SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07

AUDITED ANNUAL FINANCIAL STATEMENTS
31 March 2017

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CONTENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards including interpretations issued by the International Financial Reporting Standards interpretation committee and in the manner required by the Companies Act of South Africa. The company's independent external auditors have audited the financial statements and their report appears on pages 3 and 4.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, record liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

These annual financial statements have been prepared by financial officer, N Ally (CA) SA.

The financial statements have been prepared on the going concern basis. Refer to the directors' report for further commentary on going concern.

The annual financial statements set out on pages 5 to 29 were approved and signed by the directors on 15 May 2017.

DIRECTOR

DIRECTOR

DIRECTORATE AND ADMINISTRATION
For the year ended 31 March 2017

DIRECTORATE

The directors in office at the year-end and the date of this report are as follows:

Arun Bharat Ram	(Resident India)	Resigned on 06 May 2016
Ashish Bharat Ram	(Resident India)	Appointed on 26 October 2011
Kartikeya Bharat Ram	(Resident India)	Appointed on 26 October 2011
Ritesh Kumar	(Resident India)	Appointed on 31 March 2015
Prashant Mehra	(Resident India)	Appointed on 1 August 2013
Grant Trevor Page	(Resident South Africa)	Appointed on 31 March 2015

SECRETARY

The company has not appointed a secretary during the year.

AUDITORS

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Chartered Accountants (SA)
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Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SRF Flexipak (South Africa) Proprietary Limited set out on pages 6 to 29, which comprise the statement of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 23 of the financial statements, which describes the appropriateness of the going concern assumption. The cumulative loss has been funded through the support of the company's holding company, SRF Global B.V. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the directors, as required by the Companies Act of South Africa and the Directors' responsibility for and approval of annual financial statements. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE SHAREHOLDERS OF SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED

Responsibilities of the directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the entity's' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Andrew Kilpatrick CA (SA), RA
Partner
15 May 2017

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07

DIRECTORS' REPORT
For the year ended 31 March 2017

The directors have pleasure in submitting their report together with the annual financial statements of the company for the year ended 31 March 2017.

REVIEW OF ACTIVITIES

SRF Flexipak (South Africa) Proprietary Limited was incorporated in South Africa to set up a Biaxially-oriented Polypropylene Film (BOPP) manufacturing line on the land owned by the company. SRF Flexipak (South Africa) Proprietary Limited started trading on 28 November 2013.

FINANCIAL RESULTS

The financial results are disclosed in the attached financial statements.

SHARE CAPITAL

100 ordinary shares of R1 were issued on incorporation. On 26 October 2011, these 100 ordinary shares were purchased by SRF Global B.V. Details of the authorised and issued shares are shown in note 10. There were no shares issued during the current year.

DIVIDENDS

There were no dividends declared or paid in the current year (2016: Nil).

HOLDING COMPANY

The company is wholly-owned by SRF Global B.V., which in turn is wholly-owned by SRF Limited, a company listed and incorporated in India. The companies are registered in Netherlands and India respectively.

GOING CONCERN

The company incurred a comprehensive profit for the year of R120,314,151 (2016: R5,694,482), resulting in an accumulated loss at the end of the year of R15,457,584 (2016: R135,771,735), as well as the company's total liabilities exceeds its total assets by R15,457,484 (2016: R135,771,635).

The cumulative loss has been funded through the support of the company's holding company, SRF Global B.V. At year-end the loan from SRF Global B.V. amounts to R273,305,506 (2016: 301,978,502). The loan has no fixed repayment terms and is considered to be long-term in nature. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. Details of this loan are included in note 11.

The directors have reviewed the company's cash flow forecast for the year 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

SUBSEQUENT EVENTS

No material changes have taken place in the affairs of the company between the end of the financial year and the date of this report that required adjustment to or disclosures in the financial statements.

