.85	8514.85						
- SRF Transnational Holdings Limited	1472.57	1472.57						
Less :Amount written off	(1472.57)	(1472.57)						
- SRF Properties Limited	589.56	589.56						
- SRF Holiday Home Limited (formerly SRF Infrastructure Limited)	25.00	5.00						
- SRF Energy Limited	5.00	-						
- SRF Fluorochemicals Limited	5.00	-						
- SRF Global BV	6534.60	23.65						
- SRF Fluor Private Limited	#	#						
# Rs 79								
- Jingde Yangtze- Ganga Fluorine Chemical Co. Limited			141.43	141.43				
Guarantees Outstanding								
- SRF Overseas Limited (in million USD)	-	45.00						
- SRF Technical Textiles (Thailand) Limited in millions Baht	900.00	-						
in millions USD	6.00	-						

9. EARNINGS PER SHARE

	Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax (Rs lakhs)	30942.02	16328.10
Weighted average number of equity shares outstanding	60506488	63330344
Basic and diluted earnings per share in rupees (face value - Rs 10 per share)	51.14	25.78

10. EMPLOYEE BENEFITS

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

i) Defined contribution plans

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

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

ii) Defined benefit plans

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

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

	Gratuity (Funded)		Leave encashment (Unfunded)	
	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Discount rate (per annum)	7.5%	7%	7.5%	7%
Future salary increase	6.5%	6%	6.5%	6%
Expected rate of return on plan assets	8%	8%	-	-
In service mortality	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Retirement age	58 years	58 years	58 years	58 years
Withdrawal rates				
- up to 30 years	3.00	3.00	3.00	3.00
- up to 44 years	2.00	2.00	2.00	2.00
- above 44 years	1.00	1.00	1.00	1.00

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

Reconciliation of opening and closing balances of Defined Benefit Obligations

(Rs lakhs)

	Gratuity (Funded)		Leave encashment (Unfunded)	
	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Present value of obligation as at the beginning of the year	1740.93	1442.05	730.18	625.78
Current service cost	144.10	121.67	89.13	78.79
Interest cost	130.57	100.94	54.76	43.80
Benefits paid	(176.86)	(475.50)	(91.57)	(95.04)
Actuarial loss/(gain)	135.77	551.77	15.72	76.85
Present value of obligation as at the end of the year	1974.51	1740.93	798.22	730.18

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

(Rs lakhs)

	Gratuity (Funded)	
	Year ended March 31, 2010	Year ended March 31, 2009
Fair value of plan assets at the beginning of the year	1458.60	1468.09
Estimated return on plan assets	116.69	117.45
Employers' contribution	403.39	256.70
Benefits paid	(141.21)	(344.34)
Actuarial gain/(loss) on plan assets	51.01	(39.30)
Plan assets at the end of the year	1888.48	1458.60
Composition of Plan Assets:		
HDFC Group unit linked plan Fund	96.49%	95.00%
Others including bank balances	1.64%	2.60%
Government of India Securities	1.87%	2.40%
Total	100.00%	100.00%

Reconciliation of fair value of assets and obligations

(Rs lakhs)

	Gratuity (Funded)		Leave encashment (Unfunded)	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Present value of obligation as at the year end	1974.51	1740.93	798.22	730.18
Fair value of plan assets	1888.48	1458.60	-	-
Net assets /(liability) recognised in the balance sheet	(86.03)	(282.33)	(798.22)	(730.18)

Expenses recognised in the profit and loss account

(Rs lakhs)

	Gratuity (Funded)		Leave encashment (Unfunded)	
	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Current service cost	144.10	121.67	89.13	78.79
Interest cost	130.57	100.94	54.76	43.80
Expected return on planned assets	(116.69)	(117.45)	-	-
Actuarial loss/(gain)	84.76	591.07	15.72	76.85
Total expense	242.74	696.23	159.61	199.44

The Company's best estimate of the contribution expected to be paid in the next year is Rs 120.83 lakhs (Previous Year – Rs (67.79) lakhs) for gratuity and Rs 122.74 lakhs (Previous Year - Rs 22.18 lakhs) for leave encashment.

Long Term Retention Pay

During the year, the Company has introduced a Long Term Retention Pay Plan extending over 3 years. The plan covers employees selected on the basis of their current band and their long term value to the Company. The incentive is payable in three years starting from financial year 2010-11 subject to achievement of certain performance ratings. Based on the management estimate, the Company has accrued Rs 93 lakhs (Previous Year – Nil) towards this plan till March 31, 2010.

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

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

Provident Fund - Defined Contribution Plan

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

11. SEGMENT REPORTING

A. Business Segments

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

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

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

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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

Information about Business Segments

Segment Revenue, Results, Assets, Liabilities and Capital Employed

Particulars	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Segment Revenue		
a) Technical Textiles Business (TTB)		
- External sales	119967.58	90497.72
- Inter-segment sales	381.23	25.91
- Total	120348.81	90523.63
b) Chemicals and Polymers Business (CPB)		
- External sales	65769.23	61766.77
- Inter-segment sales	6.77	0.67
- Total	65776.00	61767.44
c) Packaging Films Business (PFB)		
- External sales	33648.16	29005.77
- Inter-segment sales	-	-
- Total	33648.16	29005.77
Total Segment revenue	219772.97	181296.84
Less: Inter Segment revenue	388.00	26.58
Net Sales / Income from Operations	219384.97	181270.26
Add: Unallocable Income	5538.71	638.73
Total Revenue	224923.68	181908.99
Segment Results		
(Profit / (Loss) before interest and tax from each segment)		
a) Technical Textiles Business (TTB)	19582.26	3754.11
b) Chemicals and Polymers Business (CPB)	27680.69	32384.26
c) Packaging Films Business (PFB)	4068.82	4481.63
Total Segment results	51331.77	40620.00
Less: i) Interest & Finance Charges	6804.79	5111.28
Less: ii) Other Unallocable expenses net of income	(863.95)	10913.00
Profit before tax	45390.93	24595.72
Less: Provision for taxation	14448.91	8267.62
Profit after tax	30942.02	16328.10
OTHER INFORMATION		
Segment Assets		
a) Technical Textiles Business (TTB)	147012.97	131935.09
b) Chemicals and Polymers Business (CPB)	57282.75	52403.97
c) Packaging Films Business (PFB)	47747.48	26142.85
Total	252043.20	210481.91
Add: Unallocable Assets	30840.70	20310.12
Total Assets	282883.90	230792.03
Segment Liabilities		
a) Technical Textiles Business (TTB)	23297.43	11684.11
b) Chemicals and Polymers Business (CPB)	4958.47	4254.08
c) Packaging Films Business (PFB)	9382.66	3117.08
Total	37638.56	19055.27

Particulars	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Add: Unallocable Liabilities	9569.61	14014.00
Total Liabilities	47208.17	33069.27
Segment Capital Employed (Segment assets less segment liabilities)	214404.64	191426.64
Add : Unallocable assets less liabilities	21271.09	6296.12
Total capital employed	235675.73	197722.76
Capital Expenditure		
a) Technical Textiles Business (TTB)	29498.64	14098.56
b) Chemicals and Polymers Business (CPB)	6044.41	17046.12
c) Packaging Films Business (PFB)	16591.42	2165.44
d) Unallocated	465.13	270.67
Total	52599.60	33580.79
Depreciation		
a) Technical Textiles Business (TTB)	7641.86	6174.87
b) Chemicals and Polymers Business (CPB)	3240.67	2068.71
c) Packaging Films Business (PFB)	1979.75	1473.38
d) Unallocated	263.43	223.89
Total	13125.71	9940.85

B. Geographical Segments

Particulars	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Revenue		
- Within India	168699.24	116052.77
- Outside India	56224.44	65856.22
Total Revenue	224923.68	181908.99

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

	As at December 31, 2009 (Audited) (Rs lakhs)	As at March 31, 2009 (Unaudited) (Rs lakhs)
a) Jointly Controlled Entities		
In China		
Jingde Yangtze – Ganga Fluorine Chemical Co. Limited		
b) Share of interest	50%	50%
c) Aggregate amount of assets, liabilities, income and expenditure related to interest in jointly controlled entities:		
i) Assets		
Fixed assets (including capital work in progress)	126.37	127.71
Cash and bank balances	54.39	79.68
ii) Current Liabilities	(8.11)	(13.18)
iii) Reserves	(31.22)	(52.78)

13. FOREIGN CURRENCY EXPOSURE

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

The details of category-wise quantitative data about derivative instruments as at March 31, 2010 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (in millions) As at		Amount (Rs lakhs) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
EUR / INR Option Strips	7	6	Hedging	Hedging	62.25	69.25	37738	43552
USD / INR Option Strips	1	1	Hedging	Hedging	13.00	19.00	5836	8563
Principal Only Swap	1	1	Conversion of INR denominated Liabilities to USD	Conversion of INR denominated Liabilities to USD	1.21	9.40	542	3700
Interest Rate Swap	1	1	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	-	-	10000	10000
Interest Rate Swap	1	1	Floating JPY interest payments (with cap of 7%) in exchange of fixed INR interest receipts	Conversion of Floating JPY denominated Interest Liability to Fixed INR denominated interest liability	-	-	5000	5000
USD / INR Sell Forwards	-	4	-	Forward Sell Contracts	-	32.50	-	15009
EUR / USD Sell Forwards	-	3	-	Forward Sell Contracts	-	25.00	-	16748
USD / INR Buy Forwards	3	-	USD/ INR Buy for Hedging of Imports	-	1.01	-	454	-
EUR / INR Sell Forwards	7	3	Forward Sell Contracts	Forward Sell Contracts	24.00	1.13	14550	758
EUR / INR Buy Forwards	3	5	EUR/ INR Buy for Hedging of Imports	Forward Buy Contracts	0.77	18.12	465	10889
JPY / USD Buy Forwards	-	1	-	JPY Forward Buy Contracts	-	576.50	-	3234