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	2017 R	Restated 2016 R
REVENUE		706,251,497	724,942,716
Cost of sales		(535,346,378)	(525,755,426)
GROSS PROFIT		170,905,119	199,187,290
Operating expenses		(67,440,135)	(62,817,328)
Other income	2	4,201,736	2,970,322
Interest income		1,629,131	17,519,577
Interest expenses		(13,540,393)	(20,901,846)
Foreign exchange gain/(loss)		70,506,814	(138,752,306)
NET PROFIT/(LOSS) BEFORE TAXATION	3	166,262,272	(2,794,291)
Taxation	4	(45,948,121)	8,488,773
NET PROFIT FOR THE YEAR		120,314,151	5,694,482
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		120,314,151	5,694,482

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
Registration Number: 2011/010680/07

STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	2017 R	2016 R
ASSETS			
Non-current assets		503,275,247	564,387,720
Property, plant and equipment	5	498,823,689	513,988,042
Deferred tax asset	6	4,451,558	50,399,678
Current assets		236,287,348	276,016,116
Trade receivables		132,292,484	169,164,977
Other current assets	7	8,707,730	6,815,475
Inventories	8	93,132,977	77,741,179
Cash and cash equivalents	9	2,154,157	22,294,485
TOTAL ASSETS		739,562,595	840,403,836
EQUITY AND LIABILITIES			
Equity		(15,457,484)	(135,771,635)
Issued capital	10	100	100
Accumulated losses		(15,457,584)	(135,771,735)
Non-current liabilities		547,277,118	771,770,932
Long-term borrowings	11	511,179,171	741,335,760
Deferred government grants	12	36,097,947	30,435,172
Current liabilities		207,742,961	204,404,539
Short-term borrowings	11	66,168,593	73,200,104
Bank overdraft	14	24,735,684	-
Trade and other payables	15	100,465,684	120,696,421
Provisions	16	2,081,745	1,069,961
Other current liabilities	17	14,291,255	9,438,053
TOTAL EQUITY AND LIABILITIES		739,562,595	840,403,836

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
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STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Issued Capital	Hedging Reserve	Accumulated Losses	Total
	R	R	R	R
Balance at 31 March 2015	100	(14,243)	(141,466,217)	(141,480,360)
Realisation of hedging reserve	-	14,243	-	14,243
Total comprehensive income for the year	-	-	5,694,482	5,694,482
Balance at 31 March 2016	100	-	(135,771,735)	(135,771,635)
Total comprehensive income for the year	-	-	120,314,151	120,314,151
Balance at 31 March 2017	100	-	(15,457,584)	(15,457,584)

SRF FLEXIPAK (SOUTH AFRICA) PROPRIETARY LIMITED
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STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	Notes	2017 R	2016 R
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxation		166,262,272	(2,794,291)
Adjustment for non - cash items:	18.1	(38,345,763)	144,458,875
Cash flow before changes in working capital		127,916,509	141,664,584
Change in working capital	18.2	5,922,007	16,725,809
Interest income		1,629,131	71,744
Interest expense		(13,540,393)	(20,901,846)
Cash generated in operating activities		121,927,254	137,560,291
CASH FLOW FROM INVESTMENT ACTIVITIES			
Acquisition of property, plant and equipment		(6,527,314)	(3,208,166)
Cash used in investment activities		(6,527,314)	(3,208,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in borrowings		(167,775,952)	(43,425,896)
Decrease in other borrowings		-	(23,566,146)
Government grants received		7,500,000	13,500,000
Cash used in financing activities		(160,275,952)	(53,492,042)
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENT		(44,876,012)	80,860,083
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		22,294,485	(58,565,598)
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	18.3	(22,581,527)	22,294,485

ACCOUNTING POLICIES

1. Basis of Presentation

The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act in South Africa. The annual financial statements are prepared on a going concern basis. The financial statements incorporate the following principal accounting policies, which have been consistently applied in all material respects.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
(b) are expected to be used during more than one period.

Items of property, plant and equipment are initially recognised at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure on additions and improvements to property, plant and equipment including the cost of related interest is capitalised as the expenditure is incurred.

Depreciation commences when the assets are available for use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life (In Years)**
Buildings	40 years
Plant and machinery	between 1 to 30 years
Equipment	between 3 to 15 years

Land and work in progress are not depreciated.

The company reviews and tests the carrying value of assets when events or circumstances suggest that the carrying amount may not be recoverable.

1.2 Deferred taxation

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

ACCOUNTING POLICIES (continued)

1.2 Deferred taxation (continued)

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

1.3 Financial instruments

Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payables, interest bearing debt and hedge instruments relating to future commitments. Financial instruments are initially measured at cost, which includes transaction costs, when the company is party to a contractual arrangement.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest rate method, less provision for doubtful debts. Items with extended terms are initially recorded at the present value of future cash flows and interest income is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Cash and cash equivalents are measured at fair value.

Trade and trade payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate.

Financial assets are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of value added taxation. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Cash and settlement discounts, rebates, value added taxation and other indirect taxes are excluded from revenue

Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income
Interest income is recognised on a time proportion basis which takes into account the effective yield on the asset. Interest income includes the amount of amortisation of any discount or premium.

1.5 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity.

When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.6 Cash flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held on call with banks and investments in money market instruments.

1.7 Hedge accounting (continued)

The company uses foreign exchange forward and option contracts to hedge its exposure to movements in foreign exchange rates relating to certain firm commitments and highly probable forecast transaction. The company designates such contracts in a cash flow hedge relationship by applying the principles of International Accounting Standard (IAS) - 39 - "Financial instruments: Recognition and Measurements".

Forward and option contracts are fair valued at each reporting date. The resultant gain or loss from these contracts that are designated and effective as hedges of future cash flows are recognised directly in cash flow hedge reserve, net of applicable deferred income taxes and the ineffective portion is recognised immediately in statement of profit and loss.

The cash flow hedge reserve is reclassified to the statement of profit and loss in the same period during which the forecasted transaction affects the profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve is retained there until the forecasted transaction occurs.

ACCOUNTING POLICIES (continued)

1.7 Hedge accounting (continued)

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss is immediately transferred from the cash flow hedging reserve to the statement of profit and loss.

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

1.8 Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

1.9 Inventory Valuation

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling and distribution expenses. Where necessary the carrying amount of inventory is adjusted for obsolete, slow moving and defective inventory.

The basis of determining the cost for various categories of inventory are as follows:

- Stores, spares and raw materials - Weighted average
- Process stocks and finished goods - Direct cost plus appropriate share of overheads
- By products - At estimated realisable value

1.10 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

1.11 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

ACCOUNTING POLICIES (continued)

1.12 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date or whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the company as lessee. Operating lease payments are recognised as an expense in the statement of profit & loss and comprehensive income on a straight line basis over the lease term.

1.13 Adoption of new and revised standards:

The following relevant new and amended standards and interpretations were also in issue but not effective for the current period. Management is in the process of evaluating the effects of these new and revised standards and interpretations but they are not expected to have a significant impact on the Company's results and disclosures:

Effective for annual periods beginning on or after 1 January 2017:

- Amendments to IAS12 – Clarification on Recognition of Deferred Tax assets for Unrealised Losses.
- Amendments to IAS 7 – Disclosure Initiative: to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Effective for annual periods beginning on or after 1 January 2018:

- IFRS 15 – Revenue from Contracts with Customers: Revenue recognition with respect to revenue arising from contracts with customers.
- IFRS 9 - Financial Instruments.
- IFRS 2 - Amendments to Classification and Measurement of Share-based Payment Transaction.
- IAS 40 – Amendments to Investment Property.
- IFRIC 22 - Foreign Currency Transactions and Advance considerations.

Effective for annual periods beginning on or after 1 January 2019:

- IFRS 16 – Leases: specifies how an IFRS reporter will recognise, measure, present and disclose leases.

Effective date deferred indefinitely

- Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Amendments to clarify treatment of sale or contribution of assets by investor to its associate or joint venture.

ACCOUNTING POLICIES (continued)

1.14 Judgements made by management

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgements or assessments. The items for consideration have been identified as follows:

Asset lives and residual values

Plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

Impairments

On-going assessments are made regarding any potential impairment of plant and equipment.

Debtors

Debtors are reviewed on a line by line basis by management. Specific debtors who are considered doubtful are impaired

Inventory obsolescence

Provision for inventory obsolescence is raised for all inventories that management consider will be sold below cost price. This provision is assessed monthly.