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

Particulars	As at March 31, 2010		As at March 31, 2009	
	Foreign Currency (in millions)	Amount (Rs lakhs)	Foreign Currency (in millions)	Amount (Rs lakhs)
Term Loans - USD	37.88	17005.10	37.55	19040.12
PCFC - USD	26.00	11671.40	22.00	11156.20
Buyer's Credits - USD	27.72	12444.56	18.75	9508.01
Loan given including interest- USD	1.84	826.31	4.14	2099.55

- 14.** The details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010 on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs lakhs)
Central Excise Laws	Excise duty	High Court	1995-1999	285.70
		Customs, Excise and Service Tax Appellate Tribunal	1983-2007	6116.06
		Upto Commissioner (Appeals)	1992-2009	566.46
Sales Tax Laws	Sales Tax	Sales Tax Appellate Tribunal	1987-2008	115.27
		Upto Commissioner (Appeals)	1988-2004	41.76
Income Tax Laws	Income Tax	Commissioner (Appeals)	2006-2007	93.74
Others	Electricity Cess	High Court	2007-2008	6.00

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

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

Name of the Statute	Nature of the dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount (Rs lakhs)
Central Excise Laws	Excise duty	Supreme Court	1994-1996	20.99
		High Court	1994	59.44
		Customs, Excise and Service Tax Appellate Tribunal	1989-1995	223.61
Sales Tax Laws	Sales Tax	High Court	1995-1996	158.84
		Rajasthan Tax Board	2001-2002	22.43

15. OPERATING LEASES

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between three to five years. As at March 31, 2010, the future minimum lease payments under non-cancellable operating leases as set out below: -

Particulars	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	390.01	605.64
- Later than one year and not later than five years	15.96	353.29
- Later than five years	-	-
Lease rent recognised in the profit and loss account	850.14	537.02

16. STATEMENT OF ADDITIONAL INFORMATION

a. Installed capacity per annum

	UNIT	As at March 31, 2010	As at March 31, 2009
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/ Twine	MT	68040	54740
Nylon Tyre Cord Fabric/Industrial Yarn Fabric / Polyester Tyre Cord Fabric	MT	57480	56680
Laminated Fabric	lakhs SQM	480	-
Nylon compounding chips	MT	14500	14500
Fluorocarbon Refrigerant Gases	MT	25000	25000
HFC 134a	MT	3000	3000
Hydrofluoric Acid (Anhydrous)	MT	12000	12000
Gypsum (By product)	MT	44550	44550
Hydrochloric Acid (By Product)	MT	77220	77220
Chloromethanes	MT	35000	35000
Fluorospecialities Chemicals	MT	1800	1150
Packaging Films	MT	59500	28150

b. Actual production

	UNIT	Year ended March 31, 2010	Year ended March 31, 2009
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord@/ Twine @@	MT	6840.03	8027.54
Nylon Tyre Cord Fabric/Industrial Yarn Fabric / Polyester Tyre Cord Fabric*	MT	49741.86	46194.33
Laminated Fabric	lakhs SQM	-	-
Nylon compounding chips@@	MT	7121.86	1310.95
Fluorocarbon Refrigerant Gases	MT	11451.93	11798.85
HFC 134a	MT	2531.37	1343.16

	UNIT	Year ended March 31, 2010	Year ended March 31, 2009
Hydrofluoric Acid (Anhydrous) [@]	MT	81.14	137.38
Gypsum (By Product)	MT	34707.22	32087.11
Hydrochloric Acid (By Product)	MT	65322.20	57054.35
Chloromethanes [@]	MT	20904.25	18680.04
Fluorospecialities Chemicals	MT	966.56	323.69
Packaging Films	MT	37214.06	29500.61

Installed capacity is as certified by management

[@] Excludes captive consumption

^{*} Excludes 323.07 MT (Previous Year – 2452.44 MT) of nylon tyre cord fabric/industrial yarn/industrial fabric produced by the Company on conversion contract

^{*} Includes 523.65 MT (Previous Year – 152.91 MT) of nylon tyre cord fabric/industrial yarn fabric produced outside the Company by the Company's conversion contractors

^{@@} Includes 85.56 MT (Previous Year – Nil) of nylon compounding chips produced outside the Company by the Company's conversion contractors. The previous year production is for the period January 1, 2009 to March 31, 2009

c. Opening and Closing Stock of Finished Goods (manufactured)

	As at March 31, 2010		As at March 31, 2009		As at March 31, 2009	
	Closing Quantity (MT)	Value (Rs lakhs)	Closing Quantity (MT)	Value (Rs lakhs)	Opening Quantity (MT)	Value (Rs lakhs)
Synthetic Filament Yarn including Industrial Yarn/ Tyre Cord / Twine	513.44	563.39	248.68	305.05	344.30	572.76
Nylon Tyre Cord Fabric/ Polyester Tyre Cord Fabric / Industrial Yarn Fabric [*]	927.53	1874.19	747.33	1285.79	643.56	1264.51
Nylon compounding chips	422.35	531.10	295.73	422.99	-	-
Fluorocarbon Refrigerant Gases	365.36	325.49	716.22	535.96	885.54	862.03
HFC 134a	385.68	807.49	54.43	103.87	219.20	443.12
Hydrofluoric Acid (Anhydrous)	270.62	159.52	189.48	116.94	52.14	25.95
Gypsum (By Product)	80.00	1.24	25.50	0.14	42.50	0.17
Hydrochloric Acid (By Product)	171.82	2.86	188.32	2.09	506.69	6.96
Chloromethanes ^{**}	1041.90	178.75	572.76	61.31	1527.30	289.08
Fluorospecialities Chemicals	99.36	855.68	23.80	208.27	21.30	129.44
Packaging Films	858.10	702.07	354.97	283.84	551.88	416.80
Others ^{***}		113.95		67.37		39.42
Total		6115.73		3393.62		4050.24

^{*} includes yarn in process of conversion into fabric

^{**} includes chloromethanes in process of conversion into refrigerant gases

^{***} figures of others include goods purchased for resale

d. Turnover*

	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Synthetic Filament Yarn including Industrial Yarn/Tyre Cord/Twine	6575.27	9584.34	2049.93	3061.38
Nylon Tyre Cord Fabric/ Polyester Tyre Cord Fabric / Industrial Yarn Fabric	49561.66	114474.39	40969.29	94214.81
Nylon compounding chips	6995.24	9827.44	1263.60	1696.63
Fluorochemicals & Allied Products**	11802.79	38939.63	11952.71	49590.11
HFC 134a	2200.12	5409.03	1507.83	3135.72
Gypsum (By Product)	34652.72	252.46	32104.11	186.14
Hydrochloric Acid (By Product)	65338.70	563.90	57372.49	713.88
Chloromethanes	20435.11	5403.78	19634.58	4278.80
Fluorospecialities Chemicals	891.00	6573.96	321.18	2889.68
Polyester Films	36710.93	37960.53	29683.23	32126.64
Conversion Income		6.06		962.55
Traded Goods (goods purchased for resale)		3830.24		231.02
Waste/Others		1606.48		2782.01
Gross Sales		234432.24		195869.37
Less: Excise Duty		16324.48		15787.48
Net Sales		218107.76		180081.89

* Net of sales returns and damaged stocks, etc

** Includes sales of Certified Emission Reductions of Rs 25955.90 lakhs (Previous Year – Rs 34837.39 lakhs)

e. Raw Material Consumption

	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Caprolactam	43081.70	43048.31	36075.47	42405.62
Fluorospar	22823.32	4041.01	20040.14	3260.16
Chloromethanes	3550.98	564.36	4629.73	884.44
Sulphuric Acid	23860.34	503.80	20126.89	1311.10
Chlorine	37686.10	1214.30	34414.15	1289.65
Methanol	11525.00	1625.99	10888.31	1870.66
Caustic Soda	2158.12	199.29	2270.56	260.37
Nylon yarn/Fabric		15453.19		10500.16
Polyester Chips	37080.51	20492.72	29501.24	16550.70
Others		25567.68		14339.11
Total		112710.65		92671.97

f. Purchase of Goods for Resale

	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity (MT)	Value (Rs lakhs)	Quantity (MT)	Value (Rs lakhs)
Nylon tyre cord fabric	1750.68	3320.74	-	-
Yarn	33.47	37.80	-	-
Chloromethanes	119.63	255.67	19.80	41.39
Others		27.45		26.98
Total		3641.66		68.37

g. Value of Imported/Indigenous Raw Materials, Stores and Spares Consumed

	Year ended March 31, 2010		Year ended March 31, 2009	
	%	(Rs lakhs)	%	(Rs lakhs)
Raw Materials				
Imported	40.16	45269.17	47.81	44304.62
Indigenous	59.84	67441.48	52.19	48367.35
	100.00	112710.65	100.00	92671.97
Stores and Spares				
Imported	11.91	458.81	17.18	540.01
Indigenous	88.09	3393.43	82.82	2603.83
	100.00	3852.24	100.00	3143.84

h. Value of Imports on CIF basis

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Raw Materials	36889.91	39137.21
Stores and Spares	799.33	914.31
Capital Goods	20885.72	12173.68

i. Expenditure in Foreign Currency

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Interest	1032.74	1419.08
Technical know-how and Technician's fees	374.05	398.09
Others	846.06	1097.77

j. Earnings in Foreign Exchange

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Export of goods calculated on FOB Value	56224.44	65856.22
Interest	149.14	71.15

17. Schedules I to I4 and the statement of additional information form an integral part of the financial statements.

18. Previous year figures have been regrouped / recast / rearranged, wherever necessary, to conform to current year classifications. The figures for the previous year are inclusive of the Engineering Plastics Business and Industrial Yarn Business for the period from January 1, 2009 to March 31, 2009 acquired from KAMA Holdings Limited (formerly SRF Polymers Limited), whereas the current year figures are for whole year. Therefore, the corresponding figures of the previous year are not comparable with those of the current year.