1.15 Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	2017 R	2016 R
2. OTHER INCOME		
Scrap sales	1,928,429	2,160,147
Other operating income	1,605,905	810,175
Claim received	667,402	-
	4,201,736	2,970,322

3. NET PROFIT/(LOSS) BEFORE TAXATION

Net profit/(loss) before taxation is arrived at after taking into account the following:

	2017 R	2016 R
Auditors remuneration	776,387	385,457
Audit fees	738,405	350,000
Auditors expense reimbursement	37,982	35,457
Employee benefits expenses	48,393,918	41,729,682
Remuneration for Key Management	10,482,151	9,486,915
Pension Contribution	2,265,022	1,759,475
Staff costs	35,646,745	30,483,292
Exchange currency fluctuation (gain)/loss	(70,506,814)	138,752,306
Realised loss	59,302,609	19,320,383
Unrealised (gain)/loss	(129,809,423)	119,431,923
Depreciation and amortisation expenses	21,677,685	21,300,697
Number of employees	160	164

Included in cost of sales and operating expenses is an element of interest representing a deferred financing charge arising from the provision of extended credit terms from suppliers of R22,506,093 (2016: R20,513,063).

Included in revenue is an element of interest representing a deferred financing income arising from the provision of extended credit with customers of R12,676,485 (2016: R14,053,147)

4. TAXATION

South African Normal Taxation:		
Current taxation	-	-
Deferred taxation		
Current (Note 6)	(46,685,007)	8,417,651
Prior year over/under provision	736,886	71,122
	(45,948,121)	8,488,773

Reconciliation between accounting profit/(loss) and taxation		
Accounting Profit/(loss)	166,262,272	(2,794,291)
Taxation at statutory rate of 28%	(46,553,436)	782,401
Effect of permanent differences	(131,571)	(114,962)
Previously unrecognised deferred tax on estimated tax losses now recognised	-	7,892,456
Prior year over/(under) provision	736,886	(71,122)
	(45,948,121)	8,488,773

Refer to note 6 for details of the deferred tax asset

The estimated taxation loss for the year is R235 million (2016: R295 million). Management have reviewed the company's cash flow forecasts for a five year period and, in light of this review, they are satisfied that the company will have sufficient taxable profits to utilise against the estimated taxation loss and have thus decided to recognise the deferred tax asset in its entirety.

5. PROPERTY, PLANT AND EQUIPMENT

2017	**Land and Building**	**Plant**	**Equipment**	**Work in Progress**	**Total**
Cost	164,960,515	397,339,484	7,511,791	7,951	569,819,741
Accumulated depreciation	(11,603,896)	(55,133,353)	(4,258,803)	-	(70,996,052)
Carrying value	153,356,617	342,206,131	3,252,990	7,951	498,823,689
2016					
Cost	163,156,712	393,520,585	6,220,239	424,478	563,322,015
Accumulated depreciation	(8,008,041)	(38,350,753)	(2,975,179)	-	(49,333,973)
Carrying value	155,148,670	355,169,832	3,245,060	424,478	513,988,042

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Opening net book value is reconciled to closing net book value as follows:

2017	Land and Building	Plant	Equipment	Work in Progress	Total
Opening net book value	155,148,670	355,169,832	3,245,060	424,478	513,988,042
Additions	1,803,802	3,818,899	1,321,140	(416,527)	6,527,314
Depreciation	(3,595,855)	(16,782,600)	(1,299,230)	-	(21,677,685)
Disposals	-	-	(13,980)	-	(13,980)
Closing net book value	153,356,617	342,206,131	3,252,990	7,951	498,823,689
2016					
Opening net book value	157,919,897	369,556,318	4,189,999	414,357	532,080,573
Additions	671,139	2,127,650	399,256	10,121	3,208,166
Depreciation	(3,442,366)	(16,514,136)	(1,344,195)	-	(21,300,697)
Closing net book value	155,148,670	355,169,832	3,245,060	424,478	513,988,042

Refer to Note 11.1 for details of land and encumbrances thereon.

6. DEFERRED TAX ASSET

	Opening balance	Recognised in profit or loss	Reclass-ification	Closing balance
	R	R	R	R
Deferred tax (liabilities)/ assets in relation to:				
Taxable temporary difference	(41,247,290)	(20,073,619)	(173,748)	(61,494,657)
Estimated taxation loss	91,646,968	(25,874,502)	173,748	65,946,215
Total	50,399,678	(45,948,121)	-	4,451,558

6. DEFERRED TAX ASSET (continued)

Deferred tax assets/ (liabilities) analysed by major category:

	2017 R	2016 R
Capital allowances	(99,736,777)	(88,651,224)
Pre-operative expenditure	-	2,978,999
Deferred government grant	10,539,059	8,842,784
Provisions	1,215,061	1,065,711
Foreign exchange difference (S24I)	26,488,001	34,516,440
Taxation losses	65,946,214	91,646,968
	4,451,558	50,399,678

Refer to Note 4 for evidence supporting the recognition of the deferred tax asset.

7. OTHER CURRENT ASSETS

VAT receivable	804,195	1,057,221
Prepaid expenses	1,254,925	1,162,645
Security deposit	2,230,267	2,406,478
Advances to suppliers	1,007,558	2,044,692
Interest receivable	-	70,993
FEC asset	1,077,607	-
Other advances	2,333,178	73,446
	8,707,730	6,815,475

The carrying value of other current assets approximate their fair value due to their short term nature.

8. INVENTORIES

	2017 R	2016 R
Raw material	42,912,746	38,580,578
Work in progress	15,155,854	15,766,877
Finished goods	35,064,377	23,393,724
	93,132,977	77,741,179

Inventory to the value of R968,891 is included in finished goods and is measured at net realisable value. Inventory to the value of R1,302,527 was written down and recognised as an expense during the current year.

9. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,154,157	22,294,485

Facilities made available to the company:

The company has total direct working capital facility from Rand Merchant Bank of R100 million which is secured by way of:-

a) Cession of debtors
b) Letter of subordination from SRF Global BV.
c) Letter of guarantee from SRF Limited for USD 14,950,000.

The company also has the following facilities available from Rand Merchant Bank:-

d) Letters of credit for R141,780,833
e) Forward exchange contracts for R22,343,920

The company has the following facilities available from ABSA Bank:-

a) Letters of credit for R49,900,000
b) Import letters of credit R11,278,500
c) Forward exchange contract for USD 2,372,000
d) Foreign exchange settlement limit of R23,600,000
e) Derivatives – interest rate swaps of USD 20,000,000
f) Primary lending facility of R50,000,000

These facilities are secured by way of an irrevocable parental guarantee from SRF Limited, limited to USD 19,489,050. This will be replaced by a continuous on demand irrevocable guarantee from SRF Limited, limited to USD 21,021,000 prior to the utilisation of the Interest Rate Swaps Derivative Facility.

10. ISSUED CAPITAL

Share capital		
Authorised - 1000 ordinary shares of R1 each	1,000	1,000
Issued - 100 ordinary shares of R1 each	100	100

11. BORROWINGS

Long term	2017 R	2016 R
Unsecured		
Loans from SRF Global B.V. (11.1 (i))	273,305,506	301,978,502
Secured		
Loan from International Finance Corporation (11.1 (ii))	237,873,665	439,357,258
Total Long Term Borrowings	511,179,171	741,335,760
Short term		
Secured		
Loan from International Finance Corporation (11.1 (ii))	66,168,593	73,200,104
Total Short Term Borrowings	66,168,593	73,200,104

11.1 Summary of borrowing arrangement

(i) The loan is unsecured and carries an interest rate of 0% (2016:0%) and is a loan denominated in USD. There is no fixed terms of repayment for this loan. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. SRF Global B.V. has indicated in a letter to the company dated 21 April 2017 (2016: 6 May 2016), that the loan will not be recalled in the next financial year. The company may further not pay the borrowing from SRF Global BV without prior written consent from ABSA Bank and Rand Merchant Bank.

(ii) The loan is secured by a special notarial bond, continuing covering mortgage bond and general notarial bond, registered over the property. The loan has been guaranteed by SRF Limited. There are no specific covenants that are required to be met by the company, all covenants are based on the financial position of SRF Limited and have not been breached as at 31 March 2017. The loan carries an interest of 6 months LIBOR plus the relevant spread payable with six monthly rests. The loan is repayable in 16 equal half yearly instalments starting from 15 May 2015 and ending on 15 November 2022.