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary

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

Registration Details	
Registration No.	L18101DLI970PLC005197
Balance Sheet Date	March 31, 2010

Capital Raised During the Year (Amount in Rs '000)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

Position of Mobilisation and Deployment of Funds (Amt. in Rs '000)			
Total Liabilities		Total Assets	
<i>Sources of Funds</i>	24132562	<i>Application of Funds</i>	24132562
Paid-up Capital (Including amount paid up on forfeited shares and shares suspense account)	615241	Net Fixed Assets	18988136
Reserves and Surplus	12064833	Investments	1646167
Secured Loans	7501936	Net Current Assets*	3498259
Unsecured Loans	1891438		
Deferred Tax liability	2059114		

*Net of Current Liabilities and Provisions

Performance of the Company (Amount Rs '000)	
Total Income	22492368
Total Expenditure	17953275
Profit before Tax	4539093
Profit after Tax	3094202
Earnings per equity share in Rs	51.14
Dividend Rate – Equity (Proposed)	Nil

Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)			
Item Code No. (ITC Code)	59.02	Product Description	Tyre Cord Fabric
Item Code No. (ITC Code)	29.03	Product Description	Halogenated derivatives of Hydrocarbons
Item Code No. (ITC Code)	39.20	Product Description	Polyster Films

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary

Cash Flow Statement for the Year Ended March 31, 2010

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	45390.93	24595.72
Adjustments for		
Depreciation	13213.20	10001.45
Withdrawal from Revaluation Reserve	(87.49)	(60.60)
Interest and Finance charges	6804.79	5111.28
Exchange Fluctuation	(4632.20)	8109.59
Fixed Assets Written Off	65.86	65.01
Loss/(profit) on sale of fixed assets	(58.12)	(69.86)
Interest Income	(380.84)	(212.60)
Dividend on current non-trade investment	(83.98)	(84.91)
Loss/(Profit) on Sale of Current Non-Trade Investments	-	(201.18)
Operating Profit before working capital changes	60232.15	47253.90
Adjustments for Changes in Working Capital		
Trade and Other Receivables	(11108.72)	(673.85)
Inventories	(5792.53)	6150.68
Trade Payables and Provisions	17368.52	(7324.20)
Cash Generated from operations	60699.42	45406.53
Exchange Fluctuation	1601.91	(1246.18)
Taxation	(11254.67)	(5716.11)
Net Cash from operating activities (A)	51046.66	38444.24
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(35639.43)	(38546.95)
Proceeds from sale of fixed assets	169.46	247.38
Purchase of investments	(61149.48)	(47910.18)
Sale / maturities of investments	64655.35	49527.96
Advance against investments	(66.58)	-
Investments in subsidiary companies	(6540.95)	(23.65)
Loans and advances given	(6833.86)	(4733.15)
Loans and advances received back	8256.24	2500.00
Purchase of Business units	-	(6089.49)
Amount received pursuant to Montreal Phaseout Programme	1389.67	1188.69
Interest Income	380.84	141.45
Dividend on current non-trade investment	83.98	84.91
Net Cash used in Investing Activities (B)	(35294.76)	(43613.03)
C CASH FLOW FROM FINANCING ACTIVITIES		
Buy Back of Equity Shares	(147.59)	(6852.40)
Proceeds from long term borrowings	26140.15	20000.00
Repayment of long term borrowings	(23164.62)	(10669.43)
Net Proceeds from short term borrowings	4483.14	11832.15
Dividends on Equity Share Capital	(7157.72)	(4774.07)

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Dividend Tax	(1235.45)	(777.85)
Repayment of fixed deposit	(1.19)	(0.81)
Interest and Financial charges paid	(8443.69)	(4052.78)
Net cash used in / from financing activities (C)	(9526.97)	4704.81
Net increase in Cash and Cash Equivalents D=(A+B+C)	6224.93	(463.98)
Cash and Cash equivalents at the beginning of the year (E)	310.04*	723.05*
Cash and Cash equivalents acquired through business acquisition (F)	-	50.97
Cash and Cash equivalents at the close of the year G=(D+E+F)	6534.97*	310.04*

* Includes interim dividend deposited with the bank Rs 4235.25 lakhs (as at March 31, 2009 - Nil, as at March 31, 2008 - Nil), unclaimed dividend with the banks Rs 265.87 lakhs (as at March 31, 2009 - Rs 154.09 lakhs, as at March 31, 2008 - Rs 351.22 lakhs) and margin money with the banks Rs 193.70 lakhs (as at March 31, 2009 - Rs 62.61 lakhs, as at March 31, 2008 - Nil)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary

Details of Subsidiary Companies

		SRF Overseas Limited #		SRF Fluor Private Limited #		SRF Holiday Home Limited (formerly SRF Infrastructure Limited)
		AED	Rs lakhs	US\$	Rs lakhs	Rs lakhs
a	Financial year of the subsidiary	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
b	Extent of holding	100%	100%	100%	100%	100%
c	Capital	84049966.00	10250.73	2	0.00*	25.00
d	Reserves & Surplus (adjusted for debit balance in P&L Account where applicable)	(29022924.00)	(3539.64)	(21567.00)	(9.68)	(4.55)
e	Total Assets (Fixed Assets+Current Assets)	76734606.00	9358.55	375.00	0.17	20.48
f	Total Liabilities (Debts+Current Liabilities)	50642101.00	6176.31	21940.00	9.85	0.03
g	Details of Investment (except in case of investment in subsidiaries)	*	*	-	-	-
h	Turnover (Including Other Income)	104607895.00	12757.98	-	-	0.14
i	Profit Before Taxation	(655844.00)	(79.99)	(7960.00)	(3.57)	(4.55)
j	Provision for Taxation	-	-	-	-	-
k	Profit After Taxation	(655844.00)	(79.99)	(7960.00)	(3.57)	(4.55)
l	Proposed Dividend	-	-	-	-	-

		SRF Global B.V.		SRF Transnational Holdings Ltd	SRF Properties Ltd	SRF Technical Textiles (Thailand) Limited***	
		Euro	Rs lakhs	Rs lakhs	Rs lakhs	Baht	Rs lakhs
a	Financial year of the subsidiary	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
b	Extent of holding	100%	100%	100%	100%	100%	100%
c	Capital	10536000.00	6387.34	3254.18	8.00	100000300.00	1387.20
d	Reserves & Surplus (adjusted for debit balance in P&L Account where applicable)	(29086.00)	(17.63)	(2221.58)	73.72	931211782.00	12917.77
e	Total Assets (Fixed Assets+Current Assets)	8203.00	4.97	1315.92	66.25	2085940424.00	28936.17
f	Total Liabilities (Debts+Current Liabilities)	19289.00	11.69	333.78	0.18	1054728342.00	14631.19
g	Details of Investment (except in case of investment in subsidiaries)	**	**	50.46	15.64	-	-
h	Turnover (Including Other Income)	-	-	72.13	13.74	1574916365.48	21847.24
i	Profit Before Taxation	(19641.00)	(11.91)	57.62	12.97	33380289.00	463.05
j	Provision for Taxation	-	-	46.96	3.14	-	-
k	Profit After Taxation	(19641.00)	(11.91)	10.66	9.83	33380289.00	463.05
l	Proposed Dividend	-	-	-	-	-	-

		SRF Industex Belting (Pty) Limited ***		SRF Tech Textiles B.V. ****		SRF Energy Limited	SRF Fluorochemicals Limited
		Rand	Rs lakhs	Euro	Rs lakhs	Rs lakhs	Rs lakhs
a	Financial year of the subsidiary	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
b	Extent of holding	100%	100%	100%	100%	100%	100%
c	Capital	13320202.00	810.23	10518000.00	6376.43	5.00	5.00
d	Reserves & Surplus (adjusted for debit balance in P&L Account where applicable)	(3500463.33)	(212.92)	(473.00)	(0.29)	(0.35)	(0.35)
e	Total Assets (Fixed Assets+Current Assets)	66447290.00	4041.79	10527273.00	6382.05	5.00	4.75
f	Total Liabilities (Debts+Current Liabilities)	56627551.00	3444.48	9746.00	5.91	0.35	0.10
g	Details of Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-
h	Turnover (Including Other Income)	123623175.00	7519.63	6314.00	3.83	-	-
i	Profit Before Taxation	14509718.00	882.58	(473.00)	(0.29)	(0.35)	(0.35)
j	Provision for Taxation	(801272.00)	(48.74)	-	-	-	-
k	Profit After Taxation	15310990.00	931.32	(473.00)	(0.29)	(0.35)	(0.35)
l	Proposed Dividend	-	-	-	-	-	-

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

- 1 AED = Rs 12.19
- 1 USD = Rs 44.89
- 1 EURO = Rs 60.62
- 1 BAHT = Rs 1.39
- 1 RAND = Rs 6.08

* Rs 90 omitted in rounding off.

* Investment in subsidiaries AED 2,89,34,537 (Equivalent to Rs 36,86,26,006)

** Investment in subsidiaries Euro 1,05,18,000 (Equivalent to Rs 63,76,43,232)

*** Subsidiary of SRF Overseas Limited

**** Subsidiary of SRF Global B.V.

Note:

1. The Ministry of Company Affairs, Government of India vide its letter dated 22nd April 2010 has granted approval under section 212 (8) of the Companies Act, 1956 for the financial year ended on 31.03.2010 whereby the Balance Sheet, Profit and Loss Account, Director's Report and Auditors' Report of the subsidiaries and other documents required to be attached u/s 212 (1) of the Act are not required to be attached to the Company's Accounts.
2. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the members of the holding and subsidiary company seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in its registered office between 11 am to 1 pm on all working days.

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF SRF LIMITED

1. We have audited the attached Consolidated Balance Sheet of SRF LIMITED ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in jointly controlled entity accounted in accordance with Accounting Standard (AS) - 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries viz., SRF Overseas Limited, SRF Technical Textiles (Thailand) Limited, SRF Industex Belting (Pty) Limited, SRF Transnational Holdings Limited, SRF Properties Limited, SRF Fluor Private Limited, SRF Holiday Home Limited, SRF Global BV, SRF Tech Textile BV, SRF Energy Limited, SRF Fluorochemicals Limited and a joint venture viz. Jingde Yangtze Ganga Fluorine Chemical Co. Limited whose financial statements reflect total assets of Rs 38823.72 lakhs, as at March 31, 2010, total revenues of Rs 33271.44 lakhs and net cash inflows amounting to Rs 1919.39 lakhs for the year ended on that date as considered in the consolidated financial statements and in respect of Jingde Yangtze Ganga Fluorine Chemical Co. Limited where the financial statements considered are for the calendar year ended December 31, 2009. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint venture is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21 (Consolidated Financial Statements) and Accounting Standard (AS) - 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries and joint venture and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 015125N)

Manjula Banerji

Partner
(Membership No. 086423)

Gurgaon, May 7, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
SOURCES OF FUNDS			
Shareholders' Fund			
Share capital	1	6152.41	6170.55
Reserves and surplus	2	121233.52	91354.88
		127385.93	97525.43
Loan Funds			
Secured	3	83850.22	91945.93
Unsecured		19326.50	13471.34
		103176.72	105417.27
Deferred tax liabilities	4	21113.30	17592.76
		251675.95	220535.46
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	348244.06	296348.30
Less : Depreciation		153889.63	138718.98
Net block		194354.43	157629.32
Capital work in progress		13251.69	28258.86
		207606.12	185888.18
Investments	6	712.33	4247.10
Deferred tax assets	7	1986.86	2467.36
Current assets, loans and advances	8		
Inventories		30727.58	24868.55
Sundry debtors		36095.44	24859.61
Cash and bank balances		9040.21	895.89
Loans and advances		18181.68	13665.22
		94044.91	64289.27
Less: Current liabilities and provision	9		
Current liabilities		49655.25	34486.47
Provisions		3019.02	1869.98
		52674.27	36356.45
Net current assets		41370.64	27932.82
		251675.95	220535.46
Notes to the consolidated accounts	15		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedule	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
INCOME			
Gross Sales (including conversion income) *		266192.31	218088.02
Less: Excise duty		16324.48	15787.48
Net Sales (including conversion income)		249867.83	202300.54
Other income	10	8064.69	2156.07
		257932.52	204456.61
* Includes tax deducted at source on conversion income Rs Nil (Previous Year - Rs 17.37 lakhs)			
EXPENDITURE			
Raw materials consumed	11	127601.01	106606.48
(Increase) \ Decrease in Stock	12	(2054.55)	2936.15
Purchases of goods for resale		3641.66	68.37
Manufacturing and other expenses	13	58814.37	55562.20
Interest and finance charges	14	7772.46	5980.93
Depreciation	6	15897.31	12383.78
Transfer from revaluation reserve		(1420.97)	(848.08)
		210251.29	182689.83
Profit before tax		47681.23	21766.78
Provision for taxation			
Current tax		11869.44	5426.80
Deferred tax charge		3223.88	1982.72
Fringe benefit tax		-	175.00
Relating to earlier years		146.39	201.52
		32441.52	13980.74
Profit after tax		32441.52	13980.74
Balance brought forward from the previous year		40958.43	39318.97
Profit available for appropriation		73399.95	53299.71
Appropriations			
Interim Dividend		8470.50	6253.50
Corporate dividend tax		1439.56	1062.78
Transfer to general reserve		3500.00	2000.00
Debenture redemption reserve		3025.00	3025.00
		56964.89	40958.43
Balance carried to balance sheet		56964.89	40958.43
Earnings per share - basic / diluted (Rs) (Refer note 7 of Schedule 15)		53.62	22.08
Notes to the consolidated accounts	15		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary

Schedule 1: Share Capital

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
AUTHORISED		
12,00,00,000 (Previous Year - 12,00,00,000) Equity shares of Rs 10 each	12000.00	12000.00
10,00,000 (Previous Year - 10,00,000) Preference Shares of Rs 100 each	1000.00	1000.00
12,00,000 (Previous Year - 12,00,000) Cumulative Convertible Preference Shares of Rs 50 each	600.00	600.00
2,00,00,000 (Previous Year - 2,00,00,000) Cumulative Preference Shares of Rs 100 each	20000.00	20000.00
	33600.00	33600.00
ISSUED		
7,38,30,327 (Previous Year - 7,38,30,327) Equity Shares of Rs 10 each	7383.03	7383.03
SUBSCRIBED AND PAID UP		
6,05,03,580 (Previous Year - 6,06,85,005) Equity Shares of Rs 10 each fully paid up	6050.36	6068.50
Add: Forfeited shares - Amount originally paid up	101.51	101.51
Add: Share capital suspense	0.54	0.54
	6152.41	6170.55

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

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

1,81,425 (Previous Year - 72,00,000) equity shares of Rs 10 each fully paid up, bought back and extinguished in accordance with section 77A of the Companies Act, 1956

Schedule 2: Reserves and Surplus

	As at March 31, 2009 (Rs lakhs)	Additions (Rs lakhs)	Deductions (Rs lakhs)	As at March 31, 2010 (Rs lakhs)
Securities premium account	5674.70	-	147.59 ##	5527.11
Capital reserve	20625.90	1389.67 *	-	22015.57
Revaluation reserve	12483.19	-	1420.97 ####	11062.22
Capital redemption reserve	721.63	18.14 #	-	739.77
Debenture redemption reserve	3025.00	3025.00 ***	-	6050.00
Cash flow hedge reserve	(5404.11)	6973.90 **	-	1569.79
Foreign Currency Translation Reserve	(715.10)	1367.11	833.08	(181.07)
General reserve	13985.24	3500.00	-	17485.24
Surplus in profit and loss account	40958.43	16006.46	-	56964.89
	91354.88	32280.28	2401.64	121233.52

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

** The cash flow hedge reserve represents gain on mark to market of foreign currency derivatives in the nature of cash flow hedge net of deferred tax of Rs 777.16 lakhs

*** Created during the year

Transferred from securities premium account, pursuant to section 77AA of the Companies Act, 1956

Represents

- Rs 18.14 lakhs transferred to capital redemption reserve
- Rs 129.45 lakhs utilised towards premium paid on buyback of shares

Represents

- Rs 1420.97 lakhs transferred to profit and loss account

Schedule 3: Loan Funds

		As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
SECURED			
Debentures	(1)	15000.00	15000.00
Loans from banks			
On cash credit / working capital demand loan	(2)	11387.62	12957.07
Term loans*	3(i), (ii), (iv) & (v)	57462.60	62938.86
Loans from others*	3(iii)	-	1050.00
		83850.22	91945.93
UNSECURED			
Short term loans and advances			
Banks		18914.38	13467.73
Others**		412.12	3.61
		19326.50	13471.34
		103176.72	105417.27

* Includes Rs 11081.11 lakhs (Previous Year - Rs 29775.44 lakhs) repayable within a year.

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

Security Note/Clause

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
1. 1500 (Previous Year – 1500), 13%, Listed, Secured Redeemable Non-Convertible Debentures of Rs 10 lakhs each	15000.00	15000.00	Debentures are secured by legal mortgage in English form on certain immoveable properties of the Company situated in Gujarat. In addition these debentures are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh and Kashipur in the State of Uttarakhand and an equitable mortgage of Company's immoveable properties, both present and future, situated at Viralimalai, Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand, Malanpur (save and except superstructures) and Indore in the State of Madhya Pradesh.
<p>Terms and conditions</p> <p>a) Redeemable at face value in 3 annual installments in the ratio of 30%, 30% and 40% commencing from the end of 4th year from the date of allotment</p> <p>b) Call option at the end of 3rd year with step up of 0.5% p.a. if call option is not exercised.</p>			
2. i) Cash credit / working capital demand loans	11226.76	12190.27	Secured by hypothecation of stocks, stores and book debts, both present and future at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the State of Uttarakhand.
			A part of the working capital facilities secured by a second charge on some of Company's immoveable properties, are pending vacation of such second charge in accordance with the revised terms and conditions of the working capital facilities.

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
ii) Cash credit / working capital demand loans	160.86	766.80	Bank loans and overdrafts in SRF Overseas Limited are secured by the assignment of insurance policies on inventories on pari-passu basis and working capital facilities are granted to the Company against a floating charge on the trade receivables of the Company on a pari-passu basis.
3. (i) Term loan from banks	19591.17	19601.86	<p>Term loans from banks are secured by:-</p> <p>a) Hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh.</p> <p>Of the above, term loan of Rs 17403.67 lakhs (Previous Year – Rs 5551.86 lakhs) is additionally secured by hypothecation of Company's moveable properties, both present and future, at Pantnagar in the State of Uttarakhand.</p> <p>Of the above, term loan of Rs 19591.17 lakhs (Previous Year – Nil) is additionally secured by hypothecation of Company's moveable properties, both present and future, at Kashipur in the State of Uttarakhand.</p> <p>b) Equitable Mortgage of Company's immovable properties, both present and future, situated at Viralimalai, Gummidipoondi (freehold land) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan and Kashipur in the State of Uttarakhand.</p> <p>Term Loans aggregating to Rs 7102.17 lakhs (Previous Year – Rs 11401.86 lakhs) are additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>Term Loans aggregating to Rs 4914.67 lakhs (Previous Year – 8776.86 lakhs) is additionally secured by equitable mortgage of Company's immovable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p>

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
			<p>Term Loan of Rs 12591.17 lakhs (Previous Year – 5551.86 lakhs) is additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur (save and except superstructure) in the State of Madhya Pradesh.</p> <p>Term Loans of Rs 7676.50 lakhs (Previous Year – Rs 19601.86 lakhs) are additionally secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p> <p>Loans as at 3(i) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Pantnagar in the State of Uttarakhand.</p>
			<p>Out of the loans as at 3(i), the term loans aggregating to:</p> <p>a) Rs 14676.50 lakhs (Previous Year – Rs 10825.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold land) in the State of Tamil Nadu.</p> <p>b) Rs 12489.00 lakhs (Previous Year – Rs 8200.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Indore in the State of Madhya Pradesh.</p> <p>c) Rs 7000.00 lakhs (Previous Year – Rs 14050.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Malanpur in the State of Madhya Pradesh (save and except superstructures).</p> <p>d) Rs 11914.67 lakhs (Previous Year - Nil) is to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali in the State of Tamil Nadu.</p>
(ii) Term loan from banks	29201.43	27172.55	<p>Term loans from Banks are secured by hypothecation of Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur and Indore in the State of Madhya Pradesh, Kashipur and Pantnagar in the state of Uttarakhand.</p> <p>Out of the loans as at 3(ii), term loan of Rs 114.79 lakhs (Previous Year – Nil) is additionally secured by a charge on a fixed deposit of Rs 30 lakhs with a bank.</p>