Description of Property:

a) Property secured by Special Notarial bond
Biaxially Oriented Polypropylene (BOPP) Film Production Plant situated on or at 5 Eddie Hagan Drive, Cato Ridge, Kwa-Zulu Natal, South Africa comprised, inter alia, of the Plant, Machinery, Equipment and Components thereof for the production, packaging, storage and handling of the raw materials and re-cycled materials and the said BOPP film, hereinafter collectively referred to as the Assets, which expression, unless clearly inconsistent with the context, shall be interpreted also as a reference to each separate piece of the plant, machinery, equipment and components hereby bound, together with all fixtures and fittings relating to the said Plant, Machinery, Equipment and components including but not limited to electrical switchgear and circuitry, all ducting and piping and hangers and all components of the said BOPP production line for the manufacturing, storage and handling of raw materials and the raw materials and re-cycled materials and the BOPP film produced.

11. BORROWINGS (continued)

11.1 Summary of borrowing arrangement (continued)

b) Property secured by continuing covering mortgage bond

Portion 368 of the Farm Riel Vallei No 851, registration division F.T., Province of KwaZulu – Natal, with the extent of 70,000 hectares, as represented by the SG Diagram 680/2012 and held by certificate of consolidated title no. 033490/2012.

c) Property secured by general notarial bond

Moveable properties and effects of the company (of whatever description and wherever situated) both such as the company may now possess or become possessed of, without exception. Provided that the current assets of the Company would not be considered as moveable properties for this purpose.

12. DEFERRED GOVERNMENT GRANTS

	2017 R	2016 R
Reconciliation of the movement for the year		
Opening balance	31,581,372	18,884,375
New grants received	7,500,000	13,500,000
Released to profit or loss	(1,441,876)	(803,003)
Closing balance	37,639,496	31,581,372
Current portion of government grant (included in Note 17)	1,541,549	1,146,200
Non-current portion of government grant	36,097,947	30,435,172
	37,639,496	31,581,372

During the year, the company received a Manufacturing Investment Programme ("MIP") grant of R7,5 million (2016: R13.5 million) from the Department of Trade and Industry ("DTI") for costs incurred in the construction of its manufacturing assets.

13. CAPITAL MANAGEMENT

The company manages its capital by the utilisation of external borrowings in terms of its business plan. Details of the external borrowings are included in note 11.

14. BANK OVERDRAFT

	2017 R	2016 R
Bank overdraft	(24,735,684)	-

The bank overdraft carries an interest rate linked to the South African prime lending rate. Details of the facility are included in note 9.

15. TRADE AND OTHER PAYABLES

	2017 R	2016 R
Creditors	83,789,133	104,703,904
Accruals	16,676,551	15,992,517
	100,465,684	120,696,421

The carrying value of the trade and other payables approximates their fair value due to their short term nature.

16. PROVISIONS

Bonus and Leave Provision

	2017	2016
Opening provisions for the year	1,069,961	478,662
Provision for bonuses raised during the year	2,116,971	1,958,992
Provision for leave pay raised during the year	1,234,678	553,515
Bonus paid during the year	(2,054,970)	(1,921,208)
Leave paid during the year	(284,895)	-
Total provisions for the year	2,081,745	1,069,961

17. OTHER CURRENT LIABILITIES

	2017	2016
Accrued interest	3,924,039	5,632,178
Government grant	1,541,549	1,146,200
Other liabilities	8,825,667	1,510,961
FEC liability	-	1,148,714
	14,291,255	9,438,053

18. NOTES TO THE STATEMENT OF CASH FLOWS

	2017 R	2016 R
18.1 ADJUSTMENT FOR NON-CASH ITEMS		
Depreciation	21,677,685	21,300,697
Interest income	(1,629,131)	(17,519,577)
Asset write-off	13,980	-
Interest expense	13,540,393	20,901,846
Foreign exchange (gain)/loss	(70,506,814)	120,578,912
Government grant amortisation	(1,441,876)	(803,003)
Total non-cash items	(38,345,763)	144,458,875
18.2 CHANGE IN WORKING CAPITAL		
Decrease/(increase) in trade receivables and other current assets	31,897,179	(44,399,734)
(Increase)/decrease in inventories	(15,391,798)	32,258,102
(Decrease)/increase in trade and other current liabilities	(10,583,374)	28,867,441
Net increase in working capital	5,922,007	16,725,809
18.3 CASH & CASH EQUIVALENT AT THE END OF THE YEAR		
Cash and bank balance (note 9)	2,154,157	22,294,485
Bank overdraft (note 14)	(24,735,684)	-
	(22,581,527)	22,294,485