Loan	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)	Security
			<p>Out of the loans as at 3(ii), term loans aggregating to Rs 21714.79 lakhs (Previous Year- Rs 10710.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Manali, Viralimalai, Gummidipoondi (freehold) in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Kashipur in the State of Uttarakhand and Malanpur (save and except superstructures) in the State of Madhya Pradesh.</p> <p>Out of the loans as at 3(ii), term loans aggregating to Rs 114.79 lakhs (Previous Year - Rs 10710.00 lakhs) are to be further secured by equitable mortgage of Company's immoveable properties, both present and future, situated at Gummidipoondi (leasehold) in the State of Tamil Nadu, Pantnagar in the State of Uttarakhand, and Indore in the State of Madhya Pradesh.</p>
(iii) Term loan from others	-	1050.00	Term loans from others are secured by hypothecation of the Company's moveable properties, both present and future, situated at Manali, Viralimalai and Gummidipoondi in the State of Tamil Nadu, Jhiwana in the State of Rajasthan, Malanpur in the State of Madhya Pradesh, Kashipur and Pant Nagar in the State of Uttarakhand
(iv) Term loan from banks	-	16164.45	Bank loan in SRF Overseas Limited amounting to approximately USD 32 million from Standard Chartered Bank, London is secured by corporate guarantee of the holding company
(v) Term loan from banks	8670.00	-	Bank loan in SRF Technical Textiles (Thailand) Limited amounting to approximately USD 25.52 million from Bank of Ayudhya, Thailand is secured by corporate guarantees of the holding companies, mortgage and pledge on the plant and machinery of SRF Technical Textiles (Thailand) Limited and assignment of leasehold rights.
Total	83850.22	91945.93	

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

Schedule 4: Deferred Tax Liabilities

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
DEFERRED TAX LIABILITIES		
Difference between book and tax depreciation	18906.34	16249.48
Research and development expenditure	2206.96	1343.28
	<u>21113.30</u>	<u>17592.76</u>

Schedule 5: Fixed Assets

Description	Gross Block			Depreciation				Net Block		Revaluation Amount As at March 31, 2010 (Rs lakhs)		
	As at April 1, 2009 (Rs lakhs)	Additions (Rs lakhs)	Deductions (Rs lakhs)	As at March 31, 2010 (Rs lakhs)	Upto March 31, 2009 (Rs lakhs)	For the year (Rs lakhs)	Transfers (Rs lakhs)	On deductions (Rs lakhs)	Upto March 31, 2010 (Rs lakhs)		As at March 31, 2009 (Rs lakhs)	
Tangible assets												
Land												
- Freehold	10333.42	0.74	-	10334.16	-	-	-	-	-	10334.16	10333.42	4882.68
- Leasehold	2281.91	1946.59	-	4228.50	-	-	-	-	-	4228.50	2281.91	362.63
Roads	985.86	246.14	-	1232.00	489.94	191.04	-	-	680.98	551.02	495.92	72.45
Buildings	34186.69	9635.62	29.25	43793.06	9996.58	822.59	-	10.09	10809.08	32983.98	24190.11	695.61
Plant and machinery	239094.05	39151.51	462.54	277783.02	123914.51	14024.24	-	413.15	137525.60	140257.42	115179.54	5048.85
Furniture, fixtures and office equipments	4773.30	276.42	86.64	4963.08	3158.51	277.20	-	68.74	3366.97	1596.11	1614.79	-
Vehicles	1604.53	652.84	337.67	1919.70	791.12	292.01	-	234.68	848.45	1071.25	813.41	-
Intangible Assets												
Goodwill	1300.44	-	-	1300.44	-	36.89	-	-	36.89	1263.55	1300.44	-
Trade Marks	1139.70	-	-	1139.70	28.49	113.97	-	-	142.46	997.24	1111.21	-
Technical Knowhow	264.70	644.05	-	908.75	6.62	69.48	-	-	76.10	832.65	258.08	-
Software	383.70	257.95	-	641.65	333.21	69.89	-	-	403.10	238.55	50.49	-
Total	296348.30	52811.86	916.10	348244.06	138718.98	15897.31	-	726.66	153889.63	194354.43	-	11062.22
Previous year	195774.75	101987.58	1414.03	296348.30	79198.16	12383.78	48289.09	1152.05	138718.98	-	157629.32	12483.19
Capital-work-in-progress including capital advances of Rs 2363.73 lakhs (Previous Year - Rs 5247.95 lakhs)												
										13251.69	28258.86	
										207606.12	185888.18	

1. Revaluation was done as on March 31, 2005

2. Amount of borrowing cost capitalised to fixed assets during the year Rs 1698.07 lakhs (Previous Year - Rs 1937.54 lakhs)

3. The deed of assignment in respect of free hold land at Manali, Chennai has been executed in respect of 135.70 acres (Previous Year - 135.70 acres). In addition to aforesaid extent, 0.79 acres were handed over to SRF Limited under a land delivery receipt. Thus, the Company is in possession of 136.49 acres of industrial land at Manali, Chennai.

4. Conveyancing of buildings and other superstructures located at Company's plant at Malanpur in the state of Madhya Pradesh including immovable machinery is linked to the Stamp Duty matter (Refer note 3 (a) of Schedule 15).

5. Out of the industrial Free hold land measuring 32.41 acres at the Company's plant in Gummidipoondi, 8.62 acres of land is under litigation.

6. Capital work in progress includes pre-operative expenses Rs 652.28 lakhs (Previous Year - Rs 2678.93 lakhs)

Schedule 6: Investments

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
LONG TERM		
(valued at cost unless there is a decline in value, other than temporary)		
Non-trade investments		
Quoted		
2,901 (Previous Year - 2,901) Shares of Rs 10 each fully paid up of Mawana Sugars Limited	0.48	0.48
Trade Investments		
Unquoted		
15,75,000 (Previous Year - 15,75,000) Equity shares of Rs 10 each fully paid up of Arkay Energy (Rameshwaram) Limited	157.50	157.50
42,21,535 (Previous Year - 42,21,535) Equity shares of Rs 10 each fully paid up of Malanpur Captive Power Limited	422.15	422.15
Advance against investment in SRF Cord GmbH *	66.58	-
Non-trade investments		
Investment of Shares, Units, etc		
Unquoted		
25,00,000 (Previous Year - 25,00,000) preference shares of Rs 10 each fully paid up of SBL Industries Limited	250.00	250.00
Less: Provision for diminution in value	(250.00)	(250.00)
	-	-
6,70,000 (Previous Year - 6,70,000) Equity shares of Rs 10 each fully paid up of Sanghi Spinners Limited	11.69	11.69
Less: Provision for diminution in value	(11.69)	(11.69)
	-	-
1,19,000 (Previous Year - 1,19,000) Equity shares of Rs 10 each fully paid up of SB Packaging Limited	49.98	49.98
CURRENT INVESTMENTS		
(valued at lower of cost or fair value)		
Non-trade investments		
Units of Mutual Funds		
Unquoted		
Nil (Previous Year - 1,00,15,685) Units of Rs 10 each of Reliance Liquidity Fund Daily Dividend Reinvestment Option	-	1001.57
Nil (Previous Year - 2,50,42,958) Units of Rs 10 each of ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment	-	2504.30
1,51,951 (Previous Year - 1,51,951) Units of Rs 10 each of Sundaram BNP Paribus Floter LT Regular	15.64	15.64
9,537 (Previous Year - 9,537) Units of Rs 1000 each of DSP BlackRock Cash Manager Fund Weekly Dividend Reinvestment	-	95.48
	712.33	4247.10

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
Aggregate book value of quoted investments	0.48	0.48
Aggregate book value of unquoted investments		
- Units of mutual funds	15.64	3616.99
- Others	696.21	629.63
	712.33	4247.10
Market value of quoted investments	1.01	1.02
Net asset value / repurchase price of units of mutual funds	17.32	3618.36

* Represents capital contributed for allotment of shares pending regulatory clearances from the Federal Republic of Germany

	Purchase		Sold	
	Units Nos.	Amount (Rs lakhs)	Units Nos.	Amount (Rs lakhs)
Details of investments purchased and sold during the year				
Mutual Funds				
Reliance Liquidity Fund-Daily Dividend Reinvestment Option*	117038520	11707.79	127054205	12709.36
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan*	250177	2504.61	250177	2504.61
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option*	3273412	500.41	3273412	500.41
Kotak Liquid (Institutional Premium) - Daily Dividend Reinvestment*	64616162	7901.33	64616162	7901.33
Kotak Flexi Debt Scheme Institutional - Daily Dividend Reinvestment*	9960398	1000.77	9960398	1000.77
Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment*	249938	2501.06	249938	2501.06
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment*	7002982	701.11	7002982	701.11
SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment Option*	41804113	7002.31	41804113	7002.31
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Daily Dividend Reinvestment Option*	22018633	2203.18	22018633	2203.18
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend - Reinvestment*	9983144	1000.26	9983144	1000.26
Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund*	20213054	2507.85	20213054	2507.85
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend Reinvestment*	79224607	14410.65	104267565	16914.95
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment*	49406079	7208.15	49406079	7208.15
DSP BlackRock Cash Manager Fund Weekly Dividend Reinvestment*	55258	552.87	64795	648.35
DSP BlackRock Liquidity Fund Weekly Dividend Reinvestment*	5105717	633.22	5105717	633.22
Equity Shares				
Advance against investment in SRF Cord GmbH	-	66.58	-	-