19. FINANCIAL RISK MANAGEMENT

The financial instruments of the company consist primarily of short-term loans and advances, cash and cash equivalent, bank overdraft, borrowings, other current liabilities, trade payables and trade receivables. The carrying amount of financial instruments approximates fair value determined in accordance with the accounting policies of the company. The company does not speculate in or engage in the trading of financial instruments.

In the normal course of operations, the company is exposed to credit, liquidity, interest and foreign currency risk.

Categories of financial instruments

	2017 R	2016 R
Financial assets		
Trade receivables	132,292,484	169,164,977
Other current assets	7,903,535	6,815,475
Cash and cash equivalents	2,154,157	22,294,485
Financial liabilities		
Long term borrowings	511,179,171	741,335,760
Short term borrowings	66,168,593	73,200,104
Bank overdraft	24,735,684	-
Trade and other payables	100,465,684	120,696,421
Other current liabilities	14,291,255	9,438,053

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the company.

Trade receivables comprise a widespread customer base, and the company undertakes ongoing credit evaluations of the financial condition of their customers. At 31 March 2017 the company does not consider there to be any material credit risk that has not been adequately provided for. The majority of debtors (local and foreign) are covered by insurance. For foreign debtors who are not insured, sales are made via letters of credit.

The company only deposits cash surpluses with major banks of high quality standing. At year-end the company did not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for.

The carrying amounts of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

Past due by 1 to 30 days	4,026,491	16,175,531
Past due by 31 to 60 days	2,498,907	4,800,925
Past due by 61 to 90 days	3,449	798,320
Past due by 91 to 120 days	14,091	-
Past due by more than 120 days	589,555	713,357
Not past due	125,159,991	146,676,844
Total due but not impaired	132,292,484	169,164,977
Past due and impaired (Greater than 120 days)	1,225,760	1,286,149
Total	133,518,244	170,451,126

19. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

The company manages liquidity and interest rate risk by monitoring forecasted cash flows and the level of unutilised banking facilities. The company also monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability.

Trade and other payables, other than the current portion of financial liabilities, are classified as measured at amortised cost and their carrying amount approximates fair value. Trade and other payables are predominately non-interest bearing. The amounts below are disclosed at the undiscounted amount.

Liquidity analysis

	<1 year R	2 – 5 years R	>5 year R	Total R
2017				
Interest accrued	3,924,039	-	-	3,924,039
Creditors	83,789,133	-	-	83,789,133
Accruals	16,676,551	-	-	16,676,551
Other	10,367,216	-	-	10,367,216
Loan from IFC	66,168,593	237,873,665	-	304,042,258
Loan from SRF Global BV	-	273,305,506	-	273,305,506
Provisions	2,081,745	-	-	2,081,745
Bank overdraft	24,735,684	-	-	24,735,684
	207,742,961	511,179,171	-	718,922,132
2016				
Interest accrued	5,632,178	-	-	5,632,178
Creditors	104,703,904	-	-	104,703,904
Accruals	15,992,517	-	-	15,992,517
Other	2,659,675	-	-	2,659,675
Loan from IFC	73,200,104	292,800,417	146,556,841	512,557,362
Loan from SRF Global BV	-	301,978,502	-	301,978,502
Provisions	1,069,961	-	-	1,069,961
	203,258,339	594,778,919	146,556,841	944,594,099

The value of the FEC asset is based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable: Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

	Level 1 R	Level 2 R	Level 3 R	Total R
FEC asset	-	1,077,607	-	1,077,607

19. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Fluctuations in interest rates impact on the cost of financing activities, giving rise to interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for all financial instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher or lower, throughout the year, and all other variables were held constant, the company's loss/profit would increase/(decrease) by R 1,533,525 (2016: R228,256) for the company. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions permitted.

The company is subject to transaction exposure and translation exposure.

- Transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency, long and short term loan liabilities, and capital expenditure (from approval date until cash payment). Commercial transactions are only entered in currencies that are readily convertible by means of formal external forward contracts.

- Translation exposure mainly relates to the company's loan in U.S. Dollar loans, which are translated into the company's functional currency, the Rand. Translation exposure is not hedged.

Transaction and translation exposures are reported by the company to group treasury.

Monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date.

If foreign exchange rates had been 0,5% higher or lower, against the functional currency (i.e. USD/ZAR) and all other variables were held constant, the company's loss/profit would increase/ (decrease) by R3,184,995 (2016: R4,473,300).

20. LEASE COMMITMENTS

	2017 R	2016 R
Payable The company has entered into an operating lease for property and the future commitment is as follows:		
Due within one year	432,000	869,600
Due between two and five year	120,000	511,200

21. RELATED PARTY TRANSACTIONS

During the year, the company, in the ordinary course of business, entered into various transactions with companies within the group. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

Related parties

Ultimate holding company – SRF Limited (Incorporated in India)
Holding company – SRF Global B.V (Incorporated in India)

Related party transactions and balances	2017	2016
Internal expenses incurred to group companies are:	R	R
Management fees charged by SRF Limited	5,005,292	4,566,833
Outstanding intercompany balances as at reporting date are:		
Long term borrowing – SRF Global B.V.	273,305,506	301,978,502
Short term payable – SRF Global B.V.	2,540,329	2,806,839
Creditor – SRF Limited	1,304,656	2,555,244

22. DIRECTORS EMOLUMENTS

Arun Bharat Ram, Ashish Bharat Ram, Kartikeya Bharat Ram and Prashant Mehra are resident in India and the emoluments disclosed below are the total emoluments that they receive at the ultimate holding company, SRF Limited, for services rendered to the Group. Arun Bharat Ram resigned on 06 May 2016.

For services as a director or prescribed officer of the company

	Salary, bonus & performance related payments	**Retirement & other long term benefits**	**Other Allowances**	**Total 2017**	**Total 2016**
Amounts paid by the company					

23. GOING CONCERN

The company incurred a comprehensive profit for the year of R120 314 151 (2016: R5,694,482), resulting in an accumulated loss at the end of the year of R15,457,584 (2016: R135,771,735), as well as the company's total liabilities exceeds its total assets by R15,457,484 (2016: R135,771,635).The cumulative loss has been funded through the support of the company's holding company, SRF Global B.V. At year-end the loan from SRF Global B.V. amounts to R273,305,506 (2016: 301,978,502). The loan has no fixed repayment terms and is considered to be long-term in nature. The loan from SRF Global B.V. has been subordinated in favour of International Finance Corporation (IFC) under the Share Retention and Subordination Agreement dated 10 July 2012. Details of this loan are included in note 11.

The directors have reviewed the company's cash flow forecast for the year 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

24. SUBSEQUENT EVENTS

No material changes have taken place in the affairs of the company between the end of the financial year and the date of this report that required adjustment to or disclosures in the financial statements.

25. COMPARATIVE FIGURES

In the prior year, the entity classified certain costs of conversion of inventories sold during the year as operating expenses rather than cost of sales.The entity has amended classification of these costs during the current year in accordance with IAS 2.

In the prior year, the entity classified foreign currency gains and losses related to debt as operating expenses rather than finance costs.

The entity has amended classification of these costs during the current year in accordance with IAS 21 and disclosed foreign currency gains and losses separately on the face of the statement of profit or loss and other comprehensive income. The prior year comparative has been amended to be consistent with the current year.

This reclassification had no effect on the profit for the 2016 financial year.

The effects of the reclassification on each individual line item on the statement of comprehensive income are as follow:

	2017 R	2016 R
Increase in cost of sales/cost of conversion of inventory	-	58,982,764
Decrease in operating expenses	-	(197,735,070)
Increase in foreign exchange loss/finance cost	-	138,752,306
Movement in total profit for the year	-	-