* Units purchased includes dividend reinvested during the year

Schedule 7: Deferred Tax Assets

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
DEFERRED TAX ASSETS		
Provision for bad and doubtful debts	84.26	96.28
Accrued expenses deductible on payment	568.29	266.51
Brought forward business losses *	1334.31	2104.57
	1986.86	2467.36

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

Schedule 8: Current Assets, Loans and Advances

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
CURRENT ASSETS		
Inventories		
Stores and spares (at cost or under)	4018.35	3088.18
Stock in trade (at cost or net realisable value, whichever is lower)		
Raw materials	14061.37	11826.83
Stock-in-Process	5622.90	4874.81
Finished Goods	7024.96	5078.73
	30727.58	24868.55
Sundry debtors		
Debts over six months		
Unsecured - Considered good	158.59	197.91
- Considered doubtful	263.30	469.96
Other debts		
Unsecured - Considered good	35936.85	24661.70
	36358.74	25329.57
Less: Provision for doubtful debts	263.30	469.96
	36095.44	24859.61
Cash and bank balances		
Cash in hand	29.65	52.76
Cheques in hand	0.62	-
With scheduled banks on		
Current accounts	4199.52	389.08
Deposit accounts #	4544.55	299.96
Unclaimed dividend accounts	265.87	154.09
	9040.21	895.89

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received *		
Considered good	7296.95	3008.59
Considered doubtful	16.22	187.48
	7313.17	3196.07
Less: Provision for doubtful advances	16.22	187.48
	7296.95	3008.59
Balance with customs and excise authorities	594.89	445.29
Other Deposits **	2434.43	2163.70
Advance tax	108.55	137.85
Claims Recoverable	1419.55	1156.53
Cenvat/Service Tax/VAT recoverable	6327.31	6753.26
	18181.68	13665.22
	94044.91	64289.27

Includes Rs 309.30 lakhs (Previous Year Rs 190.22 lakhs) as margin money and Rs 4235.25 lakhs (Previous Year - Nil) deposit for interim dividend.

* Includes interest bearing loans carrying interest of 9% p.a. or more to a Officer of the Company (repayable beyond seven years) - Nil (Previous Year - Rs 0.73 lakhs). Maximum balance outstanding during the year Rs 0.73 lakhs (Previous Year - Rs 1.27 lakhs)

** Includes Rs 1025.62 lakhs (Previous year - Rs 1029.80 lakhs) as interest free security deposits for accommodation taken on lease for Company's officers / directors and various offices taken on lease by the Company

Schedule 9: Current Liabilities and Provisions

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
CURRENT LIABILITIES		
Acceptances	18037.85	3585.89
Sundry creditors:		
Total outstanding dues of Micro and Small enterprises	164.45	57.87
Total outstanding dues to creditors other than Micro and Small enterprises	24388.52	25543.27
Book Overdraft	350.78	-
Security deposits	463.27	413.07
Interim dividend payable	4235.25	3034.25
Corporate dividend tax	719.78	515.67
Unclaimed dividend*	265.87	154.09
Unclaimed fixed deposits (including interest)*	12.11	13.30
Interest accrued but not due on loans	1017.37	1169.06
	49655.25	34486.47
PROVISIONS		
Provision for taxation (net of payments)	1491.61	781.24
Employee Benefits	1527.41	1088.74
	3019.02	1869.98
	52674.27	36356.45

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

Schedule 10: Other Income

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Claims	6.91	146.24
Export Incentives	397.38	382.32
Dividend on current non-trade investments	87.72	85.90
Profit on sale of current non-trade investments	-	201.18
Provision no longer required written back	472.95	231.48
Scrap sales	720.75	614.05
Profit on sale of fixed assets	58.12	69.86
Exchange fluctuation	5628.10	-
Recovery of amounts written off	11.89	68.98
Interest		
- from customers*	9.21	15.72
- on loans and deposits*	89.00	48.30
- on income tax refunds	144.44	-
- from others	74.06	96.50
Miscellaneous	364.16	195.54
	8064.69	2156.07

* Includes Income-tax deducted at source Rs 14.72 lakhs (Previous Year Rs 29.86 lakhs)

Schedule 11: Raw Materials Consumed

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Opening stock of Raw Materials	11826.83	13921.69
Add: Purchase of Raw Materials	129835.55	104511.62
	141662.38	118433.31
Less: Closing Stock of Raw Materials	14061.37	11826.83
Raw Materials consumed	127601.01	106606.48

Schedule 12: (Increase) \ Decrease in Stock

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Opening Stock		
Stock-in-Process	4874.81	5266.92
Finished goods	5078.73	4114.60
	9953.54	9381.52
Stock-in-process and finished goods acquired pursuant to the acquisition of Subsidiaries/business		
Stock-in-Process	-	1829.22
Finished goods	-	1678.95
	-	3508.17
Stock produced during trial run		
Stock-in-Process	455.77	-
Finished goods	184.00	-
	639.77	-
Closing Stock		
Stock-in-Process	5622.90	4874.81
Finished goods	7024.96	5078.73
	12647.86	9953.54
(Increase) \ Decrease in Stock	(2054.55)	2936.15

Schedule 13: Manufacturing and Other Expenses

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Stores and Spares consumed (excluding Rs 2657.04 lakhs (previous year Rs 1296.68 lakhs) charged to repair and maintenance)	2124.76	2479.04
Power and fuel	20766.45	16708.80
Rent	1682.54	1142.63
Repairs and maintenance		
- Buildings	152.94	120.48
- Plant and machinery	3657.10	2017.94
- Other maintenance	1194.94	1070.61
Freight	3738.42	3651.11
Professional and Legal charges	2367.90	2379.15
Salaries, wages, bonus, etc.	13618.13	9945.40
Contribution to provident fund, superannuation, employees' state insurance, gratuity and other funds	1181.53	1292.61
Workmen and staff welfare expenses	1438.50	1176.56
Insurance	727.78	569.01
Rates and taxes	296.35	215.96
Contract conversion charges	504.87	367.83
Travel	806.25	784.72
Auditors' Remuneration		
- Audit Fees	64.42	40.61
- For limited review of unaudited financial results	21.00	21.00
- For corporate governance, consolidated financial statements and other certificates	8.80	4.35
- For tax audit	5.00	-
Directors' sitting fees	7.50	7.05
Selling commission	644.86	559.10
Exchange fluctuation	-	8487.69
Provision for doubtful debts /advances	-	82.56
Bad debts written off	199.01	2.12
Fixed assets written off	74.99	81.81
Loss on sale of fixed assets	-	0.03
Increase / (decrease) in excise duty on closing stock	287.87	(440.82)
Miscellaneous expenses [#]	3242.46	2794.85
	58814.37	55562.20

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

Schedule 14: Interest and Finance Charges

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
On:		
Debentures and loans for fixed period	4193.16	2817.56
Cash Credit and Others	1579.74	1779.70
Finance Charges	1999.56	1383.67
	7772.46	5980.93

Schedule 15: Notes to the Consolidated Accounts

I. SIGNIFICANT ACCOUNTING POLICIES

- (i) The consolidated financial statements have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures” notified under Rule 3 of the Companies (Accounting Standards) Rules, 2006.

a. Principles of consolidation:

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

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

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

Name of Subsidiary	Country of incorporation	Proportion of ownership as at March 31, 2010	Proportion of ownership as at March 31, 2009
Indian Subsidiaries			
SRF Transnational Holdings Limited	India	100%	100%
SRF Properties Limited	India	100%	100%
SRF Holiday Home Limited (formerly SRF Infrastructure Limited)	India	100%	100%
SRF Energy Limited [#]	India	100%	-
SRF Fluorochemicals Limited [#]	India	100%	-
Foreign Subsidiaries			
SRF Fluor Private Limited	Mauritius	100%	100%
SRF Overseas Limited (‘SRFO’)	British Virgin Island	100%	100%
SRF Global BV	Netherlands	100%	100%
SRF Tech Textile BV [#] (100% subsidiary of SRF Global BV)	Netherlands	100%	-
SRF Technical Textiles (Thailand) Limited (100% subsidiary of SRF Overseas Limited)	Thailand	100%	100%
SRF Industex Belting (Pty) Limited (100% subsidiary of SRF Overseas Limited)	Republic of South Africa	100%	100%

[#] Subsidiary from the current year

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

Joint Venture	Country of incorporation	Proportion of ownership as at March 31, 2010	Proportion of ownership as at March 31, 2009
Jingde Yangtze- Ganga Fluorine Chemical Co. Limited	People’s Republic of China	50%	50%

In respect of the financial statements of the Joint Venture for the calendar year ended December 31, 2009 has been considered for the purpose of consolidation. These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries and a joint venture, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 and AS 27 by each of the aforesaid entities.

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

(ii) USE OF ESTIMATES

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

(iii) FIXED ASSETS

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

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

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

(iv) DEPRECIATION

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

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

b. Depreciation is calculated on a pro rata basis except that, assets costing upto Rs 5,000 each are fully depreciated in the year of purchase.

c. On assets sold, discarded, etc. during the year, depreciation is provided upto the date of sale / discard.

d. In respect of revalued assets, a transfer is made from the revaluation reserve to the profit and loss account for the sum of the differences as below: -

- the difference between the amounts of depreciation on revalued value at rates based on useful life prescribed by valuers and on the historical cost at rates prescribed in Schedule XIV, if the former is higher.
- where assets are discarded / disposed off, the difference between the write down value as per the revalued value and historical cost.

e. No write-off is made in respect of leasehold land as the lease is a perpetual lease.

f. Depreciation (amortisation) on intangibles is provided on straight line method as follows:

- Trademark and technical knowhow over a period of ten years
- Software over a period of three years
- Goodwill, other than goodwill on consolidation, over a period of ten years

(v) FOREIGN CURRENCY TRANSACTIONS

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

All foreign currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of the balance sheet and the loss or gain is taken to the profit and loss account as exchange fluctuation.

Pursuant to ICAI Announcement for adoption of AS-30 “Financial Instruments: Recognition and Measurement”, the Company has accounted for the hedge accounting of all the hedging instruments including derivatives in accordance with paragraph 99 and 106 of the said standard, affecting either the profit and loss account or cash flow hedge reserve (equity segment) as the case may be. The debit / credit balance, if any, in the cash flow hedge reserve is being shown as a deduction / addition from / to free reserves net of applicable deferred income taxes.

(vi) RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is included under the natural heads of expenditure. Capital expenditure on research and development is treated in the same manner as expenditure on other fixed assets.

(vii) INVENTORIES

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

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

(viii) INVESTMENTS

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

(ix) EMPLOYEE BENEFITS

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

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

(x) PROVISIONS AND CONTINGENT LIABILITIES

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

(xi) REVENUE RECOGNITION

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

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

(xii) RESERVES

- a. Revaluation reserve represents the difference between the revalued amount of the assets and the written down value of the assets on the date of revaluation net of withdrawals there from.
- b. Capital receipts are credited to Capital reserve.

- c. Cash flow hedge reserve represents the gain or loss arising out of adjusting the hedging instruments to mark to market net of applicable deferred income taxes.

(xiii) TAXATION

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

2. CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to Rs 5179.29 lakhs (Previous Year - Rs 16608.87 lakhs).

Further, the Company is yet to make investment in SRF Cord GmbH of Euro 98000 (Previous Year – Euro 196000).

3. CONTINGENT LIABILITIES NOT PROVIDED FOR

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

	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
Excise duty, customs duty and service tax ^{*@}	5652.81	5713.25
Sales Tax ^{**@}	249.38	231.57
Income Tax	897.00	749.00
Stamp Duty ^{****}	2881.55	2881.55
Others ^{***}	210.10	94.43

* Amount deposited Rs 222.60 lakhs (Previous year - Rs 240.35 lakhs)

** Amount deposited Rs 7.16 lakhs (Previous Year - Rs 52.00 lakhs)

*** Amount deposited Rs 119.06 lakhs (Previous Year - Nil)

**** In the matter of acquisition of the Tyrecord Division at Malanpur from Ceat Limited the Collector of Stamps, Bhind (Madhya Pradesh) has by his order dated 07.11.2001 assessed the value of the subject matter of the Deed of Conveyance dated 13.06.1996 at Rs 30300 lakhs and levied a stamp duty of Rs 2372.50 lakhs and imposed a penalty of Rs 509.05 lakhs. The said demand was challenged before the High Court of Madhya Pradesh Bench at Gwalior. The High Court accepted the case of the Company that the subject matter of the Deed of Conveyance dated 13.06.1996 is only the superstructures valued at Rs 2776.18 lakhs and not the entire undertaking valued at Rs 30300 lakhs as claimed by the State. Consequently, the High Court of Madhya Pradesh quashed the order and demands issued by the Collector of Stamps, Bhind (Madhya Pradesh) and allowed the writ petition by an order dated 29th November 2004. Against the said order, the State of Madhya Pradesh preferred a Special Leave Petition before the Hon'ble Supreme Court which the State of Madhya Pradesh has withdrawn to enable it to approach the Hon'ble High Court of Madhya Pradesh at Gwalior in view of the change in law in the State of Madhya Pradesh relating to Letters Patent Appeal.

@ As per Business Transfer Agreement with KAMA Holdings Limited (formerly SRF Polymers Limited), the liabilities of Rs 1813.21 lakhs (Previous Year - Rs 1821.93 lakhs) and Rs 28.10 lakhs (Previous Year - Rs 28.10 lakhs) respectively towards Excise Duty and Sales tax are covered under Representations and Warranties.

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

- b. Bills discounted - Nil (Previous Year - Rs 269.25 lakhs)
- c. Liability on account of Bank Guarantees Rs 1099.78 lakhs (Previous Year – Rs 996.30 lakhs)
- d. (i) The Company has received a notice from Officer on Special Duty, Diversion Tax, Bhind, imposing Diversion Tax of Rs 197.00 lakhs (Previous Year – Rs 197.00 lakhs) for converting the agricultural land into Industrial land. The Company has been advised that the above notice will not be sustained since the land has been acquired from Government Authority and no Diversion Tax is payable on Government land.
- (ii) The Company has been served with show cause notices regarding certain transactions as to why additional customs / excise duty amounting to Rs 416.29 lakhs (Previous year - Rs 297.59 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.

4. The Company had in the previous year acquired the Engineering Plastics Business and Industrial Yarn Business from KAMA Holdings Limited (formerly SRF Polymers Limited) on a going concern basis with effect from January 1, 2009 under a Business Transfer Agreement (BTA) at a consideration of Rs 15031.26 lakhs.

5. MANAGERIAL REMUNERATION

(i) Chairman / Managing Director / Deputy Managing Director / Whole time Director	Year Ended March 31, 2010 (Rs lakhs)	Year Ended March 31, 2009 (Rs lakhs)
Salary	221.72	222.80
Contribution to Provident and Superannuation Funds	58.86	58.86
Value of Perquisites	120.10	84.38
Commission (Provided)	340.00	225.00
Sub-Total	740.68	591.04
(ii) Non Executive Directors		
Commission (Provided)	30.00	24.00
Directors' Sitting Fees	7.50	7.05
Sub-Total	37.50	31.05
Total	778.18	622.09

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

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

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

A Name of Related Party and Nature of Related Party Relationship

Key Management Personnel (a)	Enterprises over which (a) have significant influence (b)
Arun Bharat Ram, Chairman	KAMA Holdings Limited (formerly SRF Polymers Limited)
Ashish Bharat Ram, Managing Director	Bhairav Farms Private Limited
Kartikeya Bharat Ram, Dy Managing Director	Narmada Farms Private Limited
K Ravichandra, Whole Time Director	SRF Polymers Investments Limited
	KAMA Realty (Delhi) Limited (formerly Ennore Energy Limited)
	Shri Educare Limited
	Shri Educare Maldives Private Limited
	SRF Foundation

B Transactions with Related Parties Referred to in Note 6A above

Nature of Transactions	(Rs lakhs)			
	(a) Year ended		(b) Year ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Purchase of Business (EP and IYB) from				
- KAMA Holdings Limited			-	15031.26
Sale of goods to				
- KAMA Holdings Limited			-	1141.77

Nature of Transactions	(a)		(b)	
	Year ended		Year ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Sale of fixed assets to				
- Shri Educare Limited			9.28	-
- SRF Foundation			9.60	-
Rendering of services to				
- KAMA Holdings Limited			-	952.32
- SRF Foundation			1.46	8.52
Receiving of services from				
- SRF Foundation			-	1.20
Management contracts including for deputation of employees to				
- KAMA Holdings Limited			10.98	6.85
- SRF Foundation			30.42	-
Rent paid to				
- SRF Polymers Investments Limited			605.70	376.63
- Others			60.00	38.50
Rent received from				
- KAMA Holdings Limited			-	3.29
Managerial Remuneration				
Paid to (Refer note 5 of Schedule 15)	740.68	591.04		
Interest received on ICDs / loans from				
- SRF Polymers Investments Limited			-	39.76
- KAMA Holdings Limited			-	43.55
Reimbursement of expenses from				
- KAMA Holdings Limited			2.01	110.34
- SRF Foundation			14.62	6.65
- SRF Polymers Investments Limited			3.68	-
- Shri Educare Limited			11.92	-
Loans / deposits given to				
- SRF Polymers Investments Limited			-	2500.00
- KAMA Holdings Limited			25.00	130.00
Loans / deposits received back from				
- SRF Polymers Investments Limited			-	2500.00
- KAMA Holdings Limited			130.00	
Recovery of sums written off				
- SRF Foundation			45.00	-
Increase in security deposit to				
- SRF Polymers Investments Limited			-	90.00
Donations to				
- SRF Foundation			4.96	100.00

(Rs lakhs)

Nature of Transactions	(a) As at		(b) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Balances outstanding			
Receivables				
- SRF Foundation			-	13.55
- SRF Polymers Investments Limited			3.68	-
- Shri Educare Limited			16.96	-
- KAMA Holdings Limited			25.00	130.00
Payables				
- KAMA Holdings Limited			75.03	85.92
Security Deposits outstanding				
- SRF Polymers Investments Limited			300.00	300.00
- Bhairav Farms Private Limited			310.00	310.00
- Narmada Farms Private Limited			310.00	310.00

7. EARNINGS PER SHARE

	Year ended March 31, 2010	Year ended March 31, 2009
Profit after tax (Rs lakhs)	32441.52	13980.74
Weighted average number of equity shares outstanding	60506488	63330344
Basic and diluted earnings per share in rupees (face value – Rs 10 per share)	53.62	22.08

8. SEGMENT REPORTING

A. Business Segments

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

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

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

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

a) Segment revenue and expenses

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

b) Segment assets and liabilities

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

Information about Business Segments

Segment Revenue, Results and Capital Employed

Particulars	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Segment Revenue		
a) Technical Textiles Business (TTB)		
- External sales	152036.89	112916.59
- Inter-segment sales	381.23	25.91
- Total	152418.12	112942.50
b) Chemicals and Polymers Business (CPB)		
- External sales	65769.23	61766.77
- Inter-segment sales	6.77	0.67
- Total	65776.00	61767.44
c) Packaging Films Business (PFB)		
- External sales	33648.16	29005.77
- Inter-segment sales	-	-
- Total	33648.16	29005.77
Total Segment revenue	251842.28	203715.71
Less: Inter Segment revenue	388.01	26.58
Net Sales / Income from Operations	251454.27	203689.13
Add: Unallocable Income	6478.25	767.48
Total Revenue	257932.52	204456.61
Segment Results		
(Profit / (Loss) before interest and tax from each segment)		
a) Technical Textiles Business (TTB)	22936.93	1791.69
b) Chemicals and Polymers Business (CPB)	27680.69	32384.26
c) Packaging Films Business (PFB)	4068.82	4481.63
Total Segment results	54686.44	38657.58
Less: i) Interest & Finance Charges	7772.46	5980.93
Less: ii) Other Unallocable expenses net of income	(767.25)	10909.87
Total Profit before Tax	47681.23	21766.78
Less: Provision for taxation	15239.71	7786.04
Profit after tax	32441.52	13980.74
OTHER INFORMATION		
Segment Assets		
a) Technical Textiles Business (TTB)	172648.55	150177.76
b) Chemicals and Polymers Business (CPB)	57282.75	52403.97
c) Packaging Films Business (PFB)	47747.48	26142.85
Total	277678.78	228724.58
Add: Unallocable Assets	13622.36	13216.78
Total Assets	291301.14	241941.36

Particulars	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
Segment Liabilities		
a) Technical Textiles Business (TTB)	33947.59	16303.51
b) Chemicals and Polymers Business (CPB)	4958.47	4254.08
c) Packaging Films Business (PFB)	9382.66	3117.08
Total	48288.72	23674.67
Add: Unallocable Liabilities	4385.55	12681.78
Total Liabilities	52674.27	36356.45
Segment Capital Employed (Segment assets less segment liabilities)	229390.06	205049.91
Add : Unallocable assets less liabilities	9236.81	535.00
Total capital employed	238626.87	205584.91
Capital Expenditure		
a) Technical Textiles Business (TTB)	29717.97	82505.35
b) Chemicals and Polymers Business (CPB)	6044.41	17046.12
c) Packaging Films Business (PFB)	16591.42	2165.44
d) Unallocated	458.06	270.67
Total	52811.86	101987.58
Depreciation		
a) Technical Textiles Business (TTB)	8991.99	7770.26
b) Chemicals and Polymers Business (CPB)	3240.67	2068.71
c) Packaging Films Business (PFB)	1979.75	1473.38
d) Unallocated	263.93	223.35
Total	14476.34	11535.70

B. Geographical Segments

Particulars	Year ended March 31, 2010 Rs lakhs	Year ended March 31, 2009 Rs lakhs
Revenue		
India	189266.39	124794.00
Outside India	68666.13	79662.61
Total	257932.52	204456.61
Carrying Amount of Segment Assets		
India	252199.70	212800.00
Outside India	39101.44	29141.36
Total	291301.14	241941.36
Addition to Fixed Assets and Intangible Assets		
India	52599.61	33580.76
Outside India	212.25	68406.82
Total	52811.86	101987.58

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

	As at December 31, 2009 (Audited) (Rs lakhs)	As at March 31, 2009 (Unaudited) (Rs lakhs)
a) Jointly Controlled Entities		
In China		
Jingde Yangtze – Ganga Fluorine Chemical Co. Limited		

	As at December 31, 2009 (Audited) (Rs lakhs)	As at March 31, 2009 (Unaudited) (Rs lakhs)
b) Share of interest	50%	50%
c) Aggregate amount of assets, liabilities, income and expenditure related to interest in jointly controlled entities:		
i) Assets		
Fixed assets (including capital work in progress)	126.37	127.71
Cash and bank balances	54.39	79.68
ii) Current Liabilities	(8.11)	(13.18)
iii) Reserves	(31.22)	(52.78)

10. FOREIGN CURRENCY EXPOSURE

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

The details of category-wise quantitative data about derivative instruments as at March 31, 2010 are as under:

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (in millions) As at		Amount (Rs lakhs) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
EUR / INR Option Strips	7	6	Hedging	Hedging	62.25	69.25	37738	43552
USD / INR Option Strips	1	1	Hedging	Hedging	13.00	19.00	5836	8563
Principal Only Swap	1	1	Conversion of INR denominated Liabilities to USD	Conversion of INR denominated Liabilities to USD	1.21	9.40	542	3700
Interest Rate Swap	1	1	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	Conversion of Fixed INR denominated Interest Liability to Floating INR denominated liability	-	-	10000	10000
Interest Rate Swap	1	1	Floating JPY interest payments (with cap of 7%) in exchange of fixed INR interest receipts	Conversion of Floating JPY denominated Interest Liability to Fixed INR denominated interest liability	-	-	5000	5000
USD / INR Sell Forwards	-	4	-	Forward Sell Contracts	-	32.50	-	15009
EUR / USD Sell Forwards	-	3	-	Forward Sell Contracts	-	25.00	-	16748
USD / INR Buy Forwards	3	-	USD/ INR Buy for Hedging of Imports	-	1.01	-	454	-

Nature of Derivative	No. of Deals As at		Purpose As at		Foreign Currency (in millions) As at		Amount (Rs lakhs) As at	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
EUR / INR Sell Forwards	7	3	Forward Sell Contracts	Forward Sell Contracts	24.00	1.13	14550	758
EUR / INR Buy Forwards	3	5	EUR/ INR Buy for Hedging of Imports	Forward Buy Contracts	0.77	18.12	465	10889
JPY / USD Buy Forwards	-	1	-	JPY Forward Buy Contracts	-	576.50	-	3234
Euro / USD Sell Forwards	9	-	EUR/USD Sell for Hedging of receivables	-	0.51	-	309	-
USD / Baht Sell Forwards	2	-	USD/Baht Sell for Hedging of receivables	-	3.44	-	1546	-

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

Particulars	As at March 31, 2010		As at March 31, 2009	
	Foreign Currency (in millions)	Amount Rs lakhs	Foreign Currency (in millions)	Amount Rs lakhs
Term Loans - USD	37.88	17005.10	70.79	35894.33
PCFC - USD	26.00	11671.40	22.00	11156.20
Buyer's Credits - USD	27.72	12444.56	18.75	9508.01

11. OPERATING LEASES

The Company has entered into operating lease agreements for various premises taken for accommodation of Company's officers / directors and various offices of the Company. These arrangements are both cancellable and non-cancellable in nature and range between three to five years. As at March 31, 2010, the future minimum lease payments under non-cancellable operating leases as set out below:

Particulars	As at March 31, 2010 (Rs lakhs)	As at March 31, 2009 (Rs lakhs)
Total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
- Not later than one year	621.73	1070.83
- Later than one year and not later than five years	2996.32	2323.77
- Later than five years	3396.12	2987.12
Lease rent recognised in the profit and loss account	1682.54	1142.63

12. Schedules I to 15 form an integral part of the financial statements.

13. Figures pertaining to subsidiaries and joint ventures have been reclassified wherever considered necessary to bring them in line with the Holding Company's financial statements. The figures for the previous year are inclusive of the Engineering Plastics Business and Industrial Yarn Business for the period from January 1, 2009 to March 31, 2009 acquired from SRF Polymers Limited, whereas the current year figures are for whole year. Therefore, the corresponding figures of the previous year are not comparable with those of the current year.

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary



Consolidated Cash Flow Statement for the Year Ended March 31, 2010

	Year ended March 31, 2010 (Rs lakhs)	Year ended March 31, 2009 (Rs lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	47681.23	21766.78
Adjustments for		
Depreciation	15897.31	12383.78
Withdrawal from Revaluation Reserve	(1420.97)	(848.08)
Interest and Finance charges	7772.46	5980.93
Exchange Fluctuation	(5628.10)	8487.69
Fixed Assets Written Off	74.99	65.01
Loss/(Profit) on Sale of Fixed Assets	(58.12)	(69.83)
Dividend on current non-trade investment	(87.72)	(85.90)
Interest Income	(316.71)	(160.52)
Loss/(Profit) on Sale of Current Non-Trade Investments	-	(201.18)
Operating Profit before working capital changes	63914.37	47318.68
Adjustments for Changes in Working Capital		
Trade and Other Receivables	(12411.67)	1133.57
Inventories	(5859.03)	8380.31
Trade Payables and Provisions	20181.58	(13883.34)
Cash Generated from operations	65825.25	42949.22
Exchange Fluctuation	2568.08	(2002.23)
Taxation	(11276.16)	(5732.62)
Net Cash from operating activities (A)	57117.17	35214.37
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(36217.38)	(42366.89)
Proceeds from sale of Fixed Assets	172.57	257.62
Purchase of Investments	(62335.57)	(47862.66)
Sale/Maturities of Investments	65936.92	49527.96
Advance against Investments	(66.58)	-
Purchase of Businesses	-	(16697.66)
Loans and Advances Given	-	(2630.00)
Loans and Advances Received Back	-	2500.00
Amount received pursuant of Montreal Phaseout Programme	1389.67	1188.69
Interest Income	316.71	160.52
Dividend on current non-trade investment	87.72	85.90
Net Cash used in Investing Activities (B)	(30715.94)	(55836.51)
C CASH FLOW FROM FINANCING ACTIVITIES		
Buy Back of Equity Shares	(147.59)	(6852.40)
Proceeds from long term borrowings	34839.88	36164.44
Repayment of long term borrowings	(39329.07)	(10669.42)
Net Proceeds from short term borrowings	4285.69	10735.32
Dividends on Equity Share Capital	(7157.72)	(4774.07)
Dividend Tax	(1235.45)	(777.85)
Repayment of fixed deposit	(1.19)	(0.81)
Interest and Financial charges Paid	(9511.46)	(4692.19)
Net cash used in / from financing activities (C)	(18256.91)	19133.02
Net increase in Cash and Cash Equivalents D=(A+B+C)	8144.32	(1489.12)
Cash and Cash equivalents at the beginning of the year (E)	895.89*	2256.41*
Cash and Cash equivalents acquired during the year (F)	-	128.60
Cash and Cash equivalents at the close of the year G=(D+E+F)	9040.21*	895.89*

* Includes interim dividend deposited with the bank Rs 4235.25 lakhs (as at March 31, 2009 - Nil, as at March 31, 2008 - Nil), unclaimed dividend with the banks Rs 265.87 lakhs (as at March 31, 2009 - Rs 154.09 lakhs, as at March 31, 2008 - Rs 351.22 lakhs) and margin money with the banks Rs 193.70 lakhs (as at March 31, 2009 - Rs 62.61 lakhs, as at March 31, 2008 - Nil)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Manjula Banerji
Partner

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartikeya Bharat Ram
Deputy Managing Director

Place: Gurgaon
Date: May 7, 2010

Vinayak Chatterjee
Director

Rajendra Prasad
President &
Chief Financial Officer

Anoop K Joshi
Vice President &
Company Secretary





Registered Office

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Corporate Office

